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PUCO  
BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Commission's Review )  
and Adjustment of the Fuel and Purchased )  
Power and System Reliability Tracker )  
Components of Duke Energy Ohio, Inc., )  
and Related Matters. )

Case No. 07-723-EL-UNC

---

DIRECT TESTIMONY OF

WILLIAM DON WATHEN JR.

ON BEHALF OF

DUKE ENERGY OHIO, INC.

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AUGUST 31, 2007

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### ATTACHMENTS:

- WDW-1 Quarterly Rider FPP Submittals for Third & Fourth Quarters of 2006 and First & Second Quarters of 2007
- WDW-2 Rider SRT Quarterly Filings for the Periods of July 1, 2006, through December 31, 2006.

## **I. INTRODUCTION**

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

2 A. My name is William Don Wathen Jr. My business address is 139 East Fourth  
3 Street, Cincinnati, Ohio 45202.

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

5 A. I am employed by Duke Energy Corporation ("Duke Energy") as Director of  
6 Revenue Requirements.

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

9 A. I received Bachelor Degrees in Business and Chemical Engineering, and a Master  
10 of Business Administration Degree, all from the University of Kentucky. After  
11 completing graduate studies, I was employed by Kentucky Utilities Company as a  
12 planning analyst. In 1989, I began employment with the Indiana Utility  
13 Regulatory Commission as a senior engineer. From 1992 until mid-1998, I was  
14 employed by SVBK Consulting Group, where I held several positions as a  
15 consultant focusing principally on utility rate matters. I was hired by Cinergy  
16 Services, Inc., in 1998, as an Economic and Financial Specialist in the Budgets  
17 and Forecasts Department. In 1999, I was promoted to the position of Manager,  
18 Financial Forecasts. In August 2003, I was named to my current position as  
19 Director of Revenue Requirements in the Rates Department.

20 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?**

21 A. Yes. I have previously testified in several cases before this Commission.

1   **Q.   PLEASE SUMMARIZE YOUR DUTIES AS DIRECTOR OF REVENUE**  
2       **REQUIREMENTS.**

3   A.   As Director of Revenue Requirements, I am responsible for the preparation of  
4       financial and accounting data used in the wholesale and retail rate filings for Duke  
5       Energy Ohio, Inc., ("DE-Ohio") and Duke Energy Kentucky, Inc., petitions for  
6       changes in fuel and gas cost adjustment factors, and various other rate recovery  
7       mechanisms in Ohio and Kentucky.

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

9   A.   First, I will briefly describe the mechanism for establishing and allocating market  
10      prices for DE-Ohio's Rider FPP, which was approved by the Commission in Case  
11      No. 03-93-EL-ATA, *et al.*, as part of the Company's Market-Based Standard  
12      Service Offer ("MBSSO"). I will also discuss changes to the Rider FPP  
13      calculation since last year's annual filing in Case No. 06-1068-EL-UNC.

14             Next, I will describe the mechanism for calculating Rider SRT, support  
15      the filings made relating to Rider SRT charges for the period of July 1, 2006,  
16      through December 31, 2006, and discuss any changes that have impacted that  
17      calculation since last year's annual filing in Case No. 06-1069-EL-UNC. Finally,  
18      I will discuss the implications of the pending Remand case on Rider SRT.

19   **Q.   PLEASE DESCRIBE THE ATTACHMENTS TO YOUR TESTIMONY.**

20   A.   Attachment WDW-1 is a complete set of all the Rider FPP filings made for prices  
21      that were in effect for the months July 2006 through June 2007. All of these were  
22      filed in the dockets for Case Nos. 05-725-EL-UNC and 06-1068-EL-UNC.  
23      Attachment WDW-2 is a complete set of all Rider SRT filings made and the

1 support for the prices that were in effect for the months of July 1, 2006, through  
2 December 31, 2006. All of these were filed in the dockets for Case No. 05-724-  
3 EL-UNC.

4 **II. OVERVIEW OF RIDER FPP CALCULATION**

5 **Q. PLEASE DESCRIBE RIDER FPP.**

6 A. Rider FPP is a component of the Company's MBSSO that provides the Company  
7 with recovery of fuel and purchased power, and the cost of purchasing SO<sub>2</sub>  
8 emission allowances. Full recovery is limited to eligible costs which are allocated  
9 to its non-switched native load customers.

10 **Q. PLEASE DESCRIBE THE METHODOLOGY FOR COMPUTING RIDER**  
11 **FPP?**

12 A. The methodology is essentially the same as it has been since the inception of  
13 Rider FPP. The cost of fuel, purchased power, and SO<sub>2</sub> emission allowances for  
14 the upcoming quarter are projected and used to compute certain components of  
15 Rider FPP. Rider FPP also includes components to reconcile prior period  
16 differences in costs and revenue (*i.e.*, the Reconciliation Adjustment or "RA"),  
17 and provides for recovery of losses incurred from the generator to the meter (*i.e.*,  
18 the System Loss Adjustment or "SLA").

19 **Q. DO YOU MAKE ANY ADJUSTMENTS TO FUEL, PURCHASED**  
20 **POWER, OR EMISSION ALLOWANCE COSTS?**

21 A. Periodically, the Company will sell certain coal and emission allowances. To the  
22 extent we realize gains/losses on the sale of these commodities that had been  
23 assigned to Rider FPP, we include the value of these transactions in the

1 calculation of the Rider FPP market price. In essence, Rider FPP reflects the **net**  
2 cost of fuel, purchased power, and SO<sub>2</sub> emission allowances.

3 **Q. DO ALL CUSTOMERS PAY THE SAME RIDER FPP MARKET PRICE?**

4 A. No. We have three different Rider FPP market prices applicable at any given  
5 time. Although the fuel and purchased power component ("FC") and the  
6 emission allowance ("EA") component are the same for all customers, the SLA  
7 and RA components can differ. The differences in the SLA and the RA result in  
8 different overall Rider FPP market prices for residential and non-residential  
9 consumers taking service at distribution level voltage, and non-residential  
10 customers taking service at transmission level voltage (*i.e.*, voltage reduction  
11 customers).

12 **Q. WHAT CAUSES THESE DIFFERENCES?**

13 A. The difference between the RA component of the Rider FPP market price for  
14 residential customers and non-residential customers is due to the timing of when  
15 Rider FPP started for each class of customers. Because Rider FPP became  
16 effective one year later for residential customers, the process of reconciling actual  
17 and projected costs creates differences in the RA component.

18 There is also a difference in the SLA component of the Rider FPP market  
19 price for customers taking service at different voltage levels. A generator must  
20 produce more energy to provide power to customers at distribution level voltage  
21 than at the higher transmission level voltage. The Rider FPP calculation  
22 addresses this difference in the SLA component.

1    **Q.    HAVE THERE BEEN ANY SIGNIFICANT CHANGES TO THE**  
2           **METHODOLOGY FOR COMPUTING THE RIDER FPP MARKET**  
3           **PRICE SINCE THE LAST ANNUAL FILING?**

4    A.    Yes. Beginning in the first quarter of 2007, certain charges and credits from the  
5           Midwest Independent System Operator, Inc. ("MISO") that had been collected in  
6           the Company's Transmission Cost Recovery Rider ("Rider TCR") are now being  
7           collected through Rider FPP. This change was approved by the Commission in  
8           last year's Order approving the Rider TCR (Order dated November 28, 2006, in  
9           Case No. 05-727-EL-UNC) and in the Commission Order dated December 20,  
10          2006, in Case No. 03-93-EL-ATA, *et al.*

11   **Q.    WERE THERE ANY OTHER MATERIAL CHANGES?**

12   A.    There have been no other significant changes to the Rider FPP calculation;  
13          however, the Company is continually working to improve and streamline the  
14          process. Also, much of the information used by the Company to compute Rider  
15          FPP comes from billing information provided by MISO. Occasionally, MISO  
16          makes a change in its process that impacts our own process for computing the  
17          Rider FPP market price.

18   **Q.    WOULD YOU SUMMARIZE THE RIDER FPP MARKET PRICES FOR**  
19          **THE PRIOR FOUR QUARTERS?**

20   A.    For the quarterly filings from Q3 2006 through Q2 2007, the Rider FPP market  
21          price is shown below for residential, non-residential, and voltage-reduction  
22          customers.

| <b>SUMMARY OF RIDER FPP MARKET PRICES</b>  |          |          |         |         |
|--------------------------------------------|----------|----------|---------|---------|
| <b>Residential Customers (¢/kWh)</b>       |          |          |         |         |
|                                            | Q3 2006  | Q4 2006  | Q1 2007 | Q2 2007 |
| FC                                         | 0.6950   | 0.5410   | 0.7213  | 0.8806  |
| EA                                         | 0.2733   | 0.2904   | 0.1007  | 0.0972  |
| SLA                                        | 0.0299   | 0.0181   | 0.0319  | 0.0439  |
| RA                                         | (0.1544) | (0.1071) | 0.3866  | 0.2911  |
| FPP                                        | 0.8438   | 0.7424   | 1.2405  | 1.3128  |
| <b>Non-Residential Customers (¢/kWh)</b>   |          |          |         |         |
|                                            | Q3 2006  | Q4 2006  | Q1 2007 | Q2 2007 |
| FC                                         | 0.6950   | 0.5410   | 0.7213  | 0.8806  |
| EA                                         | 0.2733   | 0.2904   | 0.1007  | 0.0972  |
| SLA                                        | 0.0299   | 0.0181   | 0.0319  | 0.0439  |
| RA                                         | (0.4340) | 0.0054   | 0.4660  | 0.3171  |
| FPP                                        | 0.5642   | 0.8549   | 1.3199  | 1.3388  |
| <b>Voltage-Reduction Customers (¢/kWh)</b> |          |          |         |         |
|                                            | Q3 2006  | Q4 2006  | Q1 2007 | Q2 2007 |
| FC                                         | 0.6950   | 0.5410   | 0.7213  | 0.8806  |
| EA                                         | 0.2733   | 0.2904   | 0.1007  | 0.0972  |
| SLA                                        | 0.0153   | 0.0093   | 0.0163  | 0.0224  |
| RA                                         | (0.4323) | 0.0991   | 0.4871  | 0.3518  |
| FPP                                        | 0.5513   | 0.9398   | 1.3254  | 1.3520  |

1 Q. WHAT ARE YOUR SOURCES FOR THE DATA USED TO COMPUTE  
2 THE RIDER FPP MARKET PRICE?

3 A. DE-Ohio witness Charles R. Whitlock provides the projections of all data used in  
4 the calculation of Rider FPP. Actual data for reconciliations comes from Mr.  
5 Whitlock and from internal accounting sources.

6 **III. OVERVIEW OF SRT CALCULATION**

7 Q. PLEASE PROVIDE AN OVERVIEW OF THE METHODOLOGY FOR  
8 CALCULATING THE RIDER SRT MARKET PRICE.

9 A. The methodology is unchanged from prior years. The Rider SRT market price is  
10 established for the first quarter of the following year based on a filing we make  
11 around December 1 of the current year. The Company projects its anticipated

1 reserve margin requirements for the upcoming year and estimates the costs of  
2 purchasing a portfolio of capacity products to meet the 15% minimum reserve  
3 margin requirement which has been approved in prior years' Rider SRT  
4 proceedings.

5 Mr. Whitlock determines the amount of capacity and the cost of such  
6 capacity for the period. I take the total cost of the expected purchased capacity  
7 that he provides and then allocate the costs among the rate classes using  
8 appropriate and previously agreed to allocators. Any over- or under-recovery of  
9 prior period Rider SRT revenue is added to the allocated estimated cost. Finally,  
10 the allocated costs and billing determinant data are used to develop the Rider SRT  
11 market prices for each rate class.

12 For any given year, each quarterly filing is essentially an update of the  
13 prior quarter's filing for that year. Consequently, the estimated data in the prior  
14 quarter is replaced with either better estimates or with actual results. This  
15 method, mitigates some of the volatility inherent in projecting data and minimizes  
16 the potential for large over- or under-recovery of costs. The mechanism is  
17 straightforward and is illustrated in Attachment WDW-2.

18 **Q. WHEN WILL DE-OHIO BEGIN RECOVERING ITS 2007 RIDER SRT**  
19 **REVENUE REQUIREMENT?**

20 A. Assuming the Commission approves the Stipulation reached by most of the  
21 parties to this case on April 9, 2007, we will comply with the following provision  
22 of that Stipulation: "*Rider SRT will be updated with the first billing cycle of the*  
23 *month following Commission approval of this Stipulation...*" (April 9, 2007,

1 Stipulation, page 7). At this time, however, it is unknown when the Commission  
2 will issue its order in the Remand Case.

3 **Q. WOULD YOU PLEASE SUMMARIZE THE RIDER SRT MARKET**  
4 **PRICES FOR THE PRIOR FOUR QUARTERS?**

5 A. The Rider SRT market prices in effect for the third and fourth quarters of 2006  
6 are shown in Attachment 2. For the first and second quarters of 2007, the Rider  
7 SRT market prices have been \$0 for all consumers.

8 **IV. CONCLUSION**

9 **Q. WERE ATTACHMENTS WDW-1 AND WDW-2 PREPARED BY YOU OR**  
10 **UNDER YOUR SUPERVISION?**

11 A. Yes.

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

13 A. Yes.



Duke Energy Corporation  
139 East Fourth Street  
P.O. Box 960  
Cincinnati, Ohio 45201-0960

May 30, 2006

The Public Utilities Commission of Ohio  
Attention: Docketing Division  
180 East Broad Street  
13<sup>th</sup> Floor  
Columbus, OH 43215-3793

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RE: In the Matter of The Application of Duke Energy )  
Ohio to Modify its Fuel, Economy Purchased ) Case No. 05-725-EL-UNC  
Power Component of Its Market-Based Standard )  
Service Offer for the Summary Report Period of )  
June 29, 2006 to September 27, 2006 )

Docketing Division:

Enclosed for filing are fifteen (15) copies of the following attachments containing the Facts, Data, and Other Information pertinent to Duke Energy Ohio, Inc. fuel, economy purchased power, and emission allowance component of its market-based standard service offer (FPP), pursuant to the Commission's Entry in Case No. 05-725-EL-UNC, dated June 29, 2005:

- (a) Attachment I – Statement of Fuel Procurement Policies and Practices;
- (b) Attachment II – Narrative statement and applicable quarterly FPP forms supporting the proposed calculation of the fuel, economy purchased power, and emission allowance component of its market-based standard service offer for the base period of June through September 2006. The FPP component will be applied to bills rendered during the quarter ending September 2006.

Please time-stamp the enclosed extra copy and return for our file. Thank you for your timely assistance in this regard.

Very truly yours,

Lisa D. Steinkuhl

Enclosures

Tariff memos/PUCO FPP filing/doc

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## ATTACHMENT I

### STATEMENT OF FUEL PROCUREMENT PRACTICES AND POLICIES

Duke Energy's ("Company") Commercial Asset Management Service (CAM) group is responsible for managing the power, fuel and emission allowance positions for the Company's operating units, including the Company's Ohio generation portfolio to achieve economical power supply for the Ohio customers.

CAMS is responsible for establishing and implementing the multi-commodity risk management strategy for power, fuel and emission allowances. CAMS reviews the optimal contract mix on an ongoing basis as market conditions change; the optimal contract mix varies as market and operating conditions change during the time horizon being evaluated. Fuel purchases are made through a combination of long-term and spot market purchases.

CAMS fuel procurement and transportation services include issuing solicitations, evaluating proposals for fuel and transportation contracts, selecting and qualifying suppliers and shippers, contract negotiation, administration and enforcement, and ongoing transportation maintenance and operations support. CAMS is responsible for complying with fuel procurement regulations.

CAMS evaluates its fuel and transportation services practices on a continuing basis and updates them as needed. This continuous self-evaluation ensures that CAMS follows the best available practices as they relate to the changing business environment of the Company and the industry, the effect of state and/or federal legislation, the orders or rules of any state commission, or any other event that may impact the Company's procurement and use of fuel.

A balancing of short-term and long-term contracts is an effective way to achieve critical procurement goals such as:

- Assurance of adequate supply from reliable suppliers
- Competitive pricing
- Market intelligence
- Continuing evaluation of suppliers
- Flexibility in responding to changing market or economic conditions
- Efficient delivery of shipments.

CAMS makes every effort to purchase according to the operating requirements for the power generation equipment for which it purchases fuel. Further, the cost of complying with environmental regulations regarding emissions is factored into purchasing decisions.

Coal quality specifications may include moisture, ash, calorific value, sulfur, volatility, grindability, hydrogen, chlorine, ultimate analysis, mineral ash analysis, fusion temperature, etc. These parameters assure that the coal will be compatible with equipment operation and environmental regulations. Quality price adjustments will be made for deliveries not within contract specifications.

## ATTACHMENT I

### STATEMENT OF FUEL PROCUREMENT PRACTICES AND POLICIES

For longer term commitments, suppliers are generally evaluated on the basis of delivered cost, busbar evaluation of coal quality, uncommitted proven reserves, reputation, credit strength, proximity to transportation, and willingness to extend commercial terms. Additional evaluation is done, as needed, concerning by-product handling, disposal, and various environmental limits at the station sites. For short-term purchases, the evaluation focuses primarily on evaluated cost relative to the market.

## ATTACHMENT II

### DUKE ENERGY OHIO (DUKE)

#### NARRATIVE STATEMENT SUPPORTING ITS PROPOSED FPP COMPONENT

Pursuant to the Commission's Entry on Rehearing in Case No. 03-93-EL-ATA issued on November 23, 2004, Duke has calculated a proposed Quarterly Fuel, Economy Purchased Power and Emission Allowance Component (FPP Component) of its market-based standard service offer for the three-month projected period of July through September 2006.

The proposed FPP Rates are segregated into three types of customers, Residential, Non-Residential and Voltage Reduction customers. Depending on the type of customer, the appropriate rate will be applied to all bills, excluding consumers taking generation service from Certified Retail Electric Service providers, rendered on and after June 29, 2006, and will coincide with the billing of Cycle 1 of the July 2006 revenue month and remain in effect through September 2006.

The methodology for calculating the proposed FPP Component of 0.8438 cents per kilowatt-hour for Residential, 0.5642 cents per kilowatt-hour for Non-Residential and 0.5513 cents per kilowatt-hour for Voltage Reduction type customers is consistent with the Commission's Entry on Rehearing and is composed of the following components:

#### FUEL COMPONENT (FC)

The base period of July through September 2006 was utilized to calculate the proposed fuel and economy purchased power component (FC). The proposed FC is composed of three months projected includable fuel cost and economy purchased power data. The total FC calculated portion of the FPP Component is 1.9277 cents per kilowatt-hour for all types of customers. From this number, the Company has subtracted a baseline rate of 1.2327 cents per kilowatt-hour that is already included in rates as established in Case No. 99-103-EL-EFC. Based upon this information, the proposed FC should be established at 0.6950 cents per kilowatt-hour for all customers subject to the FPP. This proposed FC is supported by the attached calculations on Page 1 of 5 of Schedule 1.

#### EMISSION ALLOWANCES (EA)

The base period of July through September 2006 was utilized to calculate the emission allowance component (EA) for all types of customers. The proposed EA is composed of three months projected includable emission allowance data. The total EA calculated portion of the FPP Component is 0.2859 cents per kilowatt-hour for all types of customers. From this number, the Company has subtracted a baseline rate of 0.0126 cents per kilowatt-hour that is already included in rates as established in Case No. 99-103-EL-EFC. Based upon this information, the proposed EA should be established at

## **ATTACHMENT II**

0.2733 cents per kilowatt-hour. This proposed EA is supported by the attached calculations on Page 2 of 5 of Schedule 1.

### **ENVIRONMENTAL REAGENT (ER)**

In accordance with PUCO Order in Case No. 05-806-EL-UNC, the Environmental Reagent (ER) component of Rider FPP should be eliminated from the calculation of the FPP Rate. It was also ordered that any monies collected under the ER component to date should be refunded. This quarterly filing reflects the refund of the monies collected January through March 2006.

### **RECONCILIATION ADJUSTMENT (RA)**

The proposed RA component is based on the reconciliation of actual fuel, economy purchased power, emission allowance costs, and system loss adjustment to the FPP Component revenues for the three month period ending March 2006. The RA amount for the three month period ending March, 2006 included in this filing is (\$3,239,682.66) or (0.1544) cents per kilowatt-hour for Residential type customers and (\$5,521,291.94) or (0.2111) cents per kilowatt-hour for Non-Residential type customers and (\$1,762,369.77) or (0.2094) cents per kilowatt-hour for Voltage Reduction type customers. In addition to these RA amounts is (\$2,774,328.51) which represents an updated adjustment to the 2<sup>nd</sup> quarter 2005 RA amount filed in the 2<sup>nd</sup> Quarter 2006 filing and is supported by the attached calculations on Page 5C&D of 5 of Schedule 1. In addition to these RA amounts is (\$3,007,236.00) which represents an updated adjustment to the 3<sup>rd</sup> quarter 2005 RA amount filed in the 2<sup>nd</sup> Quarter 2006 filing and is supported by the attached calculations on Page 5E&F of 5 of Schedule 1. In addition to these RA amounts is (\$1,925,088.86) which represents an updated adjustment to the 4<sup>th</sup> quarter 2005 RA amount filed in the 2<sup>nd</sup> Quarter 2006 filing and is supported by the attached calculations on Page 5G&H of 5 of Schedule 1. The total RA, including the previous quarter adjustments, reflects the refund adjustment for the monies collected through the ER component for 2005 and the 1<sup>st</sup> quarter 2006 as ordered by PUCO in Case No. 05-806-EL-UNC. These additional RA adjustments impact the Non-Residential and Voltage Reduction customers only. With these adjustments added to the current quarter adjustments, the RA component for Non-Residential customers is (0.4340) cents per kilowatt-hour and the RA component for Voltage Reduction customers is (0.4323) cents per kilowatt-hour. The total proposed RA is supported by the attached calculations on Page 3 of 5 of Schedule 1.

### **SYSTEM LOSS ADJUSTMENT (SLA)**

The proposed SLA Component is based on the estimated system loss fuel cost to be incurred during the three month period ending September 2006. The total SLA calculated portion of the FPP Component is 0.1320 cents per kilowatt-hour for Residential and Non-Residential type customers, and 0.0604 cents per kilowatt-hour for Voltage Reduction type customers. From the number for Residential and Non-Residential type customers, the Company has subtracted a baseline rate of 0.1051 cents per kilowatt-hour that is already included in rates. From the number for Voltage Reduction type customers,

## **ATTACHMENT II**

the Company has subtracted a baseline rate of 0.0481 cents per kilowatt-hour that is already included in rates. Both rates are increased by 0.003 cents per kilowatt-hour which represents a Synchronization Adjustment. Based upon this information, the proposed SLA should be established at 0.0299 cents per kilowatt-hour for Residential and Non-Residential type customers and at 0.0153 cents per kilowatt-hour for Voltage Reduction type customers. The proposed SLA is supported by the attached calculations on Page 4 of 5 of Schedule 1.

### **FUEL, ECONOMY PURCHASED POWER AND EMISSION ALLOWANCE COMPONENT**

Based on the aforementioned projected includable fuel and economy purchased power cost data (FC) summarized on Page 1 of Schedule 1, the Emission Allowance Component (EA) on Page 2 of Schedule 1, the Reconciliation Adjustment (RA) on Page 3 of Schedule 1, and the System Loss Adjustment (SLA) on Page 4 of Schedule 1, the Company proposes that a FPP Component of 0.8438 cents per kilowatt-hour be established for Residential type customers, 0.5642 cents per kilowatt-hour be established for Non-Residential type customers and 0.5513 cents per kilowatt-hour be established for Voltage Reduction type customers. These rates should be effective with bills rendered on and after June 29, 2006, to all consumers other than consumers taking generation service from Certified Retail Electric Suppliers. This will coincide with Cycle 1 billing for the July 2006 revenue month.

**Schedule 1**  
**Page 1 of 5**

**Duke Energy Ohio**  
**Electric Department**  
**Calculation of Quarterly Fuel and Economy Purchased Power Component for Billing During**  
**July 2006 through September 2006**

| Line                                                                                   | Description                                                        | (A)<br>Includable<br>Fuel Cost<br>\$ | (B)<br>Includable<br>Energy<br>(kWh) | (C)<br>FPP Rate<br>Components<br>(Col. 1 + Col. 2) |
|----------------------------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------|--------------------------------------|----------------------------------------------------|
| <b>Fuel &amp; Economy Purchased Power<br/>Cost Expense (FC) - by Month (Projected)</b> |                                                                    |                                      |                                      |                                                    |
| 1                                                                                      | July 2006                                                          | \$ 49,746,058.46                     | 2,597,620,826                        |                                                    |
| 2                                                                                      | August 2006                                                        | \$ 52,889,329.83                     | 2,846,672,510                        |                                                    |
| 3                                                                                      | September 2006                                                     | \$ 38,211,870.15                     | 2,062,262,700                        |                                                    |
| 4                                                                                      | Total Fuel & Economy Purchased Power Cost Expense                  | \$ 140,847,258.24                    | 7,306,556,036                        | 1.9277 ¢/kWh                                       |
| 5                                                                                      | Less: Baseline EFC Rate from Case No. 99-103-EL-EFC <sup>(a)</sup> |                                      |                                      | 1.2927 ¢/kWh                                       |
| 6                                                                                      | Total FC Portion to be Included in FPP                             |                                      |                                      | 0.6850 ¢/kWh                                       |
| 7                                                                                      | Emission Allowances Adjustment (EA) From Page 2                    |                                      |                                      | 0.2733 ¢/kWh                                       |
| 8                                                                                      | Total FPP Rate before RA and SLA                                   |                                      |                                      | 0.9683 ¢/kWh                                       |
| <b>FPP Rate</b>                                                                        |                                                                    |                                      |                                      |                                                    |
|                                                                                        |                                                                    | <b>Residential</b>                   | <b>Non-Residential</b>               | <b>Voltage Reduction <sup>(b)</sup></b>            |
| 9                                                                                      | Total FPP Rate before RA and SLA (Line 8)                          | 0.9683                               | 0.9683                               | 0.9683 ¢/kWh                                       |
| 10                                                                                     | Reconciliation Adjustment (RA) From Page 3                         | (0.1544)                             | (0.4340)                             | (0.4323) ¢/kWh                                     |
| 11                                                                                     | System Loss Adjustment (SLA) From Page 4                           | 0.0299                               | 0.0299                               | 0.0153 ¢/kWh                                       |
| 12                                                                                     | Total FPP Rate                                                     | 0.8438                               | 0.5642                               | 0.5513 ¢/kWh                                       |

Notes: <sup>(a)</sup> Reflects only the FC component and excludes EA costs.

<sup>(b)</sup> Rate for Customers taking service at 69 kV or greater.

**Schedule 1**  
**Page 2 of 5**

**Duke Energy Ohio**  
**Electric Department**  
**Calculation of Quarterly Emission Allowances Component for Billing During**  
**July 2006 through September 2006**

| Line                                                   | Description                                                                           | (1)<br>Includable<br>Emission Allowances<br>\$ | (2)<br>Includable<br>Energy<br>(kWh) | (3)<br>EA Rate<br>Components<br>(Col. 1 + Col. 2) |
|--------------------------------------------------------|---------------------------------------------------------------------------------------|------------------------------------------------|--------------------------------------|---------------------------------------------------|
| <u>Emission Allowances (EA) - by Month (Projected)</u> |                                                                                       |                                                |                                      |                                                   |
| 1                                                      | July 2006                                                                             | \$ 6,050,922.76                                | 2,074,487,724                        |                                                   |
| 2                                                      | August 2006                                                                           | \$ 6,032,185.09                                | 2,098,427,726                        |                                                   |
| 3                                                      | September 2006                                                                        | \$ 4,853,955.03                                | 1,751,330,352                        |                                                   |
| 4                                                      | EA Auction Proceeds Credits                                                           | \$ -                                           |                                      |                                                   |
| 5                                                      | Total Emission Allowance Expense                                                      | <u>\$ 16,937,042.88</u>                        | <u>5,924,245,802</u>                 | 0.2859 ¢/kWh                                      |
| 6                                                      | Less: Baseline EA Rate from Case No. 99-103-EL-EFC <sup>(c)</sup>                     |                                                |                                      | <u>0.0126 ¢/kWh</u>                               |
| 7                                                      | Quarterly Emission Allowance Rate (Rate will never be less than -0-) To Page 1 Line 7 |                                                |                                      | <u>0.2733 ¢/kWh</u>                               |

Notes: <sup>(c)</sup> Reflects only the EA costs.

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| Line                       | Reconciliation Adjustment (RA)                                                | Total                    | Residential       | Non-Residential   | Voltage Reduction     |
|----------------------------|-------------------------------------------------------------------------------|--------------------------|-------------------|-------------------|-----------------------|
| Current Adjustments - 2006 |                                                                               |                          |                   |                   |                       |
| 1                          | January 2006 (See Page 3A Line 42)                                            | \$ (4,976,067.68)        | \$ (1,036,230.94) | \$ (2,931,226.77) | \$ (1,009,609.97)     |
| 2                          | February 2006 (See Page 3B Line 42)                                           | \$ (2,244,523.48)        | \$ (846,949.16)   | \$ (1,046,549.03) | \$ (262,025.29)       |
| 3                          | March 2006 (See Page 3C Line 42)                                              | \$ (3,302,763.21)        | \$ (1,268,502.66) | \$ (1,543,516.14) | \$ (500,744.51)       |
| 4                          | Total Current Adjustments                                                     | \$ (10,523,344.37)       | \$ (3,239,682.66) | \$ (5,521,291.94) | \$ (1,762,369.77)     |
| 5                          | Projected Retail Energy (kWh)                                                 | 8,556,733,000            | 2,098,305,000     | 2,615,957,000     | 841,471,000           |
| 6                          | 2006 Adjustments RA Rate (Line 4/Line 5)                                      |                          | <u>(0.1544)</u>   | <u>(0.2111)</u>   | <u>(0.2094)</u> #/kWh |
| 7                          | 1st Quarter 2005 Adjustments (See Page 5B)                                    | \$                       |                   |                   |                       |
| 8                          | 2nd Quarter 2005 Adjustments (See Page 5D)                                    | \$ (2,774,328.51)        |                   |                   |                       |
| 9                          | 3rd Quarter 2005 Adjustments (See Page 5F)                                    | \$ (3,007,238.00)        |                   |                   |                       |
| 10                         | 4th Quarter 2005 Adjustments (See Page 6H)                                    | <u>\$ (1,925,088.88)</u> |                   |                   |                       |
| 11                         | Total Prior Period Costs to Be Recovered (Line 7 + Line 8 + Line 9 + Line 10) | \$ (7,706,653.37)        |                   |                   |                       |
| 12                         | Projected Retail Energy excluding residential (kWh)                           | 3,457,428,000            |                   |                   |                       |
| 13                         | 2005 Adjustments RA Rate (Line 11/Line 12)                                    | <u>(0.2229)</u>          | <u>0.0000</u>     | <u>(0.2229)</u>   | <u>(0.2229)</u> #/kWh |
| 14                         | Total RA Rate (Line 6 + Line 13) To Page 1 Line 10                            |                          | <u>(0.1544)</u>   | <u>(0.4340)</u>   | <u>(0.4323)</u> #/kWh |

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| Line                                               | Reconciliation Adjustment (RA)                                                   | January 2008      | Residential<br>January 2008 | Non-Residential<br>January 2008 | Voltage<br>Reduction<br>January 2008 |
|----------------------------------------------------|----------------------------------------------------------------------------------|-------------------|-----------------------------|---------------------------------|--------------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                                  |                   |                             |                                 |                                      |
| 1                                                  | Net Includable Fuel                                                              | \$ 34,691,025.73  | \$ 34,631,025.73            | \$ 34,691,025.73                | \$ 34,631,025.73                     |
| 2                                                  | Ratio Metered Sales/Generation Sales                                             | 0.938933          | 0.938933                    | 0.938933                        | 0.938933                             |
| 3                                                  | Fuel Cost @ Meter Sales Level (Line 1 x Line 2)                                  | \$ 32,516,212.88  | \$ 32,516,212.88            | \$ 32,516,212.88                | \$ 32,516,212.88                     |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)                | \$ 77,706.30      | \$ 77,706.30                | \$ 77,706.30                    | \$ 77,706.30                         |
| 5                                                  | RSG Make Whole Payments                                                          | \$ (388,061.98)   | \$ (388,061.98)             | \$ (388,061.98)                 | \$ (388,061.98)                      |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                         | \$ 32,205,857.20  | \$ 32,205,857.20            | \$ 32,205,857.20                | \$ 32,205,857.20                     |
| 7                                                  | Total Generation and Purchase Power (per books)                                  | 1,749,252,225     | 1,749,252,225               | 1,749,252,225                   | 1,749,252,225                        |
| 8                                                  | Losses (kWh) (1-Line 2)/(Line 7)                                                 | 106,821,588       | 106,821,588                 | 106,821,588                     | 106,821,588                          |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                              | 1,642,430,639     | 1,642,430,639               | 1,642,430,639                   | 1,642,430,639                        |
| 10                                                 | kWh Subject to FPP                                                               | 1,365,589,013     | 272,638,491                 | 802,789,257                     | 290,161,265                          |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                          | 83.14%            | 16.60%                      | 48.88%                          | 17.66%                               |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 \$/kWh x Line 10)                       | \$ 16,833,615.76  | \$ 3,360,814.85             | \$ 8,895,093.17                 | \$ 3,576,817.91                      |
| 13                                                 | Amount Recovered via FPP (per books)                                             | \$ 12,516,428.83  | \$ 2,558,865.26             | \$ 7,320,269.52                 | \$ 2,637,494.05                      |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                                   | \$ 29,350,044.59  | \$ 5,919,679.94             | \$ 16,215,362.69                | \$ 6,214,311.96                      |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 8 x Line 11)             | \$ 26,775,849.68  | \$ 5,348,172.30             | \$ 15,742,223.00                | \$ 5,687,554.38                      |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                          | \$ (2,574,994.91) | \$ (673,307.64)             | \$ (1,474,026.69)               | \$ (628,757.58)                      |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                   |                             |                                 |                                      |
| 17                                                 | Retail SO2 EA Consumed (Tons)                                                    | 9,749.186         | 9,749.186                   | 9,749.186                       | 9,749.186                            |
| 18                                                 | Inventory Ratio per Ton (Rate)                                                   | \$ 173.40         | \$ 173.40                   | \$ 173.40                       | \$ 173.40                            |
| 19                                                 | SO2 EA Expense (Line 17 x Line 18)                                               | \$ 1,690,508.85   | \$ 1,690,508.85             | \$ 1,690,508.85                 | \$ 1,690,508.85                      |
| 20                                                 | Total Retail Load (kWh)                                                          | 1,674,185,193     | 1,074,166,193               | 1,674,185,193                   | 1,674,185,193                        |
| 21                                                 | Incremental EA Rate (\$/kWh) (Line 19 / Line 20)                                 | 0.1010            | 0.1010                      | 0.1010                          | 0.1010                               |
| 22                                                 | kWh Subject to FPP (Line 10)                                                     | 1,365,589,013     | 272,638,491                 | 802,789,257                     | 290,161,265                          |
| 23                                                 | EA Expense Allocated to FPP (Line 21 x Line 22)                                  | \$ 1,379,244.90   | \$ 275,364.88               | \$ 810,817.15                   | \$ 293,062.88                        |
| 24                                                 | EA Expense Recovered in Base Rates (Line 22 x 0.0126 \$/kWh)                     | \$ 172,064.22     | \$ 34,352.45                | \$ 101,151.45                   | \$ 36,560.32                         |
| 25                                                 | EA Revenue in FPP (per books)                                                    | \$ 3,107,979.61   | \$ 635,323.93               | \$ 1,817,760.27                 | \$ 654,895.41                        |
| 26                                                 | Under/(Over) Recovery of EA Costs (Line 23 - Line 24 - Line 25)                  | \$ (1,900,789.93) | \$ (394,311.50)             | \$ (1,108,094.57)               | \$ (398,392.82)                      |
| <b>Environmental Remediation Component (ER)</b>    |                                                                                  |                   |                             |                                 |                                      |
| 27                                                 | Amount Recovered in Base Rates (0.0330 \$/kWh x Line 10)                         | \$ -              | \$ -                        | \$ -                            | \$ -                                 |
| 28                                                 | ER Revenue in FPP (per books)                                                    | \$ 80,173.10      | \$ 16,367.44                | \$ 46,767.02                    | \$ 17,038.84                         |
| 29                                                 | Total Actual Lime Costs for Quarter (per books)                                  | \$ -              | \$ -                        | \$ -                            | \$ -                                 |
| 30                                                 | Total Actual Ammonia Costs for Quarter (per books)                               | \$ -              | \$ -                        | \$ -                            | \$ -                                 |
| 31                                                 | Total Actual ER Costs for Quarter (per books) (Line 29 + Line 30)                | \$ -              | \$ -                        | \$ -                            | \$ -                                 |
| 32                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 31 x Line 31)                 | \$ -              | \$ -                        | \$ -                            | \$ -                                 |
| 33                                                 | Under/(Over) Recovery of ER Costs (Line 32 - Line 27 - Line 28)                  | \$ (80,173.10)    | \$ (16,367.44)              | \$ (46,767.02)                  | \$ (17,038.84)                       |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                   |                             |                                 |                                      |
| 34                                                 | RA Amount from 1st Quarter Filing (spread evenly)                                | \$ 3,496,682.63   | \$ -                        | \$ 2,588,244.48                 | \$ 908,438.15                        |
| 35                                                 | Actual RA recovery through FPP                                                   | \$ 3,741,591.71   | \$ -                        | \$ 2,790,639.27                 | \$ 990,952.44                        |
| 36                                                 | Under/(Over) Recovery of RA (Line 34 - Line 35)                                  | \$ (244,909.08)   | \$ -                        | \$ (162,394.79)                 | \$ (82,514.29)                       |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                   |                             |                                 |                                      |
| 37                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)              | 0.0999            | 0.0999                      | 0.0999                          | 0.0999                               |
| 38                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 37)                         | \$ 1,364,223.42   | \$ 272,385.85               | \$ 801,888.47                   | \$ 289,871.10                        |
| 39                                                 | Actual SLA recovery through FPP                                                  | \$ 570,203.64     | \$ 129,937.44               | \$ 371,674.75                   | \$ 69,591.45                         |
| 40                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (line 11))                       | \$ 1,758,255.40   | \$ 351,058.93               | \$ 1,038,720.52                 | \$ 373,475.95                        |
| 41                                                 | Under/(Over) Recovery of Losses (Line 40 - Line 38 - Line 39)                    | \$ (178,171.66)   | \$ (61,244.38)              | \$ (139,940.70)                 | \$ (15,013.40)                       |
| 42                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 26+Line 33+Line 36+Line 41) | \$ (4,976,067.68) | \$ (1,035,230.94)           | \$ (2,931,226.77)               | \$ (1,009,899.97)                    |

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**Line Reconciliation Adjustment (RA)**

**Fuel Component (FC)**

|                                                                         | February 2008     | Residential<br>February 2008 | Non-Residential<br>February 2008 | Voltage<br>Reduction<br>February 2008 |
|-------------------------------------------------------------------------|-------------------|------------------------------|----------------------------------|---------------------------------------|
| 1 Net Includable Fuel                                                   | \$ 34,340,749.86  | \$ 34,340,749.86             | \$ 34,340,749.86                 | \$ 34,340,749.86                      |
| 2 Ratio Metered Sales/Generation Sales                                  | 0.938933          | 0.938933                     | 0.938933                         | 0.938933                              |
| 3 Fuel Cost @ Meter Sales Level (Line 1 x Line 2)                       | \$ 32,243,883.29  | \$ 32,243,883.29             | \$ 32,243,883.29                 | \$ 32,243,883.29                      |
| 4 Coal Sales Margin Credits (per books current year contracts only)     | \$ 487,548.79     | \$ 487,548.79                | \$ 487,548.79                    | \$ 487,548.79                         |
| 5 RSG Make Whole Payments                                               | \$ (184,178.08)   | \$ (184,178.08)              | \$ (184,178.08)                  | \$ (184,178.08)                       |
| 6 Net Fuel Cost (Line 3 + Line 4 + Line 5)                              | \$ 32,517,038.02  | \$ 32,517,038.02             | \$ 32,517,038.02                 | \$ 32,517,038.02                      |
| 7 Total Generation and Purchase Power (per books)                       | 1,891,835,759     | 1,891,835,759                | 1,891,835,759                    | 1,891,835,759                         |
| 8 Losses (kWh) (1-Line 2)*(Line 7)                                      | 103,316,334       | 103,316,334                  | 103,316,334                      | 103,316,334                           |
| 9 Total Generation After Losses (kWh) (Line 7-Line 8)                   | 1,588,520,425     | 1,588,520,425                | 1,588,520,425                    | 1,588,520,425                         |
| 10 kWh Subject to FPP                                                   | 1,591,500,488     | 595,883,894                  | 744,482,084                      | 251,034,728                           |
| 11 Ratio of FPP Sales to Total Generation (Line 10/Line 9)              | 100.19%           | 37.52%                       | 48.87%                           | 15.80%                                |
| 12 Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)            | \$ 19,818,428.49  | \$ 7,346,691.00              | \$ 9,177,230.40                  | \$ 3,984,605.09                       |
| 13 Amount Recovered via FPP (per books)                                 | \$ 14,533,893.03  | \$ 5,480,308.25              | \$ 6,775,184.68                  | \$ 2,278,600.12                       |
| 14 Total Fuel Costs Recovered (Line 12 + Line 13)                       | \$ 34,352,321.52  | \$ 12,826,999.25             | \$ 15,952,415.08                 | \$ 6,263,205.21                       |
| 15 Total Actual Fuel Costs Attributable to FPP Sales (Line 8 x Line 11) | \$ 32,578,818.39  | \$ 12,200,991.91             | \$ 16,240,734.70                 | \$ 6,137,991.69                       |
| 16 Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)              | \$ (1,673,801.13) | \$ (628,607.34)              | \$ (711,980.28)                  | \$ (235,313.51)                       |

**Emissions Allowance Component (EA)**

|                                                                    |                 |                 |                 |                 |
|--------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| 17 Retail SO2 EA Consumed (Tons)                                   | 9,387.833       | 9,387.833       | 9,387.833       | 9,387.833       |
| 18 Inventory Rate per Ton (Rate)                                   | \$ 368.74       | \$ 368.74       | \$ 368.74       | \$ 368.74       |
| 19 SO2 EA Expense (Line 17 x Line 18)                              | \$ 3,380,818.41 | \$ 3,380,818.41 | \$ 3,380,818.41 | \$ 3,380,818.41 |
| 20 Total Retail Load (kWh)                                         | 1,817,195,852   | 1,817,195,852   | 1,817,195,852   | 1,817,195,852   |
| 21 Incremental EA Rate (¢/kWh) (Line 19 / Line 20)                 | 0.2078          | 0.2078          | 0.2078          | 0.2078          |
| 22 kWh Subject to FPP (Line 10)                                    | 1,591,500,488   | 595,883,894     | 744,482,084     | 251,034,728     |
| 23 EA Expense Allocated to FPP (Line 21 x Line 22)                 | \$ 3,307,138.01 | \$ 1,238,454.12 | \$ 1,547,033.73 | \$ 521,850.10   |
| 24 EA Expense Recovered in Base Rates (Line 22 x 0.0128 ¢/kWh)     | \$ 200,529.08   | \$ 75,093.95    | \$ 93,804.74    | \$ 31,830.37    |
| 25 EA Revenue in FPP (per books)                                   | \$ 3,808,938.20 | \$ 1,360,776.28 | \$ 1,882,406.47 | \$ 588,736.45   |
| 26 Under/(Over) Recovery of EA Costs (Line 23 - Line 24 - Line 25) | \$ (602,829.25) | \$ (187,418.11) | \$ (229,178.48) | \$ (75,736.88)  |

**Environmental Reagent Component (ER)**

|                                                                      |                |                |                |                |
|----------------------------------------------------------------------|----------------|----------------|----------------|----------------|
| 27 Amount Recovered in Base Rates (0.0330 ¢/kWh x Line 10)           | \$ -           | \$ -           | \$ -           | \$ -           |
| 28 ER Revenue in FPP (per books)                                     | \$ 93,060.92   | \$ 35,058.80   | \$ 43,284.84   | \$ 14,719.48   |
| 29 Total Actual Lime Costs for Quarter (per books)                   | \$ -           | \$ -           | \$ -           | \$ -           |
| 30 Total Actual Ammonia Costs for Quarter (per books)                | \$ -           | \$ -           | \$ -           | \$ -           |
| 31 Total Actual ER Costs for Quarter (per books) (Line 29 + Line 30) | \$ -           | \$ -           | \$ -           | \$ -           |
| 32 Total Actual ER Costs Allocated to FPP Sales (Line 11 x Line 31)  | \$ -           | \$ -           | \$ -           | \$ -           |
| 33 Under/(Over) Recovery of ER Costs (Line 32 - Line 27 - Line 28)   | \$ (93,060.92) | \$ (35,058.80) | \$ (43,284.84) | \$ (14,719.48) |

**Reconciliation Adjustment Amortization (RA)**

|                                                      |                 |      |                 |               |
|------------------------------------------------------|-----------------|------|-----------------|---------------|
| 34 RA Amount from 1st Quarter Filing (spread evenly) | \$ 3,496,882.83 | \$ - | \$ 2,568,244.48 | \$ 908,438.15 |
| 35 Actual RA recovery through FPP                    | \$ 3,401,814.47 | \$ - | \$ 2,545,820.06 | \$ 856,994.41 |
| 36 Under/(Over) Recovery of RA (Line 34 - Line 35)   | \$ 94,868.36    | \$ - | \$ 42,424.42    | \$ 52,443.74  |

**System Loss Component (SLA)**

|                                                                                     |                   |                 |                   |                 |
|-------------------------------------------------------------------------------------|-------------------|-----------------|-------------------|-----------------|
| 37 Losses in Base Rates (from Case No. 92-1484-EL-AIR) (cents per kWh)              | 0.0999            | 0.0999          | 0.0999            | 0.0999          |
| 38 Total Losses Recovered in Base Rates (Line 10 x Line 37)                         | \$ 1,589,908.99   | \$ 595,387.71   | \$ 743,737.58     | \$ 250,793.70   |
| 39 Actual SLA recovery through FPP                                                  | \$ 681,582.38     | \$ 278,308.08   | \$ 343,998.65     | \$ 59,255.35    |
| 40 Actual Losses on FPP Sales ((Line 1 - Line 3) x (line 11))                       | \$ 2,101,071.03   | \$ 786,626.88   | \$ 982,904.48     | \$ 331,339.87   |
| 41 Under/(Over) Recovery of Losses (Line 40 - Line 38 - Line 39)                    | \$ (170,400.34)   | \$ (98,868.91)  | \$ (104,832.05)   | \$ 21,300.62    |
| 42 Net Under/(Over) Recovery of FPP Costs (Line 16+Line 26+Line 33+Line 36+Line 41) | \$ (2,244,523.48) | \$ (945,949.18) | \$ (1,046,649.03) | \$ (252,026.29) |

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| Line                                               | Reconciliation Adjustment (RA)                                                   | March 2006        | Residential<br>March 2006 | Non-Residential<br>March 2006 | Voltage<br>Reduction<br>March 2006 |
|----------------------------------------------------|----------------------------------------------------------------------------------|-------------------|---------------------------|-------------------------------|------------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                                  |                   |                           |                               |                                    |
| 1                                                  | Net Includable Fuel                                                              | \$ 35,978,678.67  | \$ 35,979,878.67          | \$ 35,979,878.67              | \$ 35,979,878.67                   |
| 2                                                  | Ratio Metered Sales/Generation Sales                                             | 0.938933          | 0.938933                  | 0.938933                      | 0.938933                           |
| 3                                                  | Fuel Cost @ Meter Sales Level (Line 1 x Line 2)                                  | \$ 33,782,507.63  | \$ 33,782,507.63          | \$ 33,782,507.63              | \$ 33,782,507.63                   |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)                | \$ (1,539,821.89) | \$ (1,539,821.89)         | \$ (1,539,821.89)             | \$ (1,539,821.89)                  |
| 5                                                  | RSG Make Whole Payments                                                          | \$ (70,121.69)    | \$ (70,121.69)            | \$ (70,121.69)                | \$ (70,121.69)                     |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                         | \$ 32,172,564.05  | \$ 32,172,564.05          | \$ 32,172,564.05              | \$ 32,172,564.05                   |
| 7                                                  | Total Generation and Purchase Power (per books)                                  | 1,741,294,817     | 1,741,294,817             | 1,741,294,817                 | 1,741,294,817                      |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                                 | 106,335,838       | 106,335,838               | 106,335,838                   | 106,335,838                        |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                              | 1,634,958,979     | 1,634,958,979             | 1,634,958,979                 | 1,634,958,979                      |
| 10                                                 | kWh Subject to FPP                                                               | 1,597,588,441     | 578,924,095               | 752,413,690                   | 266,248,656                        |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                          | 97.71%            | 35.41%                    | 46.02%                        | 16.28%                             |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                        | \$ 19,693,448.06  | \$ 7,136,397.32           | \$ 8,275,003.56               | \$ 3,282,047.18                    |
| 13                                                 | Amount Recovered via FPP (per books)                                             | \$ 14,535,049.03  | \$ 5,291,837.20           | \$ 6,824,900.18               | \$ 2,418,311.87                    |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                                   | \$ 34,228,497.09  | \$ 12,428,234.52          | \$ 15,099,903.72              | \$ 5,700,358.85                    |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)             | \$ 31,435,812.93  | \$ 11,392,304.83          | \$ 14,805,813.97              | \$ 5,237,893.43                    |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                          | \$ (2,782,684.76) | \$ (1,035,929.69)         | \$ (1,294,089.75)             | \$ (462,665.42)                    |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                   |                           |                               |                                    |
| 17                                                 | Retail SO2 EA Consumed (Tons)                                                    | 9,553,375         | 9,553,375                 | 9,553,375                     | 9,553,375                          |
| 18                                                 | Inventory Rate per Ton (Rate)                                                    | \$ 378.86         | \$ 378.86                 | \$ 378.86                     | \$ 378.86                          |
| 19                                                 | SO2 EA Expense (Line 17 x Line 18)                                               | \$ 3,619,391.65   | \$ 3,619,391.65           | \$ 3,619,391.65               | \$ 3,619,391.65                    |
| 20                                                 | Total Retail Load (kWh)                                                          | 1,653,472,836     | 1,653,472,836             | 1,653,472,836                 | 1,653,472,836                      |
| 21                                                 | Incremental EA Rate (¢/kWh) (Line 19 / Line 20)                                  | 0.2189            | 0.2189                    | 0.2189                        | 0.2189                             |
| 22                                                 | kWh Subject to FPP (Line 10)                                                     | 1,597,588,441     | 578,924,095               | 752,413,690                   | 266,248,656                        |
| 23                                                 | EA Expense Allocated to FPP (Line 21 x Line 22)                                  | \$ 3,497,116.72   | \$ 1,267,264.84           | \$ 1,647,033.57               | \$ 682,818.31                      |
| 24                                                 | EA Expense Recovered in Base Rates (Line 22 x 0.0126 ¢/kWh)                      | \$ 201,296.69     | \$ 72,944.44              | \$ 94,804.12                  | \$ 33,547.33                       |
| 25                                                 | EA Revenue in FPP (per books)                                                    | \$ 3,809,201.10   | \$ 1,313,978.38           | \$ 1,694,750.76               | \$ 600,471.96                      |
| 26                                                 | Under/(Over) Recovery of EA Costs (Line 23 - Line 24 - Line 25)                  | \$ (313,380.27)   | \$ (119,657.98)           | \$ (142,521.31)               | \$ (51,200.98)                     |
| <b>Environmental Reagent Component (ER)</b>        |                                                                                  |                   |                           |                               |                                    |
| 27                                                 | Amount Recovered in Base Rates (0.0330 ¢/kWh x Line 10)                          | \$ -              | \$ -                      | \$ -                          | \$ -                               |
| 28                                                 | ER Revenue in FPP (per books)                                                    | \$ 93,076.12      | \$ 33,851.18              | \$ 43,602.25                  | \$ 16,622.69                       |
| 29                                                 | Total Actual Uline Costs for Quarter (per books)                                 | \$ -              | \$ -                      | \$ -                          | \$ -                               |
| 30                                                 | Total Actual Ammonia Costs for Quarter (per books)                               | \$ -              | \$ -                      | \$ -                          | \$ -                               |
| 31                                                 | Total Actual ER Costs for Quarter (per books) (Line 29 + Line 30)                | \$ -              | \$ -                      | \$ -                          | \$ -                               |
| 32                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 11 x Line 31)                 | \$ -              | \$ -                      | \$ -                          | \$ -                               |
| 33                                                 | Under/(Over) Recovery of ER Costs (Line 32 - Line 27 - Line 28)                  | \$ (93,076.12)    | \$ (33,851.18)            | \$ (43,602.25)                | \$ (16,622.69)                     |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                   |                           |                               |                                    |
| 34                                                 | RA Amount from 1st Quarter Filing (spread evenly)                                | \$ 3,496,662.64   | \$ -                      | \$ 2,588,244.49               | \$ 908,438.15                      |
| 35                                                 | Actual RA recovery through FPP                                                   | \$ 3,473,020.26   | \$ -                      | \$ 2,584,600.98               | \$ 908,519.28                      |
| 36                                                 | Under/(Over) Recovery of RA (Line 34 - Line 35)                                  | \$ 23,642.38      | \$ -                      | \$ 23,743.51                  | \$ (81.13)                         |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                   |                           |                               |                                    |
| 37                                                 | Losses in Base Rates (from Case No. 92-1404-EL-AJR) (cents per kWh)              | 0.0999            | 0.0999                    | 0.0999                        | 0.0999                             |
| 38                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 37)                         | \$ 1,595,988.85   | \$ 578,345.17             | \$ 751,681.27                 | \$ 266,982.41                      |
| 39                                                 | Actual SLA recovery through FPP                                                  | \$ 578,151.41     | \$ 268,738.90             | \$ 345,523.18                 | \$ 122,891.33                      |
| 40                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (line 11))                       | \$ 2,148,865.82   | \$ 778,018.26             | \$ 1,011,138.11               | \$ 357,899.45                      |
| 41                                                 | Under/(Over) Recovery of Losses (Line 40 - Line 38 - Line 39)                    | \$ (127,284.44)   | \$ (69,063.81)            | \$ (67,048.34)                | \$ 28,825.71                       |
| 42                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 26+Line 33+Line 36+Line 41) | \$ (3,302,763.21) | \$ (1,258,502.56)         | \$ (1,543,516.14)             | \$ (600,744.61)                    |

**Schedule 1****Page 4 of 5**

**Duke Energy Ohio  
Electric Department  
Calculation of Quarterly Voltage-Adjusted System Loss Adjustment  
July 2006 through September 2006**

|                                                                      |                                                            | Total Losses  |              |                              |                       |
|----------------------------------------------------------------------|------------------------------------------------------------|---------------|--------------|------------------------------|-----------------------|
| Line                                                                 | Description                                                | Distribution  | Transmission | Voltage Adjusted Methodology | No Voltage Adjustment |
|                                                                      |                                                            | (A)           | (B)          | (C)                          | (D)                   |
| <u>Calculation of Base Rate Recovery of Losses</u>                   |                                                            |               |              |                              |                       |
| 1                                                                    | FC Rate Basis for SLA (\$/kWh)                             | 1.5353        | 1.5353       | 1.5353                       | 1.5353                |
| 2                                                                    | Energy Loss Factors from 92-1464-EL-AIR                    | 6.847%        | 3.134%       | 5.743%                       | 6.504%                |
| 3                                                                    | Losses in MBSSO (\$/kWh) (Line 1 * Line 2)                 | 0.1051        | 0.0481       | 0.0882                       | 0.0999                |
| 4                                                                    | Current FC Rate (\$/kWh) (Per Filing)                      | 1.9277        | 1.9277       | 1.9277                       | 1.9277                |
| 5                                                                    | Projected Sales at Meter (kWh) <sup>(a)</sup>              | 4,714,262,000 | 841,471,000  | 5,555,733,000                | 5,555,733,000         |
| 6                                                                    | Energy Loss Factors from 92-1464-EL-AIR (Line 2)           | 6.847%        | 3.134%       | 5.743%                       | 6.504%                |
| 7                                                                    | Energy Sales at the Busbar (kWh) (Line 5 * (1 + Line 6))   | 5,037,036,134 | 867,838,644  | 5,874,795,830                | 5,917,070,780         |
| 8                                                                    | Energy Losses (kWh) (Line 7 - Line 5)                      | 322,774,134   | 26,367,644   | 319,082,830                  | 361,337,760           |
| 9                                                                    | Value of Losses (Line 8 * Line 4)                          | 6,222,116.98  | 508,289.07   | 6,150,674.17                 | 6,985,508.00          |
| 10                                                                   | Average Losses Rate (\$/kWh) (Line 9 + Line 5)             | 0.1320        | 0.0604       | 0.1107                       | 0.1254                |
| 11                                                                   | Losses in MBSSO (\$/kWh) (Line 3)                          | 0.1051        | 0.0481       | 0.0882                       | 0.0999                |
| 12                                                                   | System Loss Adjustment (\$/kWh) (Line 10 - Line 11)        | 0.0269        | 0.0123       | 0.0225                       | 0.0255                |
| 13                                                                   | Synchronization Adj. (\$/kWh) (L. 12, Column D - Column C) | 0.0030        | 0.0030       | 0.0030                       | -                     |
| 14                                                                   | Adjusted SLA (\$/kWh) (Line 12 + Line 13)                  | 0.0299        | 0.0153       | 0.0255                       | 0.0255                |
| <u>Total SLA Rate (Line 14, Columns A &amp; B) To Page 1 Line 11</u> |                                                            |               |              |                              |                       |

Notes: <sup>(a)</sup> Projected Sales at Meter for 3rd quarter 2006 were provided by the Load Forecasting Department.

**Duke Energy Ohio  
Electric Department**  
**Calculation of Quarterly Fuel and Economy Purchased Power Component for Billing**  
**1st Quarter Changes to the Reconciliation Adjustment**  
**Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary**  
**July 2006 through September 2006**

| Line                                               | <u>Reconciliation Adjustment (RA) (As Updated)</u>                             | (A)<br>January 2005 | (B)<br>February 2005 | (C)<br>March 2005 |
|----------------------------------------------------|--------------------------------------------------------------------------------|---------------------|----------------------|-------------------|
| <b><u>Fuel Component (FC)</u></b>                  |                                                                                |                     |                      |                   |
| 38                                                 | Net Includable Fuel                                                            | \$ 40,291,703.44    | \$ 36,266,981.38     | \$ 39,783,551.55  |
| 39                                                 | Ratio Metered Sales/Generation Sales                                           | 0.938933            | 0.938933             | 0.938933          |
| 40                                                 | Fuel Cost @Meter Sales Level (Line 38 x Line 39)                               | \$ 37,831,209.99    | \$ 34,052,246.83     | \$ 37,354,089.41  |
| 41                                                 | Coal Sales Credits (per books)                                                 | \$ -                | \$ 719,378.36        | \$ 841,811.78     |
| 42                                                 | Net Fuel Cost (Line 40 - Line 41)                                              | \$ 37,831,209.99    | \$ 33,332,868.47     | \$ 36,412,477.65  |
| 43                                                 | Total Generation and Purchase Power (per books)                                | 2,320,456,996       | 1,971,872,000        | 2,060,368,999     |
| 44                                                 | Losses (kWh) (1 - Line 39) x (Line 43)                                         | 141,703,531         | 120,416,307          | 125,820,554       |
| 45                                                 | Total Generation After Losses (kWh) (Line 43-Line 44)                          | 2,178,756,465       | 1,851,455,693        | 1,934,548,445     |
| 46                                                 | kWh Billed @ meter per books                                                   | 970,427,454         | 871,926,259          | 860,614,768       |
| 47                                                 | Ratio of FPP Sales to Total Generation (Line 46/Line 45)                       | 44.54%              | 47.09%               | 44.49%            |
| 48                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 46)                      | \$ 11,962,459.23    | \$ 10,748,234.99     | \$ 10,608,798.25  |
| 49                                                 | Amount Recovered via FPP (per books)                                           | \$ 1,325,772.37     | \$ 2,219,695.99      | \$ 2,194,326.87   |
| 50                                                 | Total Fuel Costs Recovered (Line 48 + Line 49)                                 | \$ 13,288,231.60    | \$ 12,967,930.98     | \$ 12,803,125.12  |
| 51                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 42 x Line 47)          | \$ 16,850,020.93    | \$ 15,696,447.78     | \$ 16,199,911.31  |
| 52                                                 | Under/(Over) Recovery of Fuel Costs (Line 51 - Line 50)                        | \$ 3,561,789.33     | \$ 2,728,516.78      | \$ 3,396,786.19   |
| <b><u>Emissions Allowance Component (EA)</u></b>   |                                                                                |                     |                      |                   |
| 53                                                 | Retail SO2 EA Consumed (Tons)                                                  | 9,409.88            | 8,620.31             | 12,323.37         |
| 54                                                 | Inventory Rate per Ton (Rate)                                                  | \$ -                | \$ -                 | \$ 289.92         |
| 55                                                 | SO2 EA Expense (Line 53 x Line 54)                                             | \$ -                | \$ -                 | \$ 3,572,791.43   |
| 56                                                 | Total Retail Load (kWh)                                                        | 1,641,385,090       | 1,408,749,000        | 1,506,767,000     |
| 57                                                 | Incremental EA Rate (¢/kWh) (Line 55 / Line 56)                                | 0.0000              | 0.0000               | 0.2373            |
| 58                                                 | kWh Subject to FPP (Line 46)                                                   | 970,427,454         | 871,926,259          | 860,614,768       |
| 59                                                 | EA Expense Allocated to FPP (Line 57 x Line 58)                                | \$ -                | \$ -                 | \$ 2,042,238.84   |
| 60                                                 | EA Expense Recovered in Base Rates (Line 58 x 0.0126 ¢/kWh)                    | \$ 122,273.88       | \$ 109,862.71        | \$ 108,437.46     |
| 61                                                 | EA Revenue in FPP (per books)                                                  | \$ 475,793.58       | \$ 796,605.13        | \$ 787,500.65     |
| 62                                                 | Under/(Over) Recovery of EA Costs (Line 59 - Line 60 - Line 61)                | \$ (596,067.42)     | \$ (906,467.84)      | \$ 1,146,300.73   |
| <b><u>Environmental Reagent Component (ER)</u></b> |                                                                                |                     |                      |                   |
| 63                                                 | Amount Recovered in Base Rates (0.0330 ¢/kWh)                                  | \$ -                | \$ -                 | \$ -              |
| 64                                                 | ER Revenue in FPP (per books)                                                  | \$ -                | \$ -                 | \$ -              |
| 65                                                 | Total Actual Lime Costs for Quarter (per books)                                | \$ -                | \$ -                 | \$ -              |
| 66                                                 | Total Actual Ammonia Costs for Quarter (per books)                             | \$ -                | \$ -                 | \$ -              |
| 67                                                 | Total Actual ER Costs for Quarter (per books)(Line 65+ Line 66)                | \$ -                | \$ -                 | \$ -              |
| 68                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 47 x Line 67)               | \$ -                | \$ -                 | \$ -              |
| 69                                                 | Under/(Over) Recovery of ER Costs (Line 68 - Line 63 - Line 64)                | \$ -                | \$ -                 | \$ -              |
| <b><u>System Loss Component (SLA)</u></b>          |                                                                                |                     |                      |                   |
| 70                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)            | 0.0999              | 0.0999               | 0.0999            |
| 71                                                 | Total Losses Recovered in Base Rates (Line 46 x Line 70)                       | \$ 969,457.03       | \$ 871,054.33        | \$ 859,754.15     |
| 72                                                 | Actual Losses on FPP Sales (Line 38 - Line 40) x (line 47)                     | \$ 1,095,903.78     | \$ 1,042,909.07      | \$ 1,080,867.71   |
| 73                                                 | Under/(Over) Recovery of Losses (Line 72 - Line 71)                            | \$ 126,446.75       | \$ 171,854.74        | \$ 221,113.56     |
| 74                                                 | Net Under/(Over) Recovery of FPP Costs (Line 52 +Line 62 + Line 69 + Line 73)) | \$ 3,090,166.66     | \$ 1,993,903.68      | \$ 4,764,200.48   |

**Duke Energy Ohio  
Electric Department**  
**Calculation of Quarterly Fuel and Economy Purchased Power Component for Billing**  
**1st Quarter Changes to the Reconciliation Adjustment**  
**Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary**  
**July 2006 through September 2006**

| Line                                               | Reconciliation Adjustment (RA) (As Updated)                                    | (A)<br>January 2005 | (B)<br>February 2005 | (C)<br>March 2005 |
|----------------------------------------------------|--------------------------------------------------------------------------------|---------------------|----------------------|-------------------|
| <b><u>Fuel Component (FC)</u></b>                  |                                                                                |                     |                      |                   |
| 38                                                 | Net Includable Fuel                                                            | \$ 40,291,703.44    | \$ 36,266,961.36     | \$ 39,763,551.55  |
| 39                                                 | Ratio Metered Sales/Generation Sales                                           | 0.938933            | 0.938933             | 0.938933          |
| 40                                                 | Fuel Cost @Meter Sales Level (Line 38 x Line 39)                               | \$ 37,831,209.99    | \$ 34,062,246.83     | \$ 37,354,088.41  |
| 41                                                 | Coal Sales Credits (per books)                                                 | \$ -                | \$ 719,378.36        | \$ 941,611.76     |
| 42                                                 | Net Fuel Cost (Line 40 - Line 41)                                              | \$ 37,831,209.99    | \$ 33,332,868.47     | \$ 36,412,477.65  |
| 43                                                 | Total Generation and Purchase Power (per books)                                | 2,320,459,996       | 1,971,872,000        | 2,060,368,999     |
| 44                                                 | Losses (kWh) (1 - Line 39) x (Line 43)                                         | 141,703,531         | 120,416,307          | 125,820,554       |
| 45                                                 | Total Generation After Losses (kWh) (Line 43-Line 44)                          | 2,178,756,465       | 1,851,455,693        | 1,934,548,445     |
| 46                                                 | kWh Billed @ meter per books                                                   | 970,427,454         | 871,926,259          | 860,614,768       |
| 47                                                 | Ratio of FPP Sales to Total Generation (Line 46/Line 45)                       | 44.54%              | 47.09%               | 44.49%            |
| 48                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 46)                      | \$ 11,962,459.23    | \$ 10,748,234.99     | \$ 10,608,798.25  |
| 49                                                 | Amount Recovered via FPP (per books)                                           | \$ 1,325,772.37     | \$ 2,219,695.99      | \$ 2,194,326.87   |
| 50                                                 | Total Fuel Costs Recovered (Line 48 + Line 49)                                 | \$ 13,288,231.60    | \$ 12,967,930.98     | \$ 12,803,125.12  |
| 51                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 42 x Line 47)          | \$ 16,850,020.93    | \$ 15,696,447.76     | \$ 16,199,911.31  |
| 52                                                 | Under/(Over) Recovery of Fuel Costs (Line 51 - Line 50)                        | \$ 3,561,789.33     | \$ 2,728,516.78      | \$ 3,396,786.19   |
| <b><u>Emissions Allowance Component (EA)</u></b>   |                                                                                |                     |                      |                   |
| 53                                                 | Retail SO2 EA Consumed (Tons)                                                  | 9,409.88            | 8,620.31             | 12,323.37         |
| 54                                                 | Inventory Rate per Ton (Rate)                                                  | \$ -                | \$ -                 | \$ 289.92         |
| 55                                                 | SO2 EA Expense (Line 53 x Line 54)                                             | \$ -                | \$ -                 | \$ 3,672,791.43   |
| 56                                                 | Total Retail Load (kWh)                                                        | 1,641,386,090       | 1,408,749,000        | 1,505,767,000     |
| 57                                                 | Incremental EA Rate (¢/kWh) (Line 55 / Line 56)                                | 0.0000              | 0.0000               | 0.2373            |
| 58                                                 | kWh Subject to FPP (Line 46)                                                   | 970,427,454         | 871,926,259          | 860,614,768       |
| 59                                                 | EA Expense Allocated to FPP (Line 57 x Line 58)                                | \$ -                | \$ -                 | \$ 2,042,238.84   |
| 60                                                 | EA Expense Recovered in Base Rates (Line 58 x 0.0126 ¢/kWh)                    | \$ 122,273.86       | \$ 109,862.71        | \$ 108,437.46     |
| 61                                                 | EA Revenue in FPP (per books)                                                  | \$ 475,793.56       | \$ 796,805.13        | \$ 787,500.65     |
| 62                                                 | Under/(Over) Recovery of EA Costs (Line 59 - Line 60 - Line 61)                | \$ (698,067.42)     | \$ (906,467.84)      | \$ 1,146,300.73   |
| <b><u>Environmental Reagent Component (ER)</u></b> |                                                                                |                     |                      |                   |
| 63                                                 | Amount Recovered in Base Rates (0.0330 ¢/kWh)                                  | \$ -                | \$ -                 | \$ -              |
| 64                                                 | ER Revenue in FPP (per books)                                                  | \$ -                | \$ -                 | \$ -              |
| 65                                                 | Total Actual Lime Costs for Quarter (per books)                                | \$ -                | \$ -                 | \$ -              |
| 66                                                 | Total Actual Ammonia Costs for Quarter (per books)                             | \$ -                | \$ -                 | \$ -              |
| 67                                                 | Total Actual ER Costs for Quarter (per books)(Line 65+ Line 66)                | \$ -                | \$ -                 | \$ -              |
| 68                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 47 x Line 67)               | \$ -                | \$ -                 | \$ -              |
| 69                                                 | Under/(Over) Recovery of ER Costs (Line 68 - Line 63 - Line 64)                | \$ -                | \$ -                 | \$ -              |
| <b><u>System Loss Component (SLA)</u></b>          |                                                                                |                     |                      |                   |
| 70                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)            | 0.0999              | 0.0999               | 0.0999            |
| 71                                                 | Total Losses Recovered in Base Rates (Line 46 x Line 70)                       | \$ 969,457.03       | \$ 871,054.33        | \$ 859,764.15     |
| 72                                                 | Actual Losses on FPP Sales (Line 38 - Line 40) x (line 47)                     | \$ 1,095,903.78     | \$ 1,042,909.07      | \$ 1,080,887.71   |
| 73                                                 | Under/(Over) Recovery of Losses (Line 72 - Line 71)                            | \$ 126,446.75       | \$ 171,854.74        | \$ 221,113.56     |
| 74                                                 | Net Under/(Over) Recovery of FPP Costs (Line 52 +Line 62 + Line 69 + Line 73)) | \$ 3,090,168.66     | \$ 1,993,903.68      | \$ 4,764,200.48   |
| 75                                                 | Net Under/(Over) Recovery of FPP Costs (Page 5A, Line 37)                      | \$ 3,090,168.66     | \$ 1,993,903.68      | \$ 4,764,200.48   |
| 76                                                 | Net Adjustment for 1st Quarter 2005 (Line 75 - Line 74)                        | \$ -                | \$ -                 | \$ -              |
| 77                                                 | Net Adjustment (Line 76, Column A + B + C) To Page 3 Line 7                    | \$ -                | \$ -                 | \$ -              |

**Duke Energy Ohio  
Electric Department  
Calculation of Quarterly Fuel and Economy Purchased Power Component for Billing  
Reconciliation Adjustment  
Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary  
July 2006 through September 2006**

| Line                                               | Reconciliation Adjustment (RA) (As Updated)                                    | (A)<br>April 2005 | (B)<br>May 2005  | (C)<br>June 2005 |
|----------------------------------------------------|--------------------------------------------------------------------------------|-------------------|------------------|------------------|
| <b><u>Fuel Component (FC)</u></b>                  |                                                                                |                   |                  |                  |
| 38                                                 | Fuel Component (FC)                                                            | \$ 34,802,205.83  | \$ 32,281,356.61 | \$ 38,993,678.99 |
| 39                                                 | Ratio Metered Sales/Generation Sales                                           | 0.938933          | 0.938933         | 0.938933         |
| 40                                                 | Fuel Cost @Meter Sales Level (Line 38 x Line 39)                               | \$ 32,676,939.53  | \$ 30,310,031.01 | \$ 38,612,452.00 |
| 41                                                 | Coal Sales Margin Credits (per books current year contracts only)              | \$ 586,979.51     | \$ (458,527.23)  | \$ 81,267.45     |
| 42                                                 | Net Fuel Cost (Line 40 - Line 41)                                              | \$ 32,079,960.02  | \$ 30,768,558.24 | \$ 38,531,194.55 |
| 43                                                 | Total Generation and Purchase Power (per books)                                | 1,700,124,331     | 1,785,444,048    | 2,264,497,089    |
| 44                                                 | Losses (kWh) (1 - Line 39) x (Line 43)                                         | 103,821,493       | 109,031,712      | 138,286,044      |
| 45                                                 | Total Generation After Losses (kWh) (Line 43 - Line 44)                        | 1,598,302,838     | 1,676,412,336    | 2,126,211,045    |
| 46                                                 | kWh Billed @ meter per books                                                   | 865,518,017       | 853,013,838      | 953,638,907      |
| 47                                                 | Ratio of FPP Sales to Total Generation (Line 46/Line 45)                       | 54.22%            | 50.88%           | 44.85%           |
| 48                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 46))                     | \$ 10,689,240.60  | \$ 10,515,101.58 | \$ 11,755,506.81 |
| 49                                                 | Amount Recovered via FPP (per books)                                           | \$ 3,776,178.24   | \$ 3,829,247.55  | \$ 4,288,859.78  |
| 50                                                 | Total Fuel Costs Recovered (Line 48 + Line 49)                                 | \$ 14,465,418.84  | \$ 14,344,349.13 | \$ 16,044,366.57 |
| 51                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 42 x Line 47)          | \$ 17,393,754.32  | \$ 15,655,042.43 | \$ 16,384,240.76 |
| 52                                                 | Under/(Over) Recovery of Fuel Costs (Line 51 - Line 50)                        | \$ 2,948,335.48   | \$ 1,310,693.30  | \$ 340,074.19    |
| <b><u>Emissions Allowance Component (EA)</u></b>   |                                                                                |                   |                  |                  |
| 53                                                 | Retail SO2 EA Consumed (Tons)                                                  | 6,167.00          | 5,761.66         | 8,838.21         |
| 54                                                 | Inventory Rate per Ton (Rate)                                                  | \$ 362.10         | \$ 375.98        | \$ 353.51        |
| 55                                                 | SO2 EA Expense (Line 53 x Line 54)                                             | \$ 2,233,070.70   | \$ 2,168,268.93  | \$ 3,124,395.62  |
| 56                                                 | Total Retail Load (kWh)                                                        | 1,293,738,673     | 1,351,203,445    | 1,730,289,930    |
| 57                                                 | Incremental EA Rate (¢/kWh) (Line 55 / Line 56)                                | 0.1726            | 0.1603           | 0.1808           |
| 58                                                 | kWh Subject to FPP (Line 46)                                                   | 865,518,017       | 853,013,838      | 953,638,907      |
| 59                                                 | EA Expense Allocated to FPP (Line 57 x Line 58)                                | \$ 1,493,884.10   | \$ 1,367,381.18  | \$ 1,722,271.87  |
| 60                                                 | EA Expense Recovered in Base Rates (Line 58 x 0.0126 ¢/kWh)                    | \$ 109,056.27     | \$ 107,479.74    | \$ 120,158.50    |
| 61                                                 | EA Revenue in FPP (per books)                                                  | \$ 816,843.46     | \$ 828,424.55    | \$ 827,814.41    |
| 62                                                 | Under/(Over) Recovery of EA Costs (Line 59 - Line 60 - Line 61)                | \$ 567,885.37     | \$ 431,476.89    | \$ 674,298.96    |
| <b><u>Environmental Reagent Component (ER)</u></b> |                                                                                |                   |                  |                  |
| 63                                                 | Amount Recovered in Base Rates (0.0330 ¢/kWh x Line 46)                        |                   |                  |                  |
| 64                                                 | ER Revenue in FPP (per books)                                                  | \$ 131,826.04     | \$ 133,678.69    | \$ 149,716.73    |
| 65                                                 | Total Actual Lime Costs for Quarter (per books)                                |                   |                  |                  |
| 66                                                 | Total Actual Ammonia Costs for Quarter (per books)                             |                   |                  |                  |
| 67                                                 | Total Actual ER Costs for Quarter (per books) (Line 65 + Line 66)              | \$ -              | \$ -             | \$ -             |
| 68                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 47 x Line 67)               | \$ -              | \$ -             | \$ -             |
| 69                                                 | Under/(Over) Recovery of ER Costs (Line 68 - Line 63 - Line 64)                | \$ (131,826.04)   | \$ (133,678.69)  | \$ (149,716.73)  |
| <b><u>System Loss Component (SLA)</u></b>          |                                                                                |                   |                  |                  |
| 70                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)            | 0.0999            | 0.0999           | 0.0999           |
| 71                                                 | Total Losses Recovered in Base Rates (Line 46 x Line 70)                       | \$ 864,852.60     | \$ 852,160.82    | \$ 952,885.27    |
| 72                                                 | Actual Losses on FPP Sales ((Line 38 - Line 40) x (line 47))                   | \$ 1,152,319.39   | \$ 1,003,010.47  | \$ 1,067,980.31  |
| 73                                                 | Under/(Over) Recovery of Losses (Line 72 - Line 71)                            | \$ 287,666.89     | \$ 150,849.65    | \$ 115,295.04    |
| 74                                                 | Net Under/(Over) Recovery of FPP Costs (Line 52 + Line 62 + Line 69 + Line 73) | \$ 3,672,081.70   | \$ 1,759,341.15  | \$ 979,951.46    |

**Duke Energy Ohio  
Electric Department  
Calculation of Quarterly Fuel and Economy Purchased Power Component for Billing  
Reconciliation Adjustment  
Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary  
July 2006 through September 2006**

| Line                                        | Reconciliation Adjustment (RA) (As Updated)                                    | (A)<br>April 2005 | (B)<br>May 2005   | (C)<br>June 2005  |
|---------------------------------------------|--------------------------------------------------------------------------------|-------------------|-------------------|-------------------|
| <b>Fuel Component (FC)</b>                  |                                                                                |                   |                   |                   |
| 42                                          | Fuel Component (FC)                                                            | \$ 34,802,205.83  | \$ 32,281,356.61  | \$ 38,993,678.09  |
| 43                                          | Ratio Metered Sales/Generation Sales                                           | 0.938933          | 0.938933          | 0.938933          |
| 44                                          | Fuel Cost @Meter Sales Level (Line 42 x Line 43)                               | \$ 32,676,939.53  | \$ 30,310,031.01  | \$ 36,612,452.00  |
| 45                                          | Coal Sales Margin Credits (per books current year contracts only)              | \$ (596,979.51)   | \$ 458,527.23     | \$ (81,257.45)    |
| 46                                          | RSG Make Whole Payments                                                        | \$ (1,069,758.61) | \$ (2,388,443.66) | \$ (2,182,977.15) |
| 47                                          | Net Fuel Cost (Line 44 + Line 45 + Line 46)                                    | \$ 31,010,201.41  | \$ 28,380,114.58  | \$ 34,348,217.40  |
| 48                                          | Total Generation and Purchase Power (per books)                                | 1,700,124,331     | 1,785,444,048     | 2,264,497,089     |
| 49                                          | Losses (kWh) (1-Line 43)*(Line 48)                                             | 103,821,493       | 109,031,712       | 138,286,044       |
| 50                                          | Total Generation After Losses (kWh) (Line 48-Line 49)                          | 1,596,302,838     | 1,676,412,336     | 2,126,211,045     |
| 51                                          | kWh Subject to FPP                                                             | 865,518,017       | 853,013,838       | 953,638,907       |
| 52                                          | Ratio of FPP Sales to Total Generation (Line 51/Line 50)                       | 54.22%            | 50.88%            | 44.85%            |
| 53                                          | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 51)                      | \$ 10,669,240.80  | \$ 10,515,101.68  | \$ 11,755,506.81  |
| 54                                          | Amount Recovered via FPP (per books)                                           | \$ 3,776,178.24   | \$ 3,829,247.55   | \$ 4,288,659.78   |
| 55                                          | Total Fuel Costs Recovered (Line 53 + Line 54)                                 | \$ 14,445,418.84  | \$ 14,344,349.13  | \$ 16,044,166.57  |
| 56                                          | Total Actual Fuel Costs Attributable to FPP Sales (Line 47 x Line 52)          | \$ 16,813,731.20  | \$ 14,439,802.30  | \$ 16,405,175.50  |
| 57                                          | Under/(Over) Recovery of Fuel Costs (Line 56 - Line 55)                        | \$ 2,388,312.36   | \$ 95,453.17      | \$ (638,991.07)   |
| <b>Emissions Allowance Component (EA)</b>   |                                                                                |                   |                   |                   |
| 58                                          | Retail SO2 EA Consumed (Tons)                                                  | 6,167.00          | 5,761.66          | 8,838.21          |
| 59                                          | Inventory Rate per Ton (Rate)                                                  | \$ 362.10         | \$ 375.98         | \$ 353.51         |
| 60                                          | SO2 EA Expense (Line 58 x Line 59)                                             | \$ 2,233,070.70   | \$ 2,166,268.93   | \$ 3,124,395.62   |
| 61                                          | Total Retail Load (kWh)                                                        | 1,293,738,673     | 1,351,203,445     | 1,730,289,930     |
| 62                                          | Incremental EA Rate (¢/kWh) (Line 60 / Line 61)                                | 0.1726            | 0.1603            | 0.1806            |
| 63                                          | kWh Subject to FPP (Line 51)                                                   | 865,518,017       | 853,013,838       | 953,638,907       |
| 64                                          | EA Expense Allocated to FPP (Line 62 x Line 63)                                | \$ 1,493,884.10   | \$ 1,367,381.18   | \$ 1,722,271.87   |
| 65                                          | EA Expense Recovered in Base Rates (Line 63 x 0.0126 ¢/kWh)                    | \$ 109,055.27     | \$ 107,479.74     | \$ 120,158.50     |
| 66                                          | EA Revenue in FPP (per books)                                                  | \$ 816,943.46     | \$ 828,424.55     | \$ 927,814.41     |
| 67                                          | Under/(Over) Recovery of EA Costs (Line 64 - Line 65 - Line 66)                | \$ 567,885.37     | \$ 431,476.89     | \$ 674,298.96     |
| <b>Environmental Reagent Component (ER)</b> |                                                                                |                   |                   |                   |
| 68                                          | Amount Recovered in Base Rates (0.0330 ¢/kWh x Line 51)                        |                   |                   |                   |
| 69                                          | ER Revenue in FPP (per books)                                                  | \$ 131,826.04     | \$ 133,678.69     | \$ 149,716.73     |
| 70                                          | Total Actual Lime Costs for Quarter (per books)                                |                   |                   |                   |
| 71                                          | Total Actual Ammonia Costs for Quarter (per books)                             |                   |                   |                   |
| 72                                          | Total Actual ER Costs for Quarter (per books) (Line 70 + Line 71)              | \$ -              | \$ -              | \$ -              |
| 73                                          | Total Actual ER Costs Allocated to FPP Sales (Line 52 x Line 72)               | \$ -              | \$ -              | \$ -              |
| 74                                          | Under/(Over) Recovery of ER Costs (Line 73 - Line 68 - Line 69)                | \$ (131,826.04)   | \$ (133,678.69)   | \$ (149,716.73)   |
| <b>System Loss Component (SLA)</b>          |                                                                                |                   |                   |                   |
| 75                                          | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)            | 0.0899            | 0.0999            | 0.0999            |
| 76                                          | Total Losses Recovered in Base Rates (Line 51 x Line 75)                       | \$ 864,652.50     | \$ 852,160.82     | \$ 952,685.27     |
| 77                                          | Actual Losses on FPP Sales ((Line 42 - Line 44) x (Line 52))                   | \$ 1,152,319.39   | \$ 1,003,010.47   | \$ 1,067,980.31   |
| 78                                          | Under/(Over) Recovery of Losses (Line 77 - Line 76)                            | \$ 287,666.89     | \$ 150,849.65     | \$ 115,295.04     |
| 79                                          | Net Under/(Over) Recovery of FPP Costs (Line 57 + Line 67 + Line 74 + Line 78) | \$ 3,092,038.58   | \$ 544,101.02     | \$ 886.20         |
| 80                                          | Net Under/(Over) Recovery of FPP Costs (Page 5C, Line 74)                      | \$ 3,672,061.70   | \$ 1,759,341.15   | \$ 979,951.46     |
| 81                                          | Net Adjustment for 2nd Quarter 2005 (Line 79 - Line 80)                        | \$ (580,023.12)   | \$ (1,215,240.13) | \$ (979,065.26)   |
| 82                                          | Net Adjustment (Line 81, Column A + B + C) To Page 3 Line 8                    | \$ (2,774,328.51) |                   |                   |

**Duke Energy Ohio  
Electric Department**  
**Calculation of Quarterly Fuel and Economy Purchased Power Component for Billing**  
**Reconciliation Adjustment**  
**Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary**  
**July 2006 through September 2006**

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| Line                                               | Reconciliation Adjustment (RA)                                                   | (A)<br>July 2005 | (B)<br>August 2005 | (C)<br>September 2005 |
|----------------------------------------------------|----------------------------------------------------------------------------------|------------------|--------------------|-----------------------|
| <b>Fuel Component (FC)</b>                         |                                                                                  |                  |                    |                       |
| 42                                                 | Net Includable Fuel                                                              | \$ 52,435,548.51 | \$ 58,310,147.77   | \$ 45,977,927.52      |
| 43                                                 | Ratio Metered Sales/Generation Sales                                             | 0.938933         | 0.938933           | 0.938933              |
| 44                                                 | Fuel Cost @Meter Sales Level (Line 42 x Line 43)                                 | \$ 49,233,466.87 | \$ 54,749,321.98   | \$ 43,170,193.42      |
| 45                                                 | Coal Sales Margin Credits (per books current year contracts only)                | \$ 1,221,662.54  | \$ 1,168,712.07    | \$ 1,853,156.82       |
| 46                                                 | Net Fuel Cost (Line 44 - Line 45)                                                | \$ 48,011,804.33 | \$ 53,580,609.91   | \$ 41,317,036.60      |
| 47                                                 | Total Generation and Purchase Power (per books)                                  | 2,465,805,663    | 2,518,028,941      | 2,077,674,886         |
| 48                                                 | Losses (kWh) (1-Line 43)*(Line 47)                                               | 150,579,354      | 153,768,473        | 126,877,360           |
| 49                                                 | Total Generation After Losses (kWh) (Line 47-Line 48)                            | 2,315,226,309    | 2,364,260,468      | 1,950,797,326         |
| 50                                                 | kWh Subject to FPP                                                               | 1,002,821,249    | 1,037,060,410      | 1,016,950,570         |
| 51                                                 | Ratio of FPP Sales to Total Generation (Line 50/Line 49)                         | 43.31%           | 43.86%             | 52.13%                |
| 52                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 50))                       | \$ 12,361,777.54 | \$ 12,783,843.67   | \$ 12,535,949.68      |
| 53                                                 | Amount Recovered via FPP (per books)                                             | \$ 6,078,916.71  | \$ 6,292,918.90    | \$ 6,086,200.54       |
| 54                                                 | Total Fuel Costs Recovered (Line 52 + Line 53)                                   | \$ 18,440,694.25 | \$ 19,076,762.57   | \$ 18,622,150.22      |
| 55                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 46 x Line 51)            | \$ 20,793,912.46 | \$ 23,500,455.51   | \$ 21,538,571.18      |
| 56                                                 | Under/(Over) Recovery of Fuel Costs (Line 55 - Line 54)                          | \$ 2,353,218.21  | \$ 4,423,692.94    | \$ 2,916,420.96       |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                  |                    |                       |
| 57                                                 | Retail SO2 EA Consumed (Tons)                                                    | 9,431.37         | 9,672.46           | 7,554.34              |
| 58                                                 | Inventory Rate per Ton (Rate)                                                    | \$ 329.00        | \$ 402.72          | \$ 399.54             |
| 59                                                 | SO2 EA Expense (Line 57 x Line 58)                                               | \$ 3,102,920.07  | \$ 3,895,294.30    | \$ 3,018,281.80       |
| 60                                                 | Total Retail Load (kWh)                                                          | 1,907,497,873    | 1,948,470,501      | 1,677,269,000         |
| 61                                                 | Incremental EA Rate (¢/kWh) (Line 59 / Line 60)                                  | 0.1627           | 0.2001             | 0.1799                |
| 62                                                 | kWh Subject to FPP (Line 50)                                                     | 1,002,821,249    | 1,037,060,410      | 1,016,950,570         |
| 63                                                 | EA Expense Allocated to FPP (Line 61 x Line 62)                                  | \$ 1,631,590.17  | \$ 2,075,157.88    | \$ 1,829,494.08       |
| 64                                                 | EA Expense Recovered in Base Rates (Line 62 x 0.0126 ¢/kWh)                      | \$ 126,355.48    | \$ 130,669.61      | \$ 128,135.77         |
| 65                                                 | EA Revenue in FPP (per books)                                                    | \$ 2,405,788.65  | \$ 2,490,461.33    | \$ 2,408,651.27       |
| 66                                                 | Under/(Over) Recovery of EA Costs (Line 63 - Line 64 - Line 65)                  | \$ (900,533.96)  | \$ (545,973.06)    | \$ (707,292.96)       |
| <b>Environmental Reagent Component (ER)</b>        |                                                                                  |                  |                    |                       |
| 67                                                 | Amount Recovered in Base Rates (0.0330 ¢/kWh x Line 50)                          | \$ -             | \$ -               | \$ -                  |
| 68                                                 | ER Revenue in FPP (per books)                                                    | \$ 77,803.58     | \$ 80,542.58       | \$ 77,896.81          |
| 69                                                 | Total Actual Lime Costs for Quarter (per books)                                  | \$ -             | \$ -               | \$ -                  |
| 70                                                 | Total Actual Ammonia Costs for Quarter (per books)                               | \$ -             | \$ -               | \$ -                  |
| 71                                                 | Total Actual ER Costs for Quarter (per books)( Line 69 + Line 70)                | \$ -             | \$ -               | \$ -                  |
| 72                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 51 x Line 71)                 | \$ -             | \$ -               | \$ -                  |
| 73                                                 | Under/(Over) Recovery of ER Costs (Line 72 - Line 67 - Line 68)                  | \$ (77,803.58)   | \$ (80,542.58)     | \$ (77,896.81)        |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                  |                    |                       |
| 74                                                 | RA Amount from 4th Quarter Filing (spread evenly)                                | \$ 1,407,789.33  | \$ 1,407,789.33    | \$ 1,407,789.34       |
| 75                                                 | Actual RA recovery through FPP                                                   | \$ 1,476,220.60  | \$ 1,528,189.46    | \$ 1,477,989.42       |
| 76                                                 | Under/(Over) Recovery of RA (Line 74 - Line 75)                                  | \$ (68,431.27)   | \$ (120,400.13)    | \$ (70,200.08)        |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                  |                    |                       |
| 77                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)              | 0.0999           | 0.0999             | 0.0999                |
| 78                                                 | Total Losses Recovered in Base Rates (Line 50 x Line 77)                         | \$ 1,001,818.43  | \$ 1,036,023.35    | \$ 1,015,933.62       |
| 79                                                 | Actual SLA recovery through FPP                                                  | \$ 198,803.88    | \$ 205,595.53      | \$ 198,841.85         |
| 80                                                 | Actual Losses on FPP Sales ((Line 42 - Line 44) x (Line 51))                     | \$ 1,388,821.58  | \$ 1,581,778.19    | \$ 1,483,671.79       |
| 81                                                 | Under/(Over) Recovery of Losses (Line 80 - Line 78 - Line 79)                    | \$ 188,399.25    | \$ 320,159.31      | \$ 248,896.32         |
| 82                                                 | Net Under/(Over) Recovery of FPP Costs (Line 56+Line 66+Line 73+Line 76+Line 81) | \$ 1,492,848.65  | \$ 3,988,936.48    | \$ 2,309,927.43       |

**Duke Energy Ohio  
Electric Department  
Calculation of Quarterly Fuel and Economy Purchased Power Component for Billing  
Reconciliation Adjustment  
Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary  
July 2006 through September 2006**

| Line                                                      | <u>Reconciliation Adjustment (RA)</u>                                            | (A)<br>July 2005  | (B)<br>August 2005 | (C)<br>September 2005 |
|-----------------------------------------------------------|----------------------------------------------------------------------------------|-------------------|--------------------|-----------------------|
| <b><u>Fuel Component (FC)</u></b>                         |                                                                                  |                   |                    |                       |
| 42                                                        | Net Includable Fuel                                                              | \$ 51,123,629.01  | \$ 56,654,269.49   | \$ 44,412,135.83      |
| 43                                                        | Ratio Metered Sales/Generation Sales                                             | 0.938933          | 0.938933           | 0.938933              |
| 44                                                        | Fuel Cost @Meter Sales Level (Line 42 x Line 43)                                 | \$ 48,001,662.36  | \$ 53,194,563.22   | \$ 41,700,019.93      |
| 45                                                        | Coal Sales Margin Credits (per books current year contracts only)                | \$ (1,221,652.54) | \$ (1,168,712.07)  | \$ (1,853,156.82)     |
| 46                                                        | RSG Make Whole Payments                                                          | \$ (925,719.41)   | \$ (1,343,670.80)  | \$ (1,217,540.23)     |
| 47                                                        | Net Fuel Cost (Line 44 + Line 45 + Line 46)                                      | \$ 46,854,290.41  | \$ 50,682,180.35   | \$ 38,629,322.88      |
| 48                                                        | Total Generation and Purchase Power (per books)                                  | 2,444,566,065     | 2,498,526,049      | 2,053,534,051         |
| 49                                                        | Losses (kWh) (1-Line 43)*(Line 48)                                               | 149,282,316       | 152,455,356        | 125,403,164           |
| 50                                                        | Total Generation After Losses (kWh) (Line 48-Line 49)                            | 2,295,283,749     | 2,344,070,693      | 1,928,130,887         |
| 51                                                        | kWh Subject to FPP                                                               | 1,002,821,249     | 1,037,060,410      | 1,016,950,570         |
| 52                                                        | Ratio of FPP Sales to Total Generation (Line 51/Line 50)                         | 43.69%            | 44.24%             | 52.74%                |
| 53                                                        | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 51)                        | \$ 12,361,777.54  | \$ 12,783,843.87   | \$ 12,535,949.68      |
| 54                                                        | Amount Recovered via FPP (per books)                                             | \$ 6,078,916.71   | \$ 6,292,916.90    | \$ 6,086,200.54       |
| 55                                                        | Total Fuel Costs Recovered (Line 53 + Line 54)                                   | \$ 18,440,694.25  | \$ 19,076,762.57   | \$ 18,622,150.22      |
| 56                                                        | Total Actual Fuel Costs Attributable to FPP Sales (Line 47 x Line 52)            | \$ 20,033,735.11  | \$ 22,421,796.59   | \$ 20,373,104.89      |
| 57                                                        | Under/(Over) Recovery of Fuel Costs (Line 56 - Line 55)                          | \$ 1,593,040.86   | \$ 3,345,034.02    | \$ 1,750,954.67       |
| <b><u>Emissions Allowance Component (EA)</u></b>          |                                                                                  |                   |                    |                       |
| 58                                                        | Retail SO2 EA Consumed (Tons)                                                    | 9,431.37          | 9,672.46           | 7,548.35              |
| 59                                                        | Inventory Rate per Ton (Rate)                                                    | \$ 329.00         | \$ 402.72          | \$ 399.54             |
| 60                                                        | SO2 EA Expense (Line 58 x Line 59)                                               | \$ 3,102,920.07   | \$ 3,895,294.30    | \$ 3,016,868.18       |
| 61                                                        | Total Retail Load (kWh)                                                          | 1,907,497,873     | 1,946,470,501      | 1,602,069,976         |
| 62                                                        | Incremental EA Rate (¢/kWh) (Line 60 / Line 61)                                  | 0.1627            | 0.2001             | 0.1862                |
| 63                                                        | kWh Subject to FPP (Line 51)                                                     | 1,002,821,249     | 1,037,060,410      | 1,016,950,570         |
| 64                                                        | EA Expense Allocated to FPP (Line 62 x Line 63)                                  | \$ 1,631,590.17   | \$ 2,075,157.88    | \$ 1,913,900.97       |
| 65                                                        | EA Expense Recovered in Base Rates (Line 63 x 0.0126 ¢/kWh)                      | \$ 126,355.48     | \$ 130,669.61      | \$ 128,135.77         |
| 66                                                        | EA Revenue in FPP (per books)                                                    | \$ 2,405,768.65   | \$ 2,490,461.33    | \$ 2,408,651.27       |
| 67                                                        | Under/(Over) Recovery of EA Costs (Line 64 - Line 65 - Line 66)                  | \$ (900,533.95)   | \$ (545,973.06)    | \$ (622,886.07)       |
| <b><u>Environmental Reagent Component (ER)</u></b>        |                                                                                  |                   |                    |                       |
| 68                                                        | Amount Recovered in Base Rates (0.0330 ¢/kWh x Line 51)                          | \$ -              | \$ -               | \$ -                  |
| 69                                                        | ER Revenue in FPP (per books)                                                    | \$ 77,803.58      | \$ 80,542.58       | \$ 77,896.81          |
| 70                                                        | Total Actual Lime Costs for Quarter (per books)                                  | \$ -              | \$ -               | \$ -                  |
| 71                                                        | Total Actual Ammonia Costs for Quarter (per books)                               | \$ -              | \$ -               | \$ -                  |
| 72                                                        | Total Actual ER Costs for Quarter (per books) (Line 70 + Line 71)                | \$ -              | \$ -               | \$ -                  |
| 73                                                        | Total Actual ER Costs Allocated to FPP Sales (Line 52 x Line 72)                 | \$ -              | \$ -               | \$ -                  |
| 74                                                        | Under/(Over) Recovery of ER Costs (Line 73 - Line 68 - Line 69)                  | \$ (77,803.58)    | \$ (80,542.58)     | \$ (77,896.81)        |
| <b><u>Reconciliation Adjustment Amortization (RA)</u></b> |                                                                                  |                   |                    |                       |
| 75                                                        | RA Amount from 4th Quarter Filing (spread evenly)                                | \$ 1,407,789.33   | \$ 1,407,789.33    | \$ 1,407,789.34       |
| 76                                                        | Actual RA recovery through FPP                                                   | \$ 1,476,220.60   | \$ 1,528,189.48    | \$ 1,477,989.42       |
| 77                                                        | Under/(Over) Recovery of RA (Line 75 - Line 76)                                  | \$ (68,431.27)    | \$ (120,400.13)    | \$ (70,200.08)        |
| <b><u>System Loss Component (SLA)</u></b>                 |                                                                                  |                   |                    |                       |
| 78                                                        | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)              | 0.0999            | 0.0999             | 0.0999                |
| 79                                                        | Total Losses Recovered in Base Rates (Line 51 x Line 78)                         | \$ 1,001,818.43   | \$ 1,036,023.35    | \$ 1,015,933.62       |
| 80                                                        | Actual SLA recovery through FPP                                                  | \$ 198,803.88     | \$ 205,595.53      | \$ 198,841.85         |
| 81                                                        | Actual Losses on FPP Sales ((Line 42 - Line 44) x (line 52))                     | \$ 1,363,987.23   | \$ 1,530,574.05    | \$ 1,430,369.93       |
| 82                                                        | Under/(Over) Recovery of Losses (Line 81 - Line 79 - Line 80)                    | \$ 163,564.92     | \$ 288,955.17      | \$ 215,594.46         |
| 83                                                        | Net Under/(Over) Recovery of FPP Costs (Line 57+Line 67+Line 74+Line 77+Line 82) | \$ 709,836.97     | \$ 2,887,073.42    | \$ 1,195,566.17       |
| 84                                                        | Net Under/(Over) Recovery of FPP Costs (Page 5E, Line 82)                        | \$ 1,492,848.65   | \$ 3,998,936.48    | \$ 2,309,927.43       |
| 85                                                        | Net Adjustment for 2nd Quarter 2005 (Line 83 - Line 84)                          | \$ (783,011.68)   | \$ (1,109,863.06)  | \$ (1,114,361.26)     |
| 86                                                        | Net Adjustment (Line 76, Column A + B + C) To Page 3 Line 9                      | \$ (3,007,236.00) |                    |                       |

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**Calculation of Quarterly Fuel and Economy Purchased Power Component for Billing  
Reconciliation Adjustment  
Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary  
July 2006 through September 2006**

| Line                                               | Reconciliation Adjustment (RA)                                                   | (A)<br>October 2005 | (B)<br>November 2005 | (C)<br>December 2005 |
|----------------------------------------------------|----------------------------------------------------------------------------------|---------------------|----------------------|----------------------|
| <b>Fuel Component (FC)</b>                         |                                                                                  |                     |                      |                      |
| 42                                                 | Net Includable Fuel                                                              | \$ 36,846,237.70    | \$ 34,612,362.72     | \$ 49,083,503.80     |
| 43                                                 | Ratio Metered Sales/Generation Sales                                             | 0.938933            | 0.938933             | 0.938933             |
| 44                                                 | Fuel Cost @Meter Sales Level (Line 42 x Line 43)                                 | \$ 34,596,148.50    | \$ 32,498,669.57     | \$ 46,086,121.47     |
| 45                                                 | Coal Sales Margin Credits (per books current year contracts only)                | \$ 2,100,593.65     | \$ 2,478,960.14      | \$ 3,273,356.04      |
| 46                                                 | Net Fuel Cost (Line 44 - Line 45)                                                | \$ 32,495,554.85    | \$ 30,019,729.43     | \$ 42,812,765.43     |
| 47                                                 | Total Generation and Purchase Power (per books)                                  | 1,837,596,366       | 1,832,507,608        | 2,293,558,463        |
| 48                                                 | Losses (kWh) (1-Line 43)*(Line 47)                                               | 112,216,497         | 111,905,742          | 140,080,735          |
| 49                                                 | Total Generation After Losses (kWh) (Line 47-Line 48)                            | 1,725,379,869       | 1,720,601,866        | 2,153,497,728        |
| 50                                                 | kWh Subject to FPP                                                               | 924,155,524         | 860,802,285          | 925,531,826          |
| 51                                                 | Ratio of FPP Sales to Total Generation (Line 50/Line 49)                         | 53.56%              | 50.03%               | 42.98%               |
| 52                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 50))                       | \$ 11,392,066.14    | \$ 10,811,109.77     | \$ 11,409,030.82     |
| 53                                                 | Amount Recovered via FPP (per books)                                             | \$ 5,356,769.18     | \$ 5,012,134.16      | \$ 5,367,275.33      |
| 54                                                 | Total Fuel Costs Recovered (Line 52 + Line 53)                                   | \$ 16,748,834.32    | \$ 15,823,243.93     | \$ 16,776,306.15     |
| 55                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 46 x Line 51)            | \$ 17,404,619.18    | \$ 15,018,870.63     | \$ 18,400,926.58     |
| 56                                                 | Under/(Over) Recovery of Fuel Costs (Line 55 - Line 54)                          | \$ 655,784.86       | \$ (604,373.30)      | \$ 1,624,620.43      |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                     |                      |                      |
| 57                                                 | Retail SO2 EA Consumed (Tons)                                                    | 6,381.41            | 5,827.90             | 7,910.90             |
| 58                                                 | Inventory Rate per Ton (Rate)                                                    | \$ 384.90           | \$ 378.03            | \$ 458.37            |
| 59                                                 | SO2 EA Expense (Line 57 x Line 58)                                               | \$ 2,456,205.48     | \$ 2,191,464.86      | \$ 3,626,117.86      |
| 60                                                 | Total Retail Load (kWh)                                                          | 1,478,434,462       | 1,430,790,518        | 1,775,979,377        |
| 61                                                 | Incremental EA Rate (¢/kWh) (Line 59 / Line 60)                                  | 0.1661              | 0.1532               | 0.2042               |
| 62                                                 | kWh Subject to FPP (Line 50)                                                     | 924,155,524         | 860,802,285          | 925,531,826          |
| 63                                                 | EA Expense Allocated to FPP (Line 61 x Line 62)                                  | \$ 1,535,022.33     | \$ 1,318,749.10      | \$ 1,889,935.99      |
| 64                                                 | EA Expense Recovered in Base Rates (Line 62 x 0.0126 ¢/kWh)                      | \$ 116,443.60       | \$ 108,461.09        | \$ 116,617.01        |
| 65                                                 | EA Revenue in FPP (per books)                                                    | \$ 1,817,047.66     | \$ 1,700,145.43      | \$ 1,820,611.41      |
| 66                                                 | Under/(Over) Recovery of EA Costs (Line 63 - Line 64 - Line 65)                  | \$ (398,488.93)     | \$ (489,857.42)      | \$ (47,292.43)       |
| <b>Environmental Reagent Component (ER)</b>        |                                                                                  |                     |                      |                      |
| 67                                                 | Amount Recovered in Base Rates (0.0330 ¢/kWh x Line 50)                          | \$ -                | \$ -                 | \$ -                 |
| 68                                                 | ER Revenue in FPP (per books)                                                    | \$ 140,856.41       | \$ 131,794.22        | \$ 141,132.87        |
| 69                                                 | Total Actual Lime Costs for Quarter (per books)                                  | \$ -                | \$ -                 | \$ -                 |
| 70                                                 | Total Actual Ammonia Costs for Quarter (per books)                               | \$ -                | \$ -                 | \$ -                 |
| 71                                                 | Total Actual ER Costs for Quarter (per books) (Line 69 + Line 70)                | \$ -                | \$ -                 | \$ -                 |
| 72                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 51 x Line 71)                 | \$ -                | \$ -                 | \$ -                 |
| 73                                                 | Under/(Over) Recovery of ER Costs (Line 72 - Line 67 - Line 68)                  | \$ (140,856.41)     | \$ (131,794.22)      | \$ (141,132.87)      |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                     |                      |                      |
| 74                                                 | RA Amount from 4th Quarter Filing (spread evenly)                                | \$ 5,379,812.38     | \$ 5,379,812.38      | \$ 5,379,812.39      |
| 75                                                 | Actual RA recovery through FPP                                                   | \$ 6,603,348.38     | \$ 6,178,513.00      | \$ 6,616,299.44      |
| 76                                                 | Under/(Over) Recovery of RA (Line 74 - Line 75)                                  | \$ (1,223,536.00)   | \$ (798,700.62)      | \$ (1,236,487.05)    |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                     |                      |                      |
| 77                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)              | 0.0999              | 0.0999               | 0.0999               |
| 78                                                 | Total Losses Recovered in Base Rates (Line 50 x Line 77)                         | \$ 923,231.37       | \$ 859,941.48        | \$ 924,608.29        |
| 79                                                 | Actual SLA recovery through FPP                                                  | \$ 167,619.12       | \$ 156,836.12        | \$ 167,947.87        |
| 80                                                 | Actual Losses on FPP Sales ((Line 42 - Line 44) x (Line 51))                     | \$ 1,205,147.78     | \$ 1,057,470.68      | \$ 1,288,274.93      |
| 81                                                 | Under/(Over) Recovery of Losses (Line 80 - Line 78 - Line 79)                    | \$ 114,297.29       | \$ 40,694.08         | \$ 195,720.77        |
| 82                                                 | Net Under/(Over) Recovery of FPP Costs (Line 56+Line 66+Line 73+Line 76+Line 81) | \$ (992,779.19)     | \$ (1,984,031.48)    | \$ 395,428.05        |

**Duke Energy Ohio  
Electric Department**

Page 5H of 5

**Calculation of Quarterly Fuel and Economy Purchased Power Component for Billing  
Reconciliation Adjustment  
Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary  
July 2006 through September 2006**

| Line                                                      | Reconciliation Adjustment (RA)                                                   | (A)<br>October 2005 | (B)<br>November 2005 | (C)<br>December 2005 |
|-----------------------------------------------------------|----------------------------------------------------------------------------------|---------------------|----------------------|----------------------|
| <b><u>Fuel Component (FC)</u></b>                         |                                                                                  |                     |                      |                      |
| 42                                                        | Net Includable Fuel                                                              | \$ 35,229,075.36    | \$ 33,909,947.86     | \$ 47,747,593.31     |
| 43                                                        | Ratio Metered Sales/Generation Sales                                             | 0.938933            | 0.938933             | 0.938933             |
| 44                                                        | Fuel Cost @Meter Sales Level (Line 42 x Line 43)                                 | \$ 33,077,741.41    | \$ 31,839,169.07     | \$ 44,831,791.03     |
| 45                                                        | Coal Sales Margin Credits (per books current year contracts only)                | \$ (2,100,593.65)   | \$ (2,478,960.14)    | \$ (3,273,366.04)    |
| 46                                                        | RSG Make Whole Payments                                                          | \$ (637,209.65)     | \$ (753,920.81)      | \$ (663,692.23)      |
| 47                                                        | Net Fuel Cost (Line 44 + Line 45 + Line 46)                                      | \$ 30,339,938.11    | \$ 28,606,288.12     | \$ 40,894,742.76     |
| 48                                                        | Total Generation and Purchase Power (per books)                                  | 1,802,360,251       | 1,813,538,577        | 2,273,546,059        |
| 49                                                        | Losses (kWh) (1-Line 43)*(Line 48)                                               | 110,064,123         | 110,747,360          | 138,898,637          |
| 50                                                        | Total Generation After Losses (kWh) (Line 48-Line 49)                            | 1,692,296,128       | 1,702,791,217        | 2,134,707,422        |
| 51                                                        | kWh Subject to FPP                                                               | 924,155,524         | 860,802,285          | 925,531,826          |
| 52                                                        | Ratio of FPP Sales to Total Generation (Line 51/Line 50)                         | 54.61%              | 50.55%               | 43.36%               |
| 53                                                        | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 51)                        | \$ 11,392,065.14    | \$ 10,611,109.77     | \$ 11,409,030.82     |
| 54                                                        | Amount Recovered via FPP (per books)                                             | \$ 5,356,769.18     | \$ 5,012,134.16      | \$ 5,367,275.33      |
| 55                                                        | Total Fuel Costs Recovered (Line 53 + Line 54)                                   | \$ 16,748,834.32    | \$ 15,623,243.93     | \$ 16,776,306.15     |
| 56                                                        | Total Actual Fuel Costs Attributable to FPP Sales (Line 47 x Line 52)            | \$ 16,568,640.20    | \$ 14,460,478.84     | \$ 17,731,980.46     |
| 57                                                        | Under/(Over) Recovery of Fuel Costs (Line 56 - Line 55)                          | \$ (180,194.12)     | \$ (1,162,765.29)    | \$ 965,654.31        |
| <b><u>Emissions Allowance Component (EA)</u></b>          |                                                                                  |                     |                      |                      |
| 58                                                        | Retail SO2 EA Consumed (Tons)                                                    | 6,311.97            | 6,236.29             | 7,910.90             |
| 59                                                        | Inventory Rate per Ton (Rate)                                                    | \$ 384.90           | \$ 376.03            | \$ 456.37            |
| 60                                                        | SO2 EA Expense (Line 58 x Line 59)                                               | \$ 2,429,476.87     | \$ 2,345,033.26      | \$ 3,626,117.66      |
| 61                                                        | Total Retail Load (kWh)                                                          | 1,406,777,384       | 1,420,032,095        | 1,739,172,187        |
| 62                                                        | Incremental EA Rate (¢/kWh) (Line 60 / Line 61)                                  | 0.1727              | 0.1651               | 0.2085               |
| 63                                                        | kWh Subject to FPP (Line 51)                                                     | 924,155,524         | 860,802,285          | 925,531,826          |
| 64                                                        | EA Expense Allocated to FPP (Line 62 x Line 63)                                  | \$ 1,596,016.59     | \$ 1,421,184.57      | \$ 1,928,733.86      |
| 65                                                        | EA Expense Recovered in Base Rates (Line 63 x 0.0126 ¢/kWh)                      | \$ 116,443.60       | \$ 108,481.09        | \$ 116,617.01        |
| 66                                                        | EA Revenue in FPP (per books)                                                    | \$ 1,817,047.66     | \$ 1,700,145.43      | \$ 1,820,611.41      |
| 67                                                        | Under/(Over) Recovery of EA Costs (Line 64 - Line 65 - Line 66)                  | \$ (337,474.67)     | \$ (387,421.95)      | \$ (7,494.56)        |
| <b><u>Environmental Reagent Component (ER)</u></b>        |                                                                                  |                     |                      |                      |
| 68                                                        | Amount Recovered in Base Rates (0.0330 ¢/kWh x Line 51)                          | \$ -                | \$ -                 | \$ -                 |
| 69                                                        | ER Revenue in FPP (per books)                                                    | \$ 140,856.41       | \$ 131,794.22        | \$ 141,132.67        |
| 70                                                        | Total Actual Lime Costs for Quarter (per books)                                  | \$ -                | \$ -                 | \$ -                 |
| 71                                                        | Total Actual Ammonia Costs for Quarter (per books)                               | \$ -                | \$ -                 | \$ -                 |
| 72                                                        | Total Actual ER Costs for Quarter (per books) (Line 70 + Line 71)                | \$ -                | \$ -                 | \$ -                 |
| 73                                                        | Total Actual ER Costs Allocated to FPP Sales (Line 52 x Line 72)                 | \$ -                | \$ -                 | \$ -                 |
| 74                                                        | Under/(Over) Recovery of ER Costs (Line 73 - Line 68 - Line 69)                  | \$ (140,856.41)     | \$ (131,794.22)      | \$ (141,132.67)      |
| <b><u>Reconciliation Adjustment Amortization (RA)</u></b> |                                                                                  |                     |                      |                      |
| 75                                                        | RA Amount from 4th Quarter Filing (spread evenly)                                | \$ 5,379,812.38     | \$ 5,379,812.38      | \$ 5,379,812.39      |
| 76                                                        | Actual RA recovery through FPP                                                   | \$ 6,603,348.38     | \$ 6,178,513.00      | \$ 6,616,298.44      |
| 77                                                        | Under/(Over) Recovery of RA (Line 75 - Line 76)                                  | \$ (1,223,536.00)   | \$ (798,700.62)      | \$ (1,236,487.05)    |
| <b><u>System Loss Component (SLA)</u></b>                 |                                                                                  |                     |                      |                      |
| 78                                                        | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)              | 0.0999              | 0.0999               | 0.0999               |
| 79                                                        | Total Losses Recovered in Base Rates (Line 51 x Line 78)                         | \$ 923,231.37       | \$ 859,941.48        | \$ 924,606.29        |
| 80                                                        | Actual SLA recovery through FPP                                                  | \$ 167,619.12       | \$ 156,835.12        | \$ 167,947.87        |
| 81                                                        | Actual Losses on FPP Sales ((Line 42 - Line 44) x (line 52))                     | \$ 1,174,843.47     | \$ 1,046,778.68      | \$ 1,264,201.87      |
| 82                                                        | Under/(Over) Recovery of Losses (Line 81 - Line 79 - Line 80)                    | \$ 83,992.68        | \$ 30,002.08         | \$ 171,737.71        |
| 83                                                        | Net Under/(Over) Recovery of FPP Costs (Line 57+Line 67+Line 74+Line 77+Line 82) | \$ (1,798,068.22)   | \$ (2,450,680.00)    | \$ (257,722.26)      |
| 84                                                        | Net Under/(Over) Recovery of FPP Costs (Page 5G, Line 82)                        | \$ (992,779.19)     | \$ (1,984,031.48)    | \$ 395,429.05        |
| 85                                                        | Net Adjustment for 2nd Quarter 2005 (Line 83 - Line 84)                          | \$ (805,289.03)     | \$ (466,648.52)      | \$ (653,151.31)      |
| 86                                                        | Net Adjustment (Line 76, Column A + B + C) To Page 3 Line 10                     | \$ (1,925,088.66)   |                      |                      |



Duke Energy Corporation  
139 East Fourth Street  
P.O. Box 960  
Cincinnati, Ohio 45201-0960

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August 28, 2006

PUCO

The Public Utilities Commission of Ohio  
Attention: Docketing Division  
180 East Broad Street  
13<sup>th</sup> Floor  
Columbus, OH 43215-3793

RE: In the Matter of The Application of Duke Energy )  
Ohio to Modify its Fuel, Economy Purchased ) Case No. 06-1068-EL-UNC  
Power Component of Its Market-Based Standard )  
Service Offer for the Summary Report Period of )  
September 28, 2006 to January 1, 2007 )

*✓* Docketing Division:

Enclosed for filing are fifteen (15) copies of the following attachments containing the Facts, Data, and Other Information pertinent to Duke Energy Ohio, Inc. fuel, economy purchased power, and emission allowance component of its market-based standard service offer (FPP), pursuant to the Commission's Entry in Case No. 06-1068-EL-UNC, dated August 28, 2006:

- (a) Attachment I – Statement of Fuel Procurement Policies and Practices;
- (b) Attachment II – Narrative statement and applicable quarterly FPP forms supporting the proposed calculation of the fuel, economy purchased power, and emission allowance component of its market-based standard service offer for the base period of October through December 2006. The FPP component will be applied to bills rendered during the quarter ending December 2006.

Please time-stamp the enclosed extra copy and return for our file. Thank you for your timely assistance in this regard.

Very truly yours,

Lisa D. Steinkuhl

Enclosures

Tariff memos/PUCO FPP filing/doc

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 8/29/06

www.duke-energy.com

## ATTACHMENT I

### STATEMENT OF FUEL PROCUREMENT PRACTICES AND POLICIES

Duke Energy's ("Company") Commercial Asset Management Service (CAM) group is responsible for managing the power, fuel and emission allowance positions for the Company's operating units, including the Company's Ohio generation portfolio to achieve economical power supply for the Ohio customers.

CAMS is responsible for establishing and implementing the multi-commodity risk management strategy for power, fuel and emission allowances. CAMS reviews the optimal contract mix on an ongoing basis as market conditions change; the optimal contract mix varies as market and operating conditions change during the time horizon being evaluated. Fuel purchases are made through a combination of long-term and spot market purchases.

CAMS fuel procurement and transportation services include issuing solicitations, evaluating proposals for fuel and transportation contracts, selecting and qualifying suppliers and shippers, contract negotiation, administration and enforcement, and ongoing transportation maintenance and operations support. CAMS is responsible for complying with fuel procurement regulations.

CAMS evaluates its fuel and transportation services practices on a continuing basis and updates them as needed. This continuous self-evaluation ensures that CAMS follows the best available practices as they relate to the changing business environment of the Company and the industry, the effect of state and/or federal legislation, the orders or rules of any state commission, or any other event that may impact the Company's procurement and use of fuel.

A balancing of short-term and long-term contracts is an effective way to achieve critical procurement goals such as:

- Assurance of adequate supply from reliable suppliers
- Competitive pricing
- Market intelligence
- Continuing evaluation of suppliers
- Flexibility in responding to changing market or economic conditions
- Efficient delivery of shipments.

CAMS makes every effort to purchase according to the operating requirements for the power generation equipment for which it purchases fuel. Further, the cost of complying with environmental regulations regarding emissions is factored into purchasing decisions.

Coal quality specifications may include moisture, ash, calorific value, sulfur, volatility, grindability, hydrogen, chlorine, ultimate analysis, mineral ash analysis, fusion temperature, etc. These parameters assure that the coal will be compatible with equipment operation and environmental regulations. Quality price adjustments will be made for deliveries not within contract specifications.

## ATTACHMENT I

### STATEMENT OF FUEL PROCUREMENT PRACTICES AND POLICIES

For longer term commitments, suppliers are generally evaluated on the basis of delivered cost, busbar evaluation of coal quality, uncommitted proven reserves, reputation, credit strength, proximity to transportation, and willingness to extend commercial terms. Additional evaluation is done, as needed, concerning by-product handling, disposal, and various environmental limits at the station sites. For short-term purchases, the evaluation focuses primarily on evaluated cost relative to the market.

## ATTACHMENT II

### DUKE ENERGY OHIO (DUKE)

#### NARRATIVE STATEMENT SUPPORTING ITS PROPOSED FPP COMPONENT

Pursuant to the Commission's Entry on Rehearing in Case No. 03-93-EL-ATA issued on November 23, 2004, Duke has calculated a proposed Quarterly Fuel, Economy Purchased Power and Emission Allowance Component (FPP Component) of its market-based standard service offer for the three-month projected period of October through December 2006.

The proposed FPP Rates are segregated into three types of customers, Residential, Non-Residential and Voltage Reduction customers. Depending on the type of customer, the appropriate rate will be applied to all bills, excluding consumers taking generation service from Certified Retail Electric Service providers, rendered on and after September 28, 2006, and will coincide with the billing of Cycle 1 of the October 2006 revenue month and remain in effect through December 2006.

The methodology for calculating the proposed FPP Component of 0.7424 cents per kilowatt-hour for Residential, 0.8549 cents per kilowatt-hour for Non-Residential and 0.9398 cents per kilowatt-hour for Voltage Reduction type customers is consistent with the Commission's Entry on Rehearing and is composed of the following components:

#### FUEL COMPONENT (FC)

The base period of October through December 2006 was utilized to calculate the proposed fuel and economy purchased power component (FC). The proposed FC is composed of three months projected includable fuel cost and economy purchased power data. The total FC calculated portion of the FPP Component is 1.7737 cents per kilowatt-hour for all types of customers. From this number, the Company has subtracted a baseline rate of 1.2327 cents per kilowatt-hour that is already included in rates as established in Case No. 99-103-EL-EFC. Based upon this information, the proposed FC should be established at 0.5410 cents per kilowatt-hour for all customers subject to the FPP. This proposed FC is supported by the attached calculations on Page 1 of 5 of Schedule 1.

#### EMISSION ALLOWANCES (EA)

The base period of October through December 2006 was utilized to calculate the emission allowance component (EA) for all types of customers. The proposed EA is composed of three months projected includable emission allowance data. The total EA calculated portion of the FPP Component is 0.3030 cents per kilowatt-hour for all types of customers. From this number, the Company has subtracted a baseline rate of 0.0126 cents per kilowatt-hour that is already included in rates as established in Case No. 99-103-EL-EFC. Based upon this information, the proposed EA should be established at

## **ATTACHMENT II**

0.2904 cents per kilowatt-hour. This proposed EA is supported by the attached calculations on Page 2 of 5 of Schedule 1.

### **ENVIRONMENTAL REAGENT (ER)**

In accordance with PUCO Order in Case No. 05-806-EL-UNC, the Environmental Reagent (ER) component of Rider FPP should be eliminated from the calculation of the FPP Rate. It was also ordered that any monies collected under the ER component to date should be refunded. As of June 2006 all the monies collected have been refunded.

### **RECONCILIATION ADJUSTMENT (RA)**

The proposed RA component is based on the reconciliation of actual fuel, economy purchased power, emission allowance costs, and system loss adjustment to the FPP Component revenues for the three month period ending June 2006. The RA amount for the three month period ending June, 2006 included in this filing is (\$2,110,193.61) for Residential type customers and (\$2,933,076.54) for Non-Residential type customers and (\$374,452.20) for Voltage Reduction type customers. In addition to these RA amounts is \$370,509.93 for Residential type customers and \$660,739.62 for Non-Residential type customers and \$329,595.08 for Voltage Reduction type customers which represents an updated adjustment to the 1<sup>st</sup> quarter 2006 RA amount filed in the 3<sup>rd</sup> Quarter 2006 filing and is supported by the attached calculations on Page 5I thru N of 5 of Schedule 1. In addition to these RA amounts is \$708,672.32 which represents an updated adjustment to the 1<sup>st</sup> quarter 2005 RA amount filed in the 3<sup>rd</sup> Quarter 2006 filing and is supported by the attached calculations on Page 5A&B of 5 of Schedule 1. In addition to these RA amounts is \$556,516.95 which represents an updated adjustment to the 2<sup>nd</sup> quarter 2005 RA amount filed in the 3<sup>rd</sup> Quarter 2006 filing and is supported by the attached calculations on Page 5C&D of 5 of Schedule 1. In addition to these RA amounts is \$1,272,619.87 which represents an updated adjustment to the 3<sup>rd</sup> quarter 2005 RA amount filed in the 3<sup>rd</sup> Quarter 2006 filing and is supported by the attached calculations on Page 5E&F of 5 of Schedule 1. In addition to these RA amounts is \$701,824.44 which represents an updated adjustment to the 4<sup>th</sup> quarter 2005 RA amount filed in the 3<sup>rd</sup> Quarter 2006 filing and is supported by the attached calculations on Page 5G&H of 5 of Schedule 1. The RA adjustments for 2005 impact the Non-Residential and Voltage Reduction customers only. The total RA, including the previous quarter adjustments, reflects the refund adjustment for the monies collected through the ER component for 2005 and the 1<sup>st</sup> and 2<sup>nd</sup> quarter 2006 as ordered by PUCO in Case No. 05-806-EL-UNC. With all of these adjustments, the RA component for Residential customers is (0.1071) cents per kilowatt-hour, the RA component for the Non-Residential customers is 0.0054 cents per kilowatt-hour and the RA component for Voltage Reduction customers is 0.0991 cents per kilowatt-hour. The total proposed RA is supported by the attached calculations on Page 3 of 5 of Schedule 1.

## ATTACHMENT II

### SYSTEM LOSS ADJUSTMENT (SLA)

The proposed SLA Component is based on the estimated system loss fuel cost to be incurred during the three month period ending December 2006. The total SLA calculated portion of the FPP Component is 0.1214 cents per kilowatt-hour for Residential and Non-Residential type customers, and 0.0556 cents per kilowatt-hour for Voltage Reduction type customers. From the number for Residential and Non-Residential type customers, the Company has subtracted a baseline rate of 0.1051 cents per kilowatt-hour that is already included in rates. From the number for Voltage Reduction type customers, the Company has subtracted a baseline rate of 0.0481 cents per kilowatt-hour that is already included in rates. Both rates are increased by 0.0018 cents per kilowatt-hour which represents a Synchronization Adjustment. Based upon this information, the proposed SLA should be established at 0.0181 cents per kilowatt-hour for Residential and Non-Residential type customers and at 0.0093 cents per kilowatt-hour for Voltage Reduction type customers. The proposed SLA is supported by the attached calculations on Page 4 of 5 of Schedule 1.

### FUEL ECONOMY PURCHASED POWER AND EMISSION ALLOWANCE COMPONENT

Based on the aforementioned projected includable fuel and economy purchased power cost data (FC) summarized on Page 1 of Schedule 1, the Emission Allowance Component (EA) on Page 2 of Schedule 1, the Reconciliation Adjustment (RA) on Page 3 of Schedule 1, and the System Loss Adjustment (SLA) on Page 4 of Schedule 1, the Company proposes that a FPP Component of 0.7424 cents per kilowatt-hour be established for Residential type customers, 0.8549 cents per kilowatt-hour be established for Non-Residential type customers and 0.9398 cents per kilowatt-hour be established for Voltage Reduction type customers. These rates should be effective with bills rendered on and after September 28, 2006, to all consumers other than consumers taking generation service from Certified Retail Electric Suppliers. This will coincide with Cycle 1 billing for the October 2006 revenue month.

**Duke Energy Ohio  
Electric Department**  
**Calculation of Quarterly Fuel and Economy Purchased Power Component for Billing During  
October 2006 through December 2006**

| Line                                                                                   | Description                                                        | (A)<br>Includable<br>Fuel Cost<br>\$ | (B)<br>Includable<br>Energy<br>(kWh) | (C)<br>FPP Rate<br>Components<br>(Col. 1 + Col. 2) |
|----------------------------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------|--------------------------------------|----------------------------------------------------|
| <b>Fuel &amp; Economy Purchased Power<br/>Cost Expense (FC) - by Month (Projected)</b> |                                                                    |                                      |                                      |                                                    |
| 1                                                                                      | October 2006                                                       | \$ 33,551,325.44                     | 1,879,993,961                        |                                                    |
| 2                                                                                      | November 2006                                                      | \$ 34,794,402.49                     | 1,957,187,754                        |                                                    |
| 3                                                                                      | December 2006                                                      | \$ 42,366,491.29                     | 2,404,698,648                        |                                                    |
| 4                                                                                      | Total Fuel & Economy Purchased Power Cost Expense                  | \$ 110,712,219.22                    | 6,241,880,363                        | 1.7737 ¢/kWh                                       |
| 5                                                                                      | Less: Baseline EFC Rate from Case No. 99-103-EL-EFC <sup>(1)</sup> |                                      |                                      | 1.2327 ¢/kWh                                       |
| 6                                                                                      | Total FC Portion to be Included in FPP                             |                                      |                                      | 0.5410 ¢/kWh                                       |
| 7                                                                                      | Emission Allowances Adjustment (EA) From Page 2                    |                                      |                                      | 0.2904 ¢/kWh                                       |
| 8                                                                                      | Total FPP Rate before RA and SLA                                   |                                      |                                      | 0.8314 ¢/kWh                                       |
| <b>FPP Rate</b>                                                                        |                                                                    |                                      |                                      |                                                    |
|                                                                                        |                                                                    | <u>Residential</u>                   | <u>Non-Residential</u>               | <u>Voltage Reduction <sup>(2)</sup></u>            |
| 9                                                                                      | Total FPP Rate before RA and SLA (Line 8)                          | 0.8314                               | 0.8314                               | 0.8314 ¢/kWh                                       |
| 10                                                                                     | Reconciliation Adjustment (RA) From Page 3                         | (0.1071)                             | 0.0054                               | 0.0991 ¢/kWh                                       |
| 11                                                                                     | System Loss Adjustment (SLA) From Page 4                           | 0.0181                               | 0.0181                               | 0.0093 ¢/kWh                                       |
| 12                                                                                     | Total FPP Rate                                                     | 0.7424                               | 0.8549                               | 0.9398 ¢/kWh                                       |

Notes: <sup>(1)</sup> Reflects only the FC component and excludes EA costs.

<sup>(2)</sup> Rate for Customers taking service at 69 kV or greater.

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**Duke Energy Ohio  
Electric Department**  
Calculation of Quarterly Emission Allowances Component for Billing During  
October 2006 through December 2006

| Line                                                   | Description                                                                           | (1)<br>Includable<br>Emission Allowances<br>\$ | (2)<br>Includable<br>Energy<br>(kWh) | (3)<br>EA Rate<br>Components<br>(Col. 1 + Col. 2) |
|--------------------------------------------------------|---------------------------------------------------------------------------------------|------------------------------------------------|--------------------------------------|---------------------------------------------------|
| <u>Emission Allowances (EA) - by Month (Projected)</u> |                                                                                       |                                                |                                      |                                                   |
| 1                                                      | October 2006                                                                          | \$ 4,859,446.76                                | 1,516,206,185                        |                                                   |
| 2                                                      | November 2006                                                                         | \$ 4,813,883.14                                | 1,566,496,001                        |                                                   |
| 3                                                      | December 2006                                                                         | \$ 5,338,399.91                                | 1,805,274,321                        |                                                   |
| 4                                                      | EA Auction Proceeds Credits                                                           | \$ -                                           |                                      |                                                   |
| 5                                                      | Total Emission Allowance Expense                                                      | <u>\$ 14,811,729.83</u>                        | <u>4,887,976,507</u>                 | 0.3030 ¢/kWh                                      |
| 6                                                      | Less: Baseline EA Rate from Case No. 99-103-EL-EFC <sup>(a)</sup>                     |                                                |                                      | <u>0.0126 ¢/kWh</u>                               |
| 7                                                      | Quarterly Emission Allowance Rate (Rate will never be less than -0-) To Page 1 Line 7 |                                                |                                      | <u>0.2904 ¢/kWh</u>                               |

Notes: <sup>(a)</sup> Reflects only the EA costs.

Duke Energy Ohio  
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Calculation of Quarterly Fuel and Economy Purchased Power Component for Billing  
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| Line | Reconciliation Adjustment (RA)                                                 | Total             | Residential       | Non-Residential   | Voltage Reduction      |
|------|--------------------------------------------------------------------------------|-------------------|-------------------|-------------------|------------------------|
| 1    | January 2006 (See Page 5J Line 39)                                             | \$ 593,968.43     | \$ 110,848.07     | \$ 329,024.48     | \$ 154,092.88          |
| 2    | February 2006 (See Page 5L Line 39)                                            | \$ 333,809.52     | \$ 114,008.50     | \$ 142,418.20     | \$ 77,381.81           |
| 3    | March 2006 (See Page 5N Line 39)                                               | \$ 433,088.89     | \$ 145,852.38     | \$ 189,295.94     | \$ 98,120.39           |
| 4    | April 2006 (See Page 3A Line 32)                                               | \$ (3,802,470.15) | \$ (1,280,932.70) | \$ (2,005,069.12) | \$ (516,468.33)        |
| 5    | May 2006 (See Page 3B Line 32)                                                 | \$ 2,690,502.84   | \$ 687,250.22     | \$ 1,255,994.44   | \$ 747,258.18          |
| 6    | June 2006 (See Page 3C Line 32)                                                | \$ (4,305,755.04) | \$ (1,516,511.13) | \$ (2,184,001.86) | \$ (605,242.05)        |
| 7    | Total 2006 Adjustments                                                         | \$ (4,056,877.72) | \$ (1,739,683.68) | \$ (2,272,336.92) | \$ (44,857.12)         |
| 8    | Projected Retail Energy (kWh)                                                  | 4,718,064,000     | 1,625,026,000     | 2,288,177,000     | 804,861,000            |
| 9    | 2006 Adjustments RA Rate (Line 4/Line 5)                                       |                   | <u>(0.1071)</u>   | <u>(0.0993)</u>   | <u>(0.0056)</u> \$/kWh |
| 10   | 1st Quarter 2005 Adjustments (See Page 5B)                                     | \$ 706,872.32     |                   |                   |                        |
| 11   | 2nd Quarter 2005 Adjustments (See Page 5D)                                     | \$ 556,516.95     |                   |                   |                        |
| 12   | 3rd Quarter 2005 Adjustments (See Page 5F)                                     | \$ 1,272,619.87   |                   |                   |                        |
| 13   | 4th Quarter 2005 Adjustments (See Page 5H)                                     | \$ 701,824.44     |                   |                   |                        |
| 14   | Total 2005 Adjustments to Be Recovered (Line 10 + Line 11 + Line 12 + Line 13) | \$ 3,239,833.58   |                   |                   |                        |
| 15   | Projected Retail Energy excluding residential (kWh)                            | 3,093,038,000     |                   |                   |                        |
| 16   | 2005 Adjustments RA Rate (Line 14/Line 15)                                     | <u>0.1047</u>     | <u>0.0000</u>     | <u>0.1047</u>     | <u>0.1047</u> \$/kWh   |
| 17   | Total RA Rate (Line 9 + Line 16) To Page 1 Line 10                             |                   | <u>(0.1071)</u>   | <u>0.0054</u>     | <u>0.0961</u> \$/kWh   |

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| Line                                               | Reconciliation Adjustment (RA)                                           | April 2006        | Residential<br>April 2006 | Non-Residential<br>April 2006 | Voltage<br>Reduction<br>April 2006 |
|----------------------------------------------------|--------------------------------------------------------------------------|-------------------|---------------------------|-------------------------------|------------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                          |                   |                           |                               |                                    |
| 1                                                  | Net Includable Fuel                                                      | \$ 32,331,823.03  | \$ 32,331,823.03          | \$ 32,331,823.03              | \$ 32,331,823.03                   |
| 2                                                  | Ratio Metered Sales/Generation Sales                                     | 0.938933          | 0.938933                  | 0.938933                      | 0.938933                           |
| 3                                                  | Fuel Cost @ Meter Sales Level (Line 1 x Line 2)                          | \$ 30,357,415.59  | \$ 30,357,415.59          | \$ 30,357,415.59              | \$ 30,357,415.59                   |
| 4                                                  | Cost Sales Margin Credits (per books current year contracts only)        | \$ (434,582.85)   | \$ (434,582.85)           | \$ (434,582.85)               | \$ (434,582.85)                    |
| 5                                                  | RSG Make Whole Payments                                                  | \$ (39,582.21)    | \$ (39,582.21)            | \$ (39,582.21)                | \$ (39,582.21)                     |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                 | \$ 29,883,270.53  | \$ 29,883,270.53          | \$ 29,883,270.53              | \$ 29,883,270.53                   |
| 7                                                  | Total Generation and Purchase Power (per books)                          | 1,560,479,302     | 1,560,479,302             | 1,560,479,302                 | 1,560,479,302                      |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                         | 95,293,790        | 95,293,790                | 95,293,790                    | 95,293,790                         |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                      | 1,465,185,512     | 1,465,185,512             | 1,465,185,512                 | 1,465,185,512                      |
| 10                                                 | kWh Subject to FPP                                                       | 1,480,495,968     | 488,706,185               | 727,236,189                   | 264,553,594                        |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                  | 101.04%           | 33.35%                    | 49.83%                        | 18.08%                             |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                | \$ 18,250,073.80  | \$ 8,024,281.14           | \$ 8,964,640.50               | \$ 3,261,152.16                    |
| 13                                                 | Amount Recovered via FPP (per books)                                     | \$ 17,571,159.55  | \$ 5,827,138.23           | \$ 8,606,356.18               | \$ 3,137,868.14                    |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                           | \$ 35,821,233.35  | \$ 13,851,419.37          | \$ 17,570,996.68              | \$ 6,399,020.30                    |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 8 x Line 11)     | \$ 30,194,058.54  | \$ 9,869,070.72           | \$ 14,831,067.18              | \$ 5,398,918.88                    |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                  | \$ (5,627,176.81) | \$ (1,885,348.65)         | \$ (2,739,928.52)             | \$ (1,001,901.84)                  |
| <b>Emissions Allowance Component (EA)</b>          |                                                                          |                   |                           |                               |                                    |
| 17                                                 | kWh Subject to FPP (Line 10)                                             | 1,480,495,968     | 488,706,185               | 727,236,189                   | 264,553,594                        |
| 18                                                 | EA Expense Allocated to FPP                                              | \$ 3,975,345.92   | \$ 1,312,248.83           | \$ 1,952,734.41               | \$ 710,364.68                      |
| 19                                                 | EA Sales Margin Allocated to FPP                                         | \$ -              | \$ -                      | \$ -                          | \$ -                               |
| 20                                                 | Net EA Cost (Line 18 + Line 19)                                          | \$ 3,975,345.92   | \$ 1,312,248.83           | \$ 1,952,734.41               | \$ 710,364.68                      |
| 21                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0126 ¢/kWh)              | \$ 186,542.48     | \$ 61,576.98              | \$ 91,631.76                  | \$ 33,333.75                       |
| 22                                                 | EA Revenue in FPP (per books)                                            | \$ 1,466,183.83   | \$ 486,314.41             | \$ 717,058.43                 | \$ 261,920.00                      |
| 23                                                 | Under/(Over) Recovery of EA Costs (Line 20 - Line 21 - Line 22)          | \$ 2,322,609.60   | \$ 764,355.44             | \$ 1,143,144.22               | \$ 415,108.94                      |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                          |                   |                           |                               |                                    |
| 24                                                 | RA Amount from 2nd Quarter Filing (spread evenly)                        | \$ (3,124,665.00) | \$ -                      | \$ (2,384,348.52)             | \$ (760,018.48)                    |
| 25                                                 | Actual RA recovery through FPP                                           | \$ (2,989,143.22) | \$ -                      | \$ (2,180,459.16)             | \$ (798,684.06)                    |
| 26                                                 | Under/(Over) Recovery of RA (Line 24 - Line 25)                          | \$ (135,521.78)   | \$ -                      | \$ (173,889.36)               | \$ 38,067.58                       |
| <b>System Loss Component (SLA)</b>                 |                                                                          |                   |                           |                               |                                    |
| 27                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)      | 0.0999 / 0.0882   | 0.0999                    | 0.0999                        | 0.0882                             |
| 28                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 27)                 | \$ 1,448,082.70   | \$ 488,217.48             | \$ 726,508.95                 | \$ 233,336.27                      |
| 29                                                 | Actual SLA recovery through FPP                                          | \$ 908,959.73     | \$ 330,188.89             | \$ 487,784.92                 | \$ 80,985.82                       |
| 30                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (line 11))               | \$ 1,994,941.27   | \$ 658,464.68             | \$ 979,898.41                 | \$ 356,577.98                      |
| 31                                                 | Under/(Over) Recovery of Losses (Line 30 - Line 28 - Line 29)            | \$ (362,081.16)   | \$ (159,941.49)           | \$ (234,395.46)               | \$ 32,255.79                       |
| 32                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 23+Line 26+Line 31) | \$ (3,802,470.15) | \$ (1,280,932.70)         | \$ (2,005,059.12)             | \$ (516,488.33)                    |

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| Line                                               | Reconciliation Adjustment (RA)                                           | May 2006          | Residential<br>May 2006 | Non-Residential<br>May 2006 | Voltage<br>Reduction<br>May 2006 |
|----------------------------------------------------|--------------------------------------------------------------------------|-------------------|-------------------------|-----------------------------|----------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                          |                   |                         |                             |                                  |
| 1                                                  | Net Includable Fuel                                                      | \$ 42,088,822.47  | \$ 42,088,822.47        | \$ 42,088,822.47            | \$ 42,088,822.47                 |
| 2                                                  | Ratio Metered Sales/Generation Sales                                     | 0.938933          | 0.938933                | 0.938933                    | 0.938933                         |
| 3                                                  | Fuel Cost @ Meter Sales Level (Line 1 x Line 2)                          | \$ 39,518,584.35  | \$ 39,518,584.35        | \$ 39,518,584.35            | \$ 39,518,584.35                 |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)        | \$ (1,549,996.83) | \$ (1,549,996.83)       | \$ (1,549,996.83)           | \$ (1,549,996.83)                |
| 5                                                  | RSG Make Whole Payments                                                  | \$ (18,888.55)    | \$ (18,888.55)          | \$ (18,888.55)              | \$ (18,888.55)                   |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                 | \$ 37,949,698.97  | \$ 37,949,698.97        | \$ 37,949,698.97            | \$ 37,949,698.97                 |
| 7                                                  | Total Generation and Purchase Power (per books)                          | 1,703,979.555     | 1,703,979.555           | 1,703,979.555               | 1,703,979.555                    |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                         | 104,056.919       | 104,056.919             | 104,056.919                 | 104,056.919                      |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                      | 1,599,922.636     | 1,599,922.636           | 1,599,922.636               | 1,599,922.636                    |
| 10                                                 | kWh Subject to FPP                                                       | 1,454,814.220     | 407,983.699             | 759,454.830                 | 287,375.691                      |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                  | 90.93%            | 25.50%                  | 47.47%                      | 17.96%                           |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 \$/kWh x Line 10)               | \$ 17,983,494.89  | \$ 5,029,215.08         | \$ 9,381,799.89             | \$ 3,542,480.14                  |
| 13                                                 | Amount Recovered via FPP (per books)                                     | \$ 17,255,920.47  | \$ 4,859,304.97         | \$ 9,002,912.84             | \$ 3,393,702.68                  |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                           | \$ 35,239,415.36  | \$ 9,888,520.03         | \$ 18,384,712.53            | \$ 6,935,182.80                  |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)     | \$ 34,507,681.27  | \$ 9,677,173.24         | \$ 18,014,722.10            | \$ 6,815,765.93                  |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                  | \$ (681,754.09)   | \$ (211,346.79)         | \$ (349,990.43)             | \$ (120,416.67)                  |
| <b>Emissions Allowance Component (EA)</b>          |                                                                          |                   |                         |                             |                                  |
| 17                                                 | kWh Subject to FPP (Line 10)                                             | 1,454,814.220     | 407,983.699             | 759,454.830                 | 287,375.691                      |
| 18                                                 | EA Expense Allocated to FPP                                              | \$ 5,071,511.13   | \$ 1,422,239.24         | \$ 2,647,474.55             | \$ 1,001,797.34                  |
| 19                                                 | EA Sales Margin Allocated to FPP                                         | \$ (139,716.24)   | \$ (39,181.32)          | \$ (72,936.37)              | \$ (27,598.55)                   |
| 20                                                 | Net EA Cost (Line 18 + Line 19)                                          | \$ 4,931,796.89   | \$ 1,383,057.92         | \$ 2,574,539.18             | \$ 974,198.79                    |
| 21                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0126 \$/kWh)             | \$ 183,308.80     | \$ 51,405.95            | \$ 96,891.31                | \$ 36,209.34                     |
| 22                                                 | EA Revenue in FPP (per books)                                            | \$ 1,439,878.10   | \$ 405,642.27           | \$ 751,040.02               | \$ 283,293.81                    |
| 23                                                 | Under/(Over) Recovery of EA Costs (Line 20 - Line 21 - Line 22)          | \$ 3,308,613.18   | \$ 926,109.70           | \$ 1,727,807.85             | \$ 664,895.64                    |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                          |                   |                         |                             |                                  |
| 24                                                 | RA Amount from 2nd Quarter Filing (spread evenly)                        | \$ (3,124,985.00) | \$ -                    | \$ (2,364,348.52)           | \$ (760,616.48)                  |
| 25                                                 | Actual RA recovery through FPP                                           | \$ (3,155,246.49) | \$ -                    | \$ (2,281,389.61)           | \$ (863,856.88)                  |
| 26                                                 | Under/(Over) Recovery of RA (Line 24 - Line 25)                          | \$ 30,261.49      | \$ -                    | \$ (72,958.91)              | \$ 103,240.40                    |
| <b>System Loss Component (SLA)</b>                 |                                                                          |                   |                         |                             |                                  |
| 27                                                 | Losses in Base Rates (from Case No. 92-1404-EL-AIR) (cents per kWh)      | 0.0999 / 0.0882   | 0.0999                  | 0.0999                      | 0.0882                           |
| 28                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 27)                 | \$ 1,419,736.46   | \$ 407,575.72           | \$ 758,695.38               | \$ 253,465.38                    |
| 29                                                 | Actual SLA recovery through FPP                                          | \$ 884,018.81     | \$ 275,347.69           | \$ 510,260.73               | \$ 98,410.39                     |
| 30                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (line 11))               | \$ 2,337,117.52   | \$ 655,410.72           | \$ 1,220,092.04             | \$ 461,814.76                    |
| 31                                                 | Under/(Over) Recovery of Losses (Line 30 - Line 28 - Line 29)            | \$ 33,362.25      | \$ (27,512.69)          | \$ (48,864.07)              | \$ 109,739.01                    |
| 32                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 23+Line 26+Line 31) | \$ 2,690,502.84   | \$ 887,250.22           | \$ 1,255,994.44             | \$ 747,258.18                    |

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Line Reconciliation Adjustment (RA)

Fuel Component (FC)

|                                                                         | June 2006         | Residential<br>June 2006 | Non-Residential<br>June 2006 | Voltage<br>Reduction<br>June 2006 |
|-------------------------------------------------------------------------|-------------------|--------------------------|------------------------------|-----------------------------------|
| 1 Net Includable Fuel                                                   | \$ 41,888,863.88  | \$ 41,888,863.88         | \$ 41,888,863.88             | \$ 41,888,863.88                  |
| 2 Ratio Metered Sales/Generation Sales                                  | 0.938933          | 0.938933                 | 0.938933                     | 0.938933                          |
| 3 Fuel Cost @ Meter Sales Level (Line 1 x Line 2)                       | \$ 39,330,838.44  | \$ 39,330,838.44         | \$ 39,330,838.44             | \$ 39,330,838.44                  |
| 4 Coal Sales Margin Credits (per books current year contracts only)     | \$ 485,108.42     | \$ 485,108.42            | \$ 485,108.42                | \$ 485,108.42                     |
| 5 RSG Make Whole Payments                                               | \$ -              | \$ -                     | \$ -                         | \$ -                              |
| 6 Net Fuel Cost (Line 3 + Line 4 + Line 5)                              | \$ 39,815,944.86  | \$ 39,815,944.86         | \$ 39,815,944.86             | \$ 39,815,944.86                  |
| 7 Total Generation and Purchase Power (per books)                       | 1,886,880,555     | 1,886,880,555            | 1,886,880,555                | 1,886,880,555                     |
| 8 Losses (kWh) (1-Line 2)*(Line 7)                                      | 115,228,135       | 115,228,135              | 115,228,135                  | 115,228,135                       |
| 9 Total Generation After Losses (kWh) (Line 7-Line 8)                   | 1,771,654,420     | 1,771,654,420            | 1,771,654,420                | 1,771,654,420                     |
| 10 kWh Subject to FPP                                                   | 1,662,783,977     | 531,899,146              | 840,994,433                  | 289,790,398                       |
| 11 Ratio of FPP Sales to Total Generation (Line 10/Line 9)              | 93.88%            | 30.03%                   | 47.47%                       | 16.36%                            |
| 12 Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)            | \$ 20,497,138.09  | \$ 6,557,953.47          | \$ 10,368,938.38             | \$ 3,572,248.24                   |
| 13 Amount Recovered via FPP (per books)                                 | \$ 19,744,808.34  | \$ 6,320,677.23          | \$ 9,952,080.33              | \$ 3,472,050.78                   |
| 14 Total Fuel Costs Recovered (Line 12 + Line 13)                       | \$ 40,241,946.43  | \$ 12,878,630.70         | \$ 20,319,018.71             | \$ 7,044,297.02                   |
| 15 Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11) | \$ 37,371,245.85  | \$ 11,956,728.24         | \$ 18,900,829.03             | \$ 6,513,888.58                   |
| 16 Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)              | \$ (2,870,700.58) | \$ (921,802.46)          | \$ (1,416,389.68)            | \$ (530,408.44)                   |

Emissions Allowance Component (EA)

|                                                                    |                   |                   |                   |                 |
|--------------------------------------------------------------------|-------------------|-------------------|-------------------|-----------------|
| 17 kWh Subject to FPP (Line 10)                                    | 1,662,783,977     | 531,899,146       | 840,994,433       | 289,790,398     |
| 18 EA Expense Allocated to FPP                                     | \$ 4,064,488.88   | \$ 1,402,379.13   | \$ 2,359,181.49   | \$ 812,928.26   |
| 19 EA Sales Margin Allocated to FPP                                | \$ (5,285,131.37) | \$ (1,371,005.65) | \$ (2,197,311.98) | \$ (748,813.74) |
| 20 Net EA Cost (Line 18 + Line 19)                                 | \$ (379,357.51)   | \$ (121,373.48)   | \$ (191,869.51)   | \$ (68,114.52)  |
| 21 EA Expense Recovered in Base Rates (Line 17 x 0.0126 ¢/kWh)     | \$ 209,510.78     | \$ 67,031.89      | \$ 105,985.30     | \$ 36,513.59    |
| 22 EA Revenue in FPP (per books)                                   | \$ 1,647,559.18   | \$ 527,503.79     | \$ 830,221.36     | \$ 289,834.03   |
| 23 Under/(Over) Recovery of EA Costs (Line 20 - Line 21 - Line 22) | \$ (1,477,712.45) | \$ (473,162.20)   | \$ (744,317.15)   | \$ (260,233.10) |

Reconciliation Adjustment Amortization (RA)

|                                                      |                   |      |                   |                 |
|------------------------------------------------------|-------------------|------|-------------------|-----------------|
| 24 RA Amount from 2nd Quarter Filing (spread evenly) | \$ (3,124,864.09) | \$ - | \$ (2,364,346.51) | \$ (780,618.48) |
| 25 Actual RA recovery through FPP                    | \$ (3,416,768.53) | \$ - | \$ (2,532,898.37) | \$ (883,800.16) |
| 26 Under/(Over) Recovery of RA (Line 24 - Line 25)   | \$ 291,803.54     | \$ - | \$ 168,619.80     | \$ 123,183.88   |

System Loss Component (SLA)

|                                                                                     |                   |                   |                   |                 |
|-------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|-----------------|
| 27 Losses in Base Rates (from Case No. 02-1464-EL-AIR) (cents per kWh)              | 0.0999 / 0.0882   | 0.0999            | 0.0999            | 0.0882          |
| 28 Total Losses Recovered in Base Rates (Line 10 x Line 27)                         | \$ 1,627,215.72   | \$ 531,467.15     | \$ 840,153.44     | \$ 255,595.13   |
| 29 Actual SLA recovery through FPP                                                  | \$ 1,022,894.20   | \$ 358,154.90     | \$ 564,058.98     | \$ 190,882.32   |
| 30 Actual Losses on FPP Sales ((Line 1 - Line 3) x (line 11))                       | \$ 2,400,884.37   | \$ 788,175.58     | \$ 1,214,295.53   | \$ 418,493.28   |
| 31 Under/(Over) Recovery of Losses (Line 30 - Line 28 - Line 29)                    | \$ (249,145.55)   | \$ (121,448.47)   | \$ (189,914.89)   | \$ 62,215.81    |
| 32 Net Under/(Over) Recovery of FPP Costs (Line 16+Line 26+Line 33+Line 30+Line 41) | \$ (4,305,755.04) | \$ (1,516,511.13) | \$ (2,184,001.86) | \$ (605,242.05) |

Duke Energy Ohio  
Electric Department  
Calculation of Quarterly Voltage-Adjusted System Loss Adjustment  
October 2006 through December 2006

| Line                                                      | Description                                                  | Total Losses        |                     |                                        |                                 |
|-----------------------------------------------------------|--------------------------------------------------------------|---------------------|---------------------|----------------------------------------|---------------------------------|
|                                                           |                                                              | Distribution<br>(A) | Transmission<br>(B) | Voltage Adjusted<br>Methodology<br>(C) | No Voltage<br>Adjustment<br>(D) |
| <u>Calculation of Base Rate Recovery of Losses</u>        |                                                              |                     |                     |                                        |                                 |
| 1                                                         | FC Rate Basis for SLA (\$/kWh)                               | 1.5353              | 1.5353              | 1.5353                                 | 1.5353                          |
| 2                                                         | Energy Loss Factors from 92-1464-EL-AIR                      | 6.847%              | 3.134%              | 5.743%                                 | 6.504%                          |
| 3                                                         | Losses in MBSSO (\$/kWh) (Line 1 * Line 2)                   | 0.1051              | 0.0481              | 0.0882                                 | 0.0899                          |
| 4                                                         | Current FC Rate (\$/kWh) (Per Filing)                        | 1.7737              | 1.7737              | 1.7737                                 | 1.7737                          |
| 5                                                         | Projected Sales at Meter (kWh) <sup>(a)</sup>                | 3,913,203,000       | 804,861,000         | 4,718,064,000                          | 4,718,064,000                   |
| 6                                                         | Energy Loss Factors from 92-1464-EL-AIR (Line 2)             | 6.847%              | 3.134%              | 5.743%                                 | 6.504%                          |
| 7                                                         | Energy Sales at the Busbar (kWh) (Line 5 * (1 + Line 6))     | 4,181,130,559       | 830,081,483         | 4,989,019,939                          | 5,024,920,841                   |
| 8                                                         | Energy Losses (kWh) (Line 7 - Line 5)                        | 287,927,559         | 25,220,483          | 270,955,939                            | 306,856,841                     |
| 9                                                         | Value of Losses (Line 8 * Line 4)                            | 4,752,231.11        | 447,335.35          | 4,805,945.49                           | 5,442,719.79                    |
| 10                                                        | Average Losses Rate (\$/kWh) (Line 9 + Line 5)               | 0.1214              | 0.0556              | 0.1019                                 | 0.1154                          |
| 11                                                        | Losses in MBSSO (\$/kWh) (Line 3)                            | 0.1051              | 0.0481              | 0.0882                                 | 0.0999                          |
| 12                                                        | System Loss Adjustment (\$/kWh) (Line 10 - Line 11)          | 0.0163              | 0.0075              | 0.0137                                 | 0.0155                          |
| 13                                                        | Synchronization Adj. (\$/kWh) (Line 12, Column D - Column C) | 0.0018              | 0.0018              | 0.0018                                 | -                               |
| 14                                                        | Adjusted SLA (\$/kWh) (Line 12 + Line 13)                    | 0.0181              | 0.0093              | 0.0155                                 | 0.0155                          |
| Total SLA Rate (Line 14, Columns A & B) To Page 1 Line 11 |                                                              |                     |                     |                                        |                                 |

Notes: <sup>(a)</sup> Projected Sales at Meter for 4th quarter 2006 were provided by the Load Forecasting Department.

**Duke Energy Ohio  
Electric Department**  
**Calculation of Quarterly Fuel and Economy Purchased Power Component for Billing**  
**1st Quarter Changes to the Reconciliation Adjustment**  
**Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary**  
**October 2006 through December 2006**

| Line                                               | Reconciliation Adjustment (RA) (As Updated)                                    | (A)<br>January 2005 | (B)<br>February 2005 | (C)<br>March 2005 |
|----------------------------------------------------|--------------------------------------------------------------------------------|---------------------|----------------------|-------------------|
| <b><u>Fuel Component (FC)</u></b>                  |                                                                                |                     |                      |                   |
| 38                                                 | Net Includable Fuel                                                            | \$ 40,291,703.44    | \$ 36,266,981.36     | \$ 39,783,551.55  |
| 39                                                 | Ratio Metered Sales/Generation Sales                                           | 0.938933            | 0.938933             | 0.938933          |
| 40                                                 | Fuel Cost @Meter Sales Level (Line 38 x Line 39)                               | \$ 37,831,209.99    | \$ 34,052,246.83     | \$ 37,354,089.41  |
| 41                                                 | Coal Sales Credits (per books)                                                 | \$ -                | \$ 719,378.36        | \$ 941,811.76     |
| 42                                                 | Net Fuel Cost (Line 40 - Line 41)                                              | \$ 37,831,209.99    | \$ 33,332,868.47     | \$ 36,412,477.65  |
| 43                                                 | Total Generation and Purchase Power (per books)                                | 2,320,459,996       | 1,971,872,000        | 2,060,368,999     |
| 44                                                 | Losses (kWh) (1 - Line 39) x (Line 43)                                         | 141,703,531         | 120,416,307          | 125,820,554       |
| 45                                                 | Total Generation After Losses (kWh) (Line 43-Line 44)                          | 2,178,756,465       | 1,851,455,693        | 1,934,548,445     |
| 46                                                 | kWh Billed @ meter per books                                                   | 970,427,454         | 871,926,259          | 860,614,768       |
| 47                                                 | Ratio of FPP Sales to Total Generation (Line 46/Line 45)                       | 44.54%              | 47.09%               | 44.49%            |
| 48                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 46)                      | \$ 11,962,459.23    | \$ 10,748,234.99     | \$ 10,608,798.25  |
| 49                                                 | Amount Recovered via FPP (per books)                                           | \$ 1,325,772.37     | \$ 2,219,695.99      | \$ 2,194,326.87   |
| 50                                                 | Total Fuel Costs Recovered (Line 48 + Line 49)                                 | \$ 13,288,231.60    | \$ 12,967,930.98     | \$ 12,803,125.12  |
| 51                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 42 x Line 47)          | \$ 16,850,020.93    | \$ 15,696,447.76     | \$ 16,199,911.31  |
| 52                                                 | Under/(Over) Recovery of Fuel Costs (Line 51 - Line 50)                        | \$ 3,561,789.33     | \$ 2,728,516.78      | \$ 3,396,786.19   |
| <b><u>Emissions Allowance Component (EA)</u></b>   |                                                                                |                     |                      |                   |
| 53                                                 | Retail SO2 EA Consumed (Tons)                                                  | 9,409.88            | 8,620.31             | 12,323.37         |
| 54                                                 | Inventory Rate per Ton (Rate)                                                  | \$ -                | \$ -                 | \$ 289.92         |
| 55                                                 | SO2 EA Expense (Line 53 x Line 54)                                             | \$ -                | \$ -                 | \$ 3,572,791.43   |
| 56                                                 | Total Retail Load (kWh)                                                        | 1,641,385,090       | 1,408,749,000        | 1,505,767,000     |
| 57                                                 | Incremental EA Rate (¢/kWh) (Line 55 / Line 56)                                | 0.0000              | 0.0000               | 0.2373            |
| 58                                                 | kWh Subject to FPP (Line 46)                                                   | 970,427,454         | 871,926,259          | 860,614,768       |
| 59                                                 | EA Expense Allocated to FPP (Line 57 x Line 58)                                | \$ -                | \$ -                 | \$ 2,042,238.84   |
| 60                                                 | EA Expense Recovered in Base Rates (Line 58 x 0.0128 ¢/kWh)                    | \$ 122,273.86       | \$ 109,862.71        | \$ 108,437.46     |
| 61                                                 | EA Revenue in FPP (per books)                                                  | \$ 475,793.58       | \$ 796,605.13        | \$ 787,500.85     |
| 62                                                 | Under/(Over) Recovery of EA Costs (Line 59 - Line 60 - Line 61)                | \$ (598,067.42)     | \$ (906,467.84)      | \$ 1,146,300.73   |
| <b><u>Environmental Reagent Component (ER)</u></b> |                                                                                |                     |                      |                   |
| 63                                                 | Amount Recovered in Base Rates (0.0330 ¢/kWh)                                  | \$ -                | \$ -                 | \$ -              |
| 64                                                 | ER Revenue in FPP (per books)                                                  | \$ -                | \$ -                 | \$ -              |
| 65                                                 | Total Actual Lime Costs for Quarter (per books)                                | \$ -                | \$ -                 | \$ -              |
| 66                                                 | Total Actual Ammonia Costs for Quarter (per books)                             | \$ -                | \$ -                 | \$ -              |
| 67                                                 | Total Actual ER Costs for Quarter (per books)(Line 65+ Line 66)                | \$ -                | \$ -                 | \$ -              |
| 68                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 47 x Line 67)               | \$ -                | \$ -                 | \$ -              |
| 69                                                 | Under/(Over) Recovery of ER Costs (Line 68 - Line 63 - Line 64)                | \$ -                | \$ -                 | \$ -              |
| <b><u>System Loss Component (SLA)</u></b>          |                                                                                |                     |                      |                   |
| 70                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)            | 0.0999              | 0.0999               | 0.0999            |
| 71                                                 | Total Losses Recovered in Base Rates (Line 48 x Line 70)                       | \$ 989,457.03       | \$ 871,054.33        | \$ 859,754.15     |
| 72                                                 | Actual Losses on FPP Sales (Line 38 - Line 40) x (line 47)                     | \$ 1,095,903.78     | \$ 1,042,909.07      | \$ 1,080,667.71   |
| 73                                                 | Under/(Over) Recovery of Losses (Line 72 - Line 71)                            | \$ 126,446.75       | \$ 171,854.74        | \$ 221,113.56     |
| 74                                                 | Net Under/(Over) Recovery of FPP Costs (Line 52 +Line 62 + Line 69 + Line 73)) | \$ 3,090,168.66     | \$ 1,993,903.68      | \$ 4,764,200.48   |

**Duke Energy Ohio**  
**Electric Department**  
**Calculation of Quarterly Fuel and Economy Purchased Power Component for Billing**  
**1st Quarter Changes to the Reconciliation Adjustment**  
**Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary**  
**October 2005 through December 2005**

| Line                                               | Reconciliation Adjustment (RA) (As Updated)                                     | (A)<br>January 2005 | (B)<br>February 2005 | (C)<br>March 2005 |
|----------------------------------------------------|---------------------------------------------------------------------------------|---------------------|----------------------|-------------------|
| <b><u>Fuel Component (FC)</u></b>                  |                                                                                 |                     |                      |                   |
| 38                                                 | Net Includable Fuel                                                             | \$ 40,291,703.44    | \$ 36,266,981.36     | \$ 39,783,551.55  |
| 39                                                 | Ratio Metered Sales/Generation Sales                                            | 0.938933            | 0.938933             | 0.938933          |
| 40                                                 | Fuel Cost @ Meter Sales Level (Line 38 x Line 39)                               | \$ 37,831,209.99    | \$ 34,052,246.83     | \$ 37,354,089.41  |
| 41                                                 | Coal Sales Credits (per books)                                                  | \$ -                | \$ 719,378.36        | \$ 941,611.76     |
| 42                                                 | Net Fuel Cost (Line 40 - Line 41)                                               | \$ 37,831,209.99    | \$ 33,332,868.47     | \$ 36,412,477.65  |
| 43                                                 | Total Generation and Purchase Power (per books)                                 | 2,320,459.996       | 1,971,872,000        | 2,060,368,999     |
| 44                                                 | Losses (kWh) (1 - Line 39) x (Line 43)                                          | 141,703,531         | 120,418,307          | 125,820,554       |
| 45                                                 | Total Generation After Losses (kWh) (Line 43-Line 44)                           | 2,178,756,465       | 1,851,453,693        | 1,934,548,445     |
| 46                                                 | kWh Billed @ meter per books                                                    | 970,427,454         | 871,926,259          | 860,614,768       |
| 47                                                 | Ratio of FPP Sales to Total Generation (Line 46/Line 45)                        | 44.54%              | 47.09%               | 44.49%            |
| 48                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 46)                       | \$ 11,962,459.23    | \$ 10,748,234.99     | \$ 10,608,798.25  |
| 49                                                 | Amount Recovered via FPP (per books)                                            | \$ 1,325,772.37     | \$ 2,219,695.99      | \$ 2,194,326.87   |
| 50                                                 | Total Fuel Costs Recovered (Line 48 + Line 49)                                  | \$ 13,288,231.60    | \$ 12,967,930.98     | \$ 12,803,125.12  |
| 51                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 42 x Line 47)           | \$ 18,850,020.93    | \$ 15,896,447.76     | \$ 16,199,911.31  |
| 52                                                 | Under/(Over) Recovery of Fuel Costs (Line 51 - Line 50)                         | \$ 3,561,789.33     | \$ 2,728,516.78      | \$ 3,396,786.19   |
| <b><u>Emissions Allowance Component (EA)</u></b>   |                                                                                 |                     |                      |                   |
| 53                                                 | kWh Subject to FPP (Line 46)                                                    | 970,427,454         | 871,926,259          | 860,614,768       |
| 54                                                 | EA Expense Allocated to FPP                                                     | (\$48,447.61)       | \$506,612.81         | \$2,292,745.96    |
| 55                                                 | EA Expense Recovered in Base Rates (Line 53 x 0.0126 ¢/kWh)                     | \$ 122,273.86       | \$ 109,862.71        | \$ 108,437.48     |
| 56                                                 | EA Revenue in FPP (per books)                                                   | \$ 475,793.56       | \$ 796,605.13        | \$ 787,500.66     |
| 57                                                 | Under/(Over) Recovery of EA Costs (Line 54 - Line 55 - Line 56)                 | \$ (646,515.03)     | \$ (399,855.03)      | \$ 1,396,807.85   |
| <b><u>Environmental Reagent Component (ER)</u></b> |                                                                                 |                     |                      |                   |
| 58                                                 | Amount Recovered in Base Rates (0.0330 ¢/kWh)                                   | \$ -                | \$ -                 | \$ -              |
| 59                                                 | ER Revenue in FPP (per books)                                                   | \$ -                | \$ -                 | \$ -              |
| 60                                                 | Total Actual Lime Costs for Quarter (per books)                                 | \$ -                | \$ -                 | \$ -              |
| 61                                                 | Total Actual Ammonia Costs for Quarter (per books)                              | \$ -                | \$ -                 | \$ -              |
| 62                                                 | Total Actual ER Costs for Quarter (per books)(Line 60+ Line 61)                 | \$ -                | \$ -                 | \$ -              |
| 63                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 47 x Line 62)                | \$ -                | \$ -                 | \$ -              |
| 64                                                 | Under/(Over) Recovery of ER Costs (Line 63 - Line 58 - Line 59)                 | \$ -                | \$ -                 | \$ -              |
| <b><u>System Loss Component (SLA)</u></b>          |                                                                                 |                     |                      |                   |
| 65                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)             | 0.0999              | 0.0999               | 0.0999            |
| 66                                                 | Total Losses Recovered in Base Rates (Line 46 x Line 65)                        | \$ 989,457.03       | \$ 871,054.33        | \$ 859,754.15     |
| 67                                                 | Actual Losses on FPP Sales (Line 38 - Line 40) x (line 47)                      | \$ 1,095,903.78     | \$ 1,042,909.07      | \$ 1,080,867.71   |
| 68                                                 | Under/(Over) Recovery of Losses (Line 67 - Line 66)                             | \$ 126,446.75       | \$ 171,854.74        | \$ 221,113.56     |
| 69                                                 | Net Under/(Over) Recovery of FPP Costs (Line 52 + Line 57 + Line 64 + Line 68)) | \$ 3,041,721.05     | \$ 2,500,516.49      | \$ 5,014,707.60   |
| 70                                                 | Net Under/(Over) Recovery of FPP Costs (Page 5A, Line 74)                       | \$ 3,090,168.66     | \$ 1,993,903.88      | \$ 4,764,200.48   |
| 71                                                 | Net Adjustment for 1st Quarter 2005 (Line 69 - Line 70)                         | \$ (48,447.61)      | \$ 506,612.81        | \$ 250,507.12     |
| 72                                                 | Net Adjustment (Line 71, Column A + B + C) To Page 3 Line 10                    | \$ 708,872.32       |                      |                   |

**Duke Energy Ohio**  
**Electric Department**  
**Calculation of Quarterly Fuel and Economy Purchased Power Component for Billing**  
**Reconciliation Adjustment**  
**Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary**  
**October 2006 through December 2006**

| Line                                               | Reconciliation Adjustment (RA) (As Updated)                                    | (A)<br>April 2005 | (B)<br>May 2005   | (C)<br>June 2005  |
|----------------------------------------------------|--------------------------------------------------------------------------------|-------------------|-------------------|-------------------|
| <b><u>Fuel Component (FC)</u></b>                  |                                                                                |                   |                   |                   |
| 42                                                 | Fuel Component (FC)                                                            | \$34,802,205.83   | \$32,281,356.61   | \$38,993,678.99   |
| 43                                                 | Ratio Metered Sales/Generation Sales                                           | 0.938933          | 0.938933          | 0.938933          |
| 44                                                 | Fuel Cost @Meter Sales Level (Line 42 x Line 43)                               | \$32,678,939.53   | \$30,310,031.01   | \$36,612,452.00   |
| 45                                                 | Coal Sales Margin Credits (per books current year contracts only)              | \$ (598,979.51)   | \$ 458,527.23     | \$ (81,257.45)    |
| 46                                                 | RSG Make Whole Payments                                                        | \$ (1,069,758.61) | \$ (2,388,443.66) | \$ (2,182,977.15) |
| 47                                                 | Net Fuel Cost (Line 44 + Line 45 + Line 46)                                    | \$31,010,201.41   | \$28,380,114.58   | \$34,348,217.40   |
| 48                                                 | Total Generation and Purchase Power (per books)                                | 1,700,124,331     | 1,785,444,048     | 2,264,497,089     |
| 49                                                 | Losses (kWh) (1-Line 43)*(Line 48)                                             | 103,821,493       | 109,031,712       | 138,268,044       |
| 50                                                 | Total Generation After Losses (kWh) (Line 48-Line 49)                          | 1,596,302,838     | 1,676,412,336     | 2,126,211,045     |
| 51                                                 | kWh Subject to FPP                                                             | 865,518,017       | 853,013,838       | 953,638,907       |
| 52                                                 | Ratio of FPP Sales to Total Generation (Line 51/Line 50)                       | 54.22%            | 50.88%            | 44.85%            |
| 53                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 51)                      | \$10,669,240.60   | \$10,515,101.58   | \$11,755,506.81   |
| 54                                                 | Amount Recovered via FPP (per books)                                           | \$ 3,776,178.24   | \$ 3,829,247.55   | \$ 4,288,659.78   |
| 55                                                 | Total Fuel Costs Recovered (Line 53 + Line 54)                                 | \$14,445,418.84   | \$14,344,349.13   | \$16,044,166.57   |
| 56                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 47 x Line 52)          | \$16,813,731.20   | \$14,439,802.30   | \$15,405,175.50   |
| 57                                                 | Under/(Over) Recovery of Fuel Costs (Line 56 - Line 55)                        | \$ 2,368,312.36   | \$ 85,453.17      | \$ (638,991.07)   |
| <b><u>Emissions Allowance Component (EA)</u></b>   |                                                                                |                   |                   |                   |
| 58                                                 | Retail SO2 EA Consumed (Tons)                                                  | 6,167.00          | 5,761.66          | 8,838.21          |
| 59                                                 | Inventory Rate per Ton (Rate)                                                  | \$ 362.10         | \$ 375.98         | \$ 353.51         |
| 60                                                 | SO2 EA Expense (Line 58 x Line 59)                                             | \$ 2,233,070.70   | \$ 2,168,268.93   | \$ 3,124,395.62   |
| 61                                                 | Total Retail Load (kWh)                                                        | 1,293,738,673     | 1,351,203,445     | 1,730,289,930     |
| 62                                                 | Incremental EA Rate (¢/kWh) (Line 60 / Line 61)                                | 0.1726            | 0.1603            | 0.1806            |
| 63                                                 | kWh Subject to FPP (Line 51)                                                   | 865,518,017       | 853,013,838       | 953,638,907       |
| 64                                                 | EA Expense Allocated to FPP (Line 62 x Line 63)                                | \$ 1,493,884.10   | \$ 1,367,381.18   | \$ 1,722,271.87   |
| 65                                                 | EA Expense Recovered in Base Rates (Line 63 x 0.0128 ¢/kWh)                    | \$ 109,055.27     | \$ 107,479.74     | \$ 120,158.50     |
| 66                                                 | EA Revenue in FPP (per books)                                                  | \$ 816,943.46     | \$ 828,424.55     | \$ 927,814.41     |
| 67                                                 | Under/(Over) Recovery of EA Costs (Line 64 - Line 65 - Line 66)                | \$ 567,885.37     | \$ 431,476.89     | \$ 674,298.96     |
| <b><u>Environmental Reagent Component (ER)</u></b> |                                                                                |                   |                   |                   |
| 68                                                 | Amount Recovered in Base Rates (0.0330 ¢/kWh x Line 51)                        |                   |                   |                   |
| 69                                                 | ER Revenue in FPP (per books)                                                  | \$ 131,828.04     | \$ 133,678.69     | \$ 149,716.73     |
| 70                                                 | Total Actual Lime Costs for Quarter (per books)                                |                   |                   |                   |
| 71                                                 | Total Actual Ammonia Costs for Quarter (per books)                             |                   |                   |                   |
| 72                                                 | Total Actual ER Costs for Quarter (per books) (Line 70 + Line 71)              | \$ -              | \$ -              | \$ -              |
| 73                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 62 x Line 72)               | \$ -              | \$ -              | \$ -              |
| 74                                                 | Under/(Over) Recovery of ER Costs (Line 73 - Line 68 - Line 69)                | \$ (131,828.04)   | \$ (133,678.69)   | \$ (149,716.73)   |
| <b><u>System Loss Component (SLA)</u></b>          |                                                                                |                   |                   |                   |
| 75                                                 | Losses in Base Rates (from Case No. 02-1464-EL-AIR) (cents per kWh)            | 0.0999            | 0.0999            | 0.0999            |
| 76                                                 | Total Losses Recovered in Base Rates (Line 51 x Line 75)                       | \$ 864,652.50     | \$ 852,160.82     | \$ 952,685.27     |
| 77                                                 | Actual Losses on FPP Sales ((Line 42 - Line 44) x (Line 52))                   | \$ 1,152,319.39   | \$ 1,003,010.47   | \$ 1,067,980.31   |
| 78                                                 | Under/(Over) Recovery of Losses (Line 77 - Line 76)                            | \$ 287,666.89     | \$ 150,849.65     | \$ 115,295.04     |
| 79                                                 | Net Under/(Over) Recovery of FPP Costs (Line 57 + Line 67 + Line 74 + Line 78) | \$ 3,092,038.58   | \$ 544,101.02     | \$ 888.20         |

**Duke Energy Ohio  
Electric Department**  
**Calculation of Quarterly Fuel and Economy Purchased Power Component for Billing  
Reconciliation Adjustment**  
**Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary**  
**October 2005 through December 2006**

| Line                                        | Reconciliation Adjustment (RA) (As Updated)                                    | (A)<br>April 2005 | (B)<br>May 2005   | (C)<br>June 2005  |
|---------------------------------------------|--------------------------------------------------------------------------------|-------------------|-------------------|-------------------|
| <b>Fuel Component (FC)</b>                  |                                                                                |                   |                   |                   |
| 42                                          | Fuel Component (FC)                                                            | \$34,802,205.83   | \$32,281,358.81   | \$38,993,678.89   |
| 43                                          | Ratio Metered Sales/Generation Sales                                           | 0.938933          | 0.938933          | 0.938933          |
| 44                                          | Fuel Cost @ Meter Sales Level (Line 42 x Line 43)                              | \$32,876,939.53   | \$30,310,031.01   | \$36,612,452.00   |
| 45                                          | Coal Sales Margin Credits (per books current year contracts only)              | \$ (598,979.51)   | \$ 458,527.23     | \$ (81,257.45)    |
| 46                                          | RSG Make Whole Payments                                                        | \$ (1,085,269.26) | \$ (2,155,065.85) | \$ (2,216,379.50) |
| 47                                          | Net Fuel Cost (Line 44 + Line 45 + Line 46)                                    | \$30,994,690.76   | \$28,613,492.39   | \$34,314,815.05   |
| 48                                          | Total Generation and Purchase Power (per books)                                | 1,700,124,331     | 1,785,444,048     | 2,284,497,089     |
| 49                                          | Losses (kWh) (1-Line 43)*(Line 48)                                             | 103,821,493       | 109,031,712       | 138,286,044       |
| 50                                          | Total Generation After Losses (kWh) (Line 48-Line 49)                          | 1,596,302,838     | 1,676,412,336     | 2,126,211,045     |
| 51                                          | kWh Subject to FPP                                                             | 865,518,017       | 853,013,838       | 953,638,907       |
| 52                                          | Ratio of FPP Sales to Total Generation (Line 51/Line 50)                       | 54.22%            | 50.88%            | 44.85%            |
| 53                                          | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 51)                      | \$ 10,869,240.60  | \$ 10,515,101.58  | \$ 11,755,506.81  |
| 54                                          | Amount Recovered via FPP (per books)                                           | \$ 3,776,178.24   | \$ 3,829,247.55   | \$ 4,288,659.78   |
| 55                                          | Total Fuel Costs Recovered (Line 53 + Line 54)                                 | \$ 14,445,418.84  | \$ 14,344,349.13  | \$ 16,044,166.57  |
| 56                                          | Total Actual Fuel Costs Attributable to FPP Sales (Line 47 x Line 52)          | \$ 16,805,321.33  | \$ 14,558,544.93  | \$ 15,390,194.55  |
| 57                                          | Under/(Over) Recovery of Fuel Costs (Line 56 - Line 55)                        | \$ 2,359,902.49   | \$ 214,195.80     | \$ (653,972.02)   |
| <b>Emissions Allowance Component (EA)</b>   |                                                                                |                   |                   |                   |
| 58                                          | kWh Subject to FPP (Line 51)                                                   | 865,518,017       | 853,013,838       | 953,638,907       |
| 59                                          | EA Expense Allocated to FPP                                                    | \$1,344,119.90    | \$1,526,113.90    | \$2,174,488.49    |
| 60                                          | EA Expense Recovered in Base Rates (Line 58 x 0.0126 ¢/kWh)                    | \$ 109,055.27     | \$ 107,479.74     | \$ 120,158.50     |
| 61                                          | EA Revenue in FPP (per books)                                                  | \$ 816,943.46     | \$ 828,424.55     | \$ 927,814.41     |
| 62                                          | Under/(Over) Recovery of EA Costs (Line 59 - Line 60 - Line 61)                | \$ 418,121.17     | \$ 590,209.61     | \$ 1,126,495.58   |
| <b>Environmental Reagent Component (ER)</b> |                                                                                |                   |                   |                   |
| 63                                          | Amount Recovered in Base Rates (0.0330 ¢/kWh x Line 51)                        |                   |                   |                   |
| 64                                          | ER Revenue in FPP (per books)                                                  | \$ 131,826.04     | \$ 133,878.69     | \$ 149,716.73     |
| 65                                          | Total Actual Lime Costs for Quarter (per books)                                |                   |                   |                   |
| 66                                          | Total Actual Ammonia Costs for Quarter (per books)                             |                   |                   |                   |
| 67                                          | Total Actual ER Costs for Quarter (per books) (Line 65 + Line 66)              | \$ -              | \$ -              | \$ -              |
| 68                                          | Total Actual ER Costs Allocated to FPP Sales (Line 52 x Line 67)               | \$ -              | \$ -              | \$ -              |
| 69                                          | Under/(Over) Recovery of ER Costs (Line 68 - Line 63 - Line 64)                | \$ (131,826.04)   | \$ (133,878.69)   | \$ (149,716.73)   |
| <b>System Loss Component (SLA)</b>          |                                                                                |                   |                   |                   |
| 70                                          | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)            | 0.0989            | 0.0999            | 0.0999            |
| 71                                          | Total Losses Recovered in Base Rates (Line 51 x Line 70)                       | \$ 864,652.50     | \$ 852,160.82     | \$ 952,685.27     |
| 72                                          | Actual Losses on FPP Sales ((Line 42 - Line 44) x (line 52))                   | \$ 1,152,319.39   | \$ 1,003,010.47   | \$ 1,087,980.31   |
| 73                                          | Under/(Over) Recovery of Losses (Line 72 - Line 71)                            | \$ 287,666.89     | \$ 150,849.65     | \$ 115,295.04     |
| 74                                          | Net Under/(Over) Recovery of FPP Costs (Line 57 + Line 62 + Line 69 + Line 73) | \$ 2,933,884.51   | \$ 821,576.37     | \$ 438,101.87     |
| 75                                          | Net Under/(Over) Recovery of FPP Costs (Page 5C, Line 79)                      | \$ 3,092,038.58   | \$ 544,101.02     | \$ 886.20         |
| 76                                          | Net Adjustment for 2nd Quarter 2005 (Line 74 - Line 75)                        | \$ (158,174.07)   | \$ 277,475.35     | \$ 437,216.67     |
| 77                                          | Net Adjustment (Line 76, Column A + B + C) To Page 3 Line 11                   | \$ 556,516.95     |                   |                   |

## Duke Energy Ohio

## Electric Department

## Calculation of Quarterly Fuel and Economy Purchased Power Component for Billing

## Reconciliation Adjustment

Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary  
October 2006 through December 2006

Page 5E of 5

| Line                                               | Reconciliation Adjustment (RA)                                                   | (A)<br>July 2005  | (B)<br>August 2005 | (C)<br>September 2005 |
|----------------------------------------------------|----------------------------------------------------------------------------------|-------------------|--------------------|-----------------------|
| <b>Fuel Component (FC)</b>                         |                                                                                  |                   |                    |                       |
| 42                                                 | Net Includable Fuel                                                              | \$ 51,123,628.01  | \$ 56,654,289.49   | \$ 44,412,135.83      |
| 43                                                 | Ratio Metered Sales/Generation Sales                                             | 0.938933          | 0.938933           | 0.938933              |
| 44                                                 | Fuel Cost @ Meter Sales Level (Line 42 x Line 43)                                | \$ 48,001,662.36  | \$ 53,194,563.22   | \$ 41,700,019.93      |
| 45                                                 | Coal Sales Margin Credits (per books current year contracts only)                | \$ (1,221,662.54) | \$ (1,168,712.07)  | \$ (1,853,156.82)     |
| 46                                                 | RSG Make Whole Payments                                                          | \$ (925,719.41)   | \$ (1,343,670.80)  | \$ (1,217,540.23)     |
| 47                                                 | Net Fuel Cost (Line 44 + Line 45 + Line 46)                                      | \$ 45,854,280.41  | \$ 50,682,180.35   | \$ 38,629,322.88      |
| 48                                                 | Total Generation and Purchase Power (per books)                                  | 2,444,566,065     | 2,496,526,048      | 2,053,534,051         |
| 49                                                 | Losses (kWh) (1-Line 43)*(Line 48)                                               | 149,282,316       | 152,455,356        | 125,403,164           |
| 50                                                 | Total Generation After Losses (kWh) (Line 48-Line 49)                            | 2,295,283,749     | 2,344,070,693      | 1,928,130,887         |
| 51                                                 | kWh Subject to FPP                                                               | 1,002,821,249     | 1,037,060,410      | 1,016,950,570         |
| 52                                                 | Ratio of FPP Sales to Total Generation (Line 51/Line 50)                         | 43.69%            | 44.24%             | 52.74%                |
| 53                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 51)                        | \$ 12,361,777.54  | \$ 12,783,843.67   | \$ 12,535,949.68      |
| 54                                                 | Amount Recovered via FPP (per books)                                             | \$ 6,078,916.71   | \$ 6,292,918.90    | \$ 6,086,200.64       |
| 55                                                 | Total Fuel Costs Recovered (Line 53 + Line 54)                                   | \$ 18,440,694.25  | \$ 19,076,762.57   | \$ 18,622,150.22      |
| 56                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 47 x Line 52)            | \$ 20,033,735.11  | \$ 22,421,796.69   | \$ 20,373,104.89      |
| 57                                                 | Under/(Over) Recovery of Fuel Costs (Line 56 - Line 55)                          | \$ 1,593,040.86   | \$ 3,345,034.02    | \$ 1,750,954.67       |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                   |                    |                       |
| 58                                                 | Retail SO2 EA Consumed (Tons)                                                    | 9,431.37          | 9,672.48           | 7,548.35              |
| 59                                                 | Inventory Rate per Ton (Rate)                                                    | \$ 329.00         | \$ 402.72          | \$ 399.54             |
| 60                                                 | SO2 EA Expense (Line 58 x Line 59)                                               | \$ 3,102,920.07   | \$ 3,895,294.30    | \$ 3,015,868.16       |
| 61                                                 | Total Retail Load (kWh)                                                          | 1,607,497,873     | 1,946,470,501      | 1,602,069,976         |
| 62                                                 | Incremental EA Rate (¢/kWh) (Line 60 / Line 61)                                  | 0.1627            | 0.2001             | 0.1882                |
| 63                                                 | kWh Subject to FPP (Line 51)                                                     | 1,002,821,249     | 1,037,060,410      | 1,016,950,570         |
| 64                                                 | EA Expense Allocated to FPP (Line 62 x Line 63)                                  | \$ 1,631,590.17   | \$ 2,075,157.88    | \$ 1,913,900.97       |
| 65                                                 | EA Expense Recovered in Base Rates (Line 63 x 0.0126 ¢/kWh)                      | \$ 128,355.48     | \$ 130,569.61      | \$ 128,135.77         |
| 66                                                 | EA Revenue in FPP (per books)                                                    | \$ 2,405,768.55   | \$ 2,490,461.33    | \$ 2,408,651.27       |
| 67                                                 | Under/(Over) Recovery of EA Costs (Line 64 - Line 65 - Line 66)                  | \$ (900,633.96)   | \$ (645,973.06)    | \$ (622,886.07)       |
| <b>Environmental Reagent Component (ER)</b>        |                                                                                  |                   |                    |                       |
| 68                                                 | Amount Recovered in Base Rates (0.0330 ¢/kWh x Line 51)                          | \$ -              | \$ -               | \$ -                  |
| 69                                                 | ER Revenue in FPP (per books)                                                    | \$ 77,803.58      | \$ 80,542.58       | \$ 77,896.81          |
| 70                                                 | Total Actual Lime Costs for Quarter (per books)                                  | \$ -              | \$ -               | \$ -                  |
| 71                                                 | Total Actual Ammonia Costs for Quarter (per books)                               | \$ -              | \$ -               | \$ -                  |
| 72                                                 | Total Actual ER Costs for Quarter (per books) (Line 70 + Line 71)                | \$ -              | \$ -               | \$ -                  |
| 73                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 52 x Line 72)                 | \$ -              | \$ -               | \$ -                  |
| 74                                                 | Under/(Over) Recovery of ER Costs (Line 73 - Line 68 - Line 69)                  | \$ (77,803.58)    | \$ (80,542.58)     | \$ (77,896.81)        |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                   |                    |                       |
| 75                                                 | RA Amount from 4th Quarter Filing (spread evenly)                                | \$ 1,407,789.33   | \$ 1,407,789.33    | \$ 1,407,789.34       |
| 76                                                 | Actual RA recovery through FPP                                                   | \$ 1,476,220.60   | \$ 1,528,189.48    | \$ 1,477,989.42       |
| 77                                                 | Under/(Over) Recovery of RA (Line 75 - Line 76)                                  | \$ (68,431.27)    | \$ (120,400.13)    | \$ (70,200.08)        |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                   |                    |                       |
| 78                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)              | 0.0999            | 0.0999             | 0.0999                |
| 79                                                 | Total Losses Recovered in Base Rates (Line 51 x Line 78)                         | \$ 1,001,818.43   | \$ 1,036,023.35    | \$ 1,015,933.62       |
| 80                                                 | Actual SLA recovery through FPP                                                  | \$ 198,603.88     | \$ 205,595.53      | \$ 198,841.85         |
| 81                                                 | Actual Losses on FPP Sales ((Line 42 - Line 44) x (line 52))                     | \$ 1,363,987.23   | \$ 1,530,574.05    | \$ 1,430,368.93       |
| 82                                                 | Under/(Over) Recovery of Losses (Line 81 - Line 79 - Line 80)                    | \$ 163,564.92     | \$ 288,956.17      | \$ 215,594.46         |
| 83                                                 | Net Under/(Over) Recovery of FPP Costs (Line 57+Line 67+Line 74+Line 77+Line 82) | \$ 709,836.97     | \$ 2,887,073.42    | \$ 1,195,566.17       |

**Duke Energy Ohio  
Electric Department**

**Calculation of Quarterly Fuel and Economy Purchased Power Component for Billing**

**Reconciliation Adjustment**

**Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary**

**October 2005 through December 2005**

**Page 5F of 5**

| Line                                               | Reconciliation Adjustment (RA)                                                   | (A)<br>July 2005  | (B)<br>August 2005 | (C)<br>September 2005 |
|----------------------------------------------------|----------------------------------------------------------------------------------|-------------------|--------------------|-----------------------|
| <b>Fuel Component (FC)</b>                         |                                                                                  |                   |                    |                       |
| 42                                                 | Net Includable Fuel                                                              | \$ 51,123,829.01  | \$ 56,654,269.49   | \$ 44,412,135.83      |
| 43                                                 | Ratio Metered Sales/Generation Sales                                             | 0.938933          | 0.938933           | 0.938933              |
| 44                                                 | Fuel Cost @Meter Sales Level (Line 42 x Line 43)                                 | \$ 48,001,682.36  | \$ 53,194,583.22   | \$ 41,700,019.93      |
| 45                                                 | Coal Sales Margin Credits (per books current year contracts only)                | \$ (1,221,662.54) | \$ (580,409.07)    | \$ (1,656,693.82)     |
| 46                                                 | RSG Make Whole Payments                                                          | \$ (925,719.41)   | \$ (1,343,670.80)  | \$ (1,217,540.23)     |
| 47                                                 | Net Fuel Cost (Line 44 + Line 45 + Line 46)                                      | \$ 46,854,280.41  | \$ 51,270,483.35   | \$ 38,825,785.86      |
| 48                                                 | Total Generation and Purchase Power (per books)                                  | 2,444,568,065     | 2,496,525,049      | 2,053,534,051         |
| 49                                                 | Losses (kWh) (1-Line 43)*(Line 48)                                               | 149,282,318       | 152,455,356        | 125,403,164           |
| 50                                                 | Total Generation After Losses (kWh) (Line 48-Line 49)                            | 2,295,283,749     | 2,344,070,693      | 1,928,130,887         |
| 51                                                 | kWh Subject to FPP                                                               | 1,002,821,249     | 1,037,060,410      | 1,016,950,570         |
| 52                                                 | Ratio of FPP Sales to Total Generation (Line 51/Line 50)                         | 43.69%            | 44.24%             | 52.74%                |
| 53                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 51)                        | \$ 12,361,777.54  | \$ 12,783,843.67   | \$ 12,535,949.68      |
| 54                                                 | Amount Recovered via FPP (per books)                                             | \$ 6,078,916.71   | \$ 6,292,918.90    | \$ 6,086,200.54       |
| 55                                                 | Total Fuel Costs Recovered (Line 53 + Line 54)                                   | \$ 18,440,694.25  | \$ 19,076,762.57   | \$ 18,622,150.22      |
| 56                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 47 x Line 52)            | \$ 20,033,735.11  | \$ 22,682,061.83   | \$ 20,476,719.47      |
| 57                                                 | Under/(Over) Recovery of Fuel Costs (Line 56 - Line 55)                          | \$ 1,593,040.86   | \$ 3,605,299.26    | \$ 1,854,569.25       |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                   |                    |                       |
| 58                                                 | kWh Subject to FPP (Line 51)                                                     | 1,002,821,249     | 1,037,060,410      | 1,016,950,570         |
| 59                                                 | EA Expense Allocated to FPP                                                      | \$2,031,142.71    | \$2,472,719.24     | \$2,025,527.12        |
| 60                                                 | EA Expense Recovered in Base Rates (Line 58 x 0.0126 ¢/kWh)                      | \$ 128,355.48     | \$ 130,669.61      | \$ 128,135.77         |
| 61                                                 | EA Revenue in FPP (per books)                                                    | \$ 2,405,788.65   | \$ 2,490,461.33    | \$ 2,408,651.27       |
| 62                                                 | Under/(Over) Recovery of EA Costs (Line 59 - Line 60 - Line 61)                  | \$ (600,981.42)   | \$ (148,411.70)    | \$ (511,259.92)       |
| <b>Environmental Reagent Component (ER)</b>        |                                                                                  |                   |                    |                       |
| 63                                                 | Amount Recovered in Base Rates (0.0330 ¢/kWh x Line 51)                          | \$ -              | \$ -               | \$ -                  |
| 64                                                 | ER Revenue in FPP (per books)                                                    | \$ 77,803.58      | \$ 80,542.58       | \$ 77,896.81          |
| 65                                                 | Total Actual Lime Costs for Quarter (per books)                                  | \$ -              | \$ -               | \$ -                  |
| 66                                                 | Total Actual Ammonia Costs for Quarter (per books)                               | \$ -              | \$ -               | \$ -                  |
| 67                                                 | Total Actual ER Costs for Quarter (per books) (Line 64 + Line 65)                | \$ -              | \$ -               | \$ -                  |
| 68                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 52 x Line 67)                 | \$ -              | \$ -               | \$ -                  |
| 69                                                 | Under/(Over) Recovery of ER Costs (Line 68 - Line 63 - Line 64)                  | \$ (77,803.58)    | \$ (80,542.58)     | \$ (77,896.81)        |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                   |                    |                       |
| 70                                                 | RA Amount from 4th Quarter Filing (spread evenly)                                | \$ 1,407,789.33   | \$ 1,407,789.33    | \$ 1,407,789.34       |
| 71                                                 | Actual RA recovery through FPP                                                   | \$ 1,476,220.60   | \$ 1,528,189.46    | \$ 1,477,989.42       |
| 72                                                 | Under/(Over) Recovery of RA (Line 70 - Line 71)                                  | \$ (68,431.27)    | \$ (120,400.13)    | \$ (70,200.08)        |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                   |                    |                       |
| 73                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)              | 0.0999            | 0.0999             | 0.0999                |
| 74                                                 | Total Losses Recovered in Base Rates (Line 51 x Line 73)                         | \$ 1,001,818.43   | \$ 1,036,023.35    | \$ 1,015,933.62       |
| 75                                                 | Actual SLA recovery through FPP                                                  | \$ 198,603.88     | \$ 205,595.53      | \$ 198,841.85         |
| 76                                                 | Actual Losses on FPP Sales ((Line 42 - Line 44) x (line 52))                     | \$ 1,363,987.23   | \$ 1,530,574.05    | \$ 1,430,369.93       |
| 77                                                 | Under/(Over) Recovery of Losses (Line 76 - Line 75 - Line 74)                    | \$ 163,564.92     | \$ 288,955.17      | \$ 215,594.48         |
| 78                                                 | Net Under/(Over) Recovery of FPP Costs (Line 57+Line 62+Line 69+Line 72+Line 77) | \$ 1,109,389.51   | \$ 3,544,900.02    | \$ 1,410,806.90       |
| 79                                                 | Net Under/(Over) Recovery of FPP Costs (Page 5E, Line 83)                        | \$ 708,836.97     | \$ 2,887,073.42    | \$ 1,195,566.17       |
| 80                                                 | Net Adjustment for 2nd Quarter 2005 (Line 78 - Line 79)                          | \$ 399,552.54     | \$ 657,826.60      | \$ 215,240.73         |
| 81                                                 | Net Adjustment (Line 80, Column A + B + C) To Page 3 Line 12                     | \$ 1,272,619.87   |                    |                       |

Calculation of Quarterly Fuel and Economy Purchased Power Component for Billing  
Reconciliation Adjustment  
Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary  
October 2005 through December 2005

| Line                                               | Reconciliation Adjustment (RA)                                                   | (A)<br>October 2005 | (B)<br>November 2005 | (C)<br>December 2005 |
|----------------------------------------------------|----------------------------------------------------------------------------------|---------------------|----------------------|----------------------|
| <b>Fuel Component (FC)</b>                         |                                                                                  |                     |                      |                      |
| 42                                                 | Net Includable Fuel                                                              | \$ 35,229,075.36    | \$ 33,909,947.86     | \$ 47,747,593.31     |
| 43                                                 | Ratio Metered Sales/Generation Sales                                             | 0.938933            | 0.938933             | 0.938933             |
| 44                                                 | Fuel Cost @ Meter Sales Level (Line 42 x Line 43)                                | \$ 33,077,741.41    | \$ 31,839,169.07     | \$ 44,831,791.03     |
| 45                                                 | Coal Sales Margin Credits (per books current year contracts only)                | \$ (2,100,593.65)   | \$ (2,478,960.14)    | \$ (3,273,358.04)    |
| 46                                                 | RSG Make Whole Payments                                                          | \$ (637,209.65)     | \$ (753,920.81)      | \$ (663,692.23)      |
| 47                                                 | Net Fuel Cost (Line 44 + Line 45 + Line 46)                                      | \$ 30,339,938.11    | \$ 28,608,288.12     | \$ 40,894,742.76     |
| 48                                                 | Total Generation and Purchase Power (per books)                                  | 1,802,350,251       | 1,813,538,577        | 2,273,546,059        |
| 49                                                 | Losses (kWh) (1-Line 43)*(Line 48)                                               | 110,064,123         | 110,747,360          | 138,838,837          |
| 50                                                 | Total Generation After Losses (kWh) (Line 48-Line 49)                            | 1,692,286,128       | 1,702,791,217        | 2,134,707,222        |
| 51                                                 | kWh Subject to FPP                                                               | 924,155,524         | 860,802,285          | 925,531,826          |
| 52                                                 | Ratio of FPP Sales to Total Generation (Line 51/Line 50)                         | 54.61%              | 50.55%               | 43.38%               |
| 53                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 51)                        | \$ 11,392,065.14    | \$ 10,611,109.77     | \$ 11,409,030.82     |
| 54                                                 | Amount Recovered via FPP (per books)                                             | \$ 5,358,769.18     | \$ 5,012,134.18      | \$ 5,367,275.33      |
| 55                                                 | Total Fuel Costs Recovered (Line 53 + Line 54)                                   | \$ 16,748,834.32    | \$ 15,623,243.93     | \$ 16,776,306.15     |
| 56                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 47 x Line 52)            | \$ 16,568,640.20    | \$ 14,460,478.64     | \$ 17,731,980.48     |
| 57                                                 | Under/(Over) Recovery of Fuel Costs (Line 56 - Line 55)                          | \$ (180,194.12)     | \$ (1,162,765.29)    | \$ 955,654.31        |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                     |                      |                      |
| 58                                                 | Retail SO2 EA Consumed (Tons)                                                    | 6,311.97            | 6,236.29             | 7,910.90             |
| 59                                                 | Inventory Rate per Ton (Rate)                                                    | \$ 384.90           | \$ 376.03            | \$ 458.37            |
| 60                                                 | SO2 EA Expense (Line 58 x Line 59)                                               | \$ 2,429,476.87     | \$ 2,345,033.26      | \$ 3,626,117.86      |
| 61                                                 | Total Retail Load (kWh)                                                          | 1,406,777,384       | 1,420,032,095        | 1,739,172,187        |
| 62                                                 | Incremental EA Rate (¢/kWh) (Line 60 / Line 61)                                  | 0.1727              | 0.1651               | 0.2085               |
| 63                                                 | kWh Subject to FPP (Line 51)                                                     | 924,155,524         | 860,802,285          | 925,531,826          |
| 64                                                 | EA Expense Allocated to FPP (Line 62 x Line 63)                                  | \$ 1,596,016.59     | \$ 1,421,184.57      | \$ 1,929,733.86      |
| 65                                                 | EA Expense Recovered in Base Rates (Line 63 x 0.0126 ¢/kWh)                      | \$ 118,443.60       | \$ 108,461.09        | \$ 116,617.01        |
| 66                                                 | EA Revenue in FPP (per books)                                                    | \$ 1,817,047.66     | \$ 1,700,145.43      | \$ 1,820,611.41      |
| 67                                                 | Under/(Over) Recovery of EA Costs (Line 64 - Line 65 - Line 66)                  | \$ (337,474.67)     | \$ (387,421.95)      | \$ (7,494.56)        |
| <b>Environmental Reagent Component (ER)</b>        |                                                                                  |                     |                      |                      |
| 68                                                 | Amount Recovered in Base Rates (0.0330 ¢/kWh x Line 51)                          | \$ -                | \$ -                 | \$ -                 |
| 69                                                 | ER Revenue in FPP (per books)                                                    | \$ 140,856.41       | \$ 131,794.22        | \$ 141,132.67        |
| 70                                                 | Total Actual Lime Costs for Quarter (per books)                                  | \$ -                | \$ -                 | \$ -                 |
| 71                                                 | Total Actual Ammonia Costs for Quarter (per books)                               | \$ -                | \$ -                 | \$ -                 |
| 72                                                 | Total Actual ER Costs for Quarter (per books) (Line 70 + Line 71)                | \$ -                | \$ -                 | \$ -                 |
| 73                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 52 x Line 72)                 | \$ -                | \$ -                 | \$ -                 |
| 74                                                 | Under/(Over) Recovery of ER Costs (Line 73 - Line 68 - Line 69)                  | \$ (140,856.41)     | \$ (131,794.22)      | \$ (141,132.67)      |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                     |                      |                      |
| 75                                                 | RA Amount from 4th Quarter Filing (spread evenly)                                | \$ 5,379,812.38     | \$ 5,379,812.38      | \$ 5,379,812.39      |
| 76                                                 | Actual RA recovery through FPP                                                   | \$ 6,603,348.38     | \$ 6,178,513.00      | \$ 6,616,299.44      |
| 77                                                 | Under/(Over) Recovery of RA (Line 75 - Line 76)                                  | \$ (1,223,536.00)   | \$ (798,700.62)      | \$ (1,236,487.05)    |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                     |                      |                      |
| 78                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)              | 0.0999              | 0.0999               | 0.0999               |
| 79                                                 | Total Losses Recovered in Base Rates (Line 51 x Line 78)                         | \$ 923,231.37       | \$ 859,941.48        | \$ 924,606.29        |
| 80                                                 | Actual SLA recovery through FPP                                                  | \$ 167,619.12       | \$ 156,835.12        | \$ 167,947.67        |
| 81                                                 | Actual Losses on FPP Sales ((Line 42 - Line 44) x (line 52))                     | \$ 1,174,843.47     | \$ 1,046,778.68      | \$ 1,264,291.87      |
| 82                                                 | Under/(Over) Recovery of Losses (Line 81 - Line 79 - Line 80)                    | \$ 83,982.98        | \$ 30,002.08         | \$ 171,737.71        |
| 83                                                 | Net Under/(Over) Recovery of FPP Costs (Line 57+Line 67+Line 74+Line 77+Line 82) | \$ (1,798,068.22)   | \$ (2,450,680.00)    | \$ (257,722.28)      |

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Electric Department**

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**Calculation of Quarterly Fuel and Economy Purchased Power Component for Billing  
Reconciliation Adjustment  
Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary  
October 2005 through December 2005**

| Line                                               | Reconciliation Adjustment (RA)                                                   | (A)<br>October 2005 | (B)<br>November 2005 | (C)<br>December 2005 |
|----------------------------------------------------|----------------------------------------------------------------------------------|---------------------|----------------------|----------------------|
| <b>Fuel Component (FC)</b>                         |                                                                                  |                     |                      |                      |
| 42                                                 | Net Includable Fuel                                                              | \$ 35,229,075.36    | \$ 33,909,947.86     | \$ 45,550,340.01     |
| 43                                                 | Ratio Metered Sales/Generation Sales                                             | 0.938933            | 0.938933             | 0.938933             |
| 44                                                 | Fuel Cost @ Meter Sales Level (Line 42 x Line 43)                                | \$ 33,077,741.41    | \$ 31,839,169.07     | \$ 42,768,717.40     |
| 45                                                 | Coal Sales Margin Credits (per books current year contracts only)                | \$ (1,768,507.65)   | \$ (2,260,797.64)    | \$ (3,109,443.54)    |
| 46                                                 | RSG Make Whole Payments                                                          | \$ (637,209.65)     | \$ (753,920.81)      | \$ (883,892.23)      |
| 47                                                 | Net Fuel Cost (Line 44 + Line 45 + Line 46)                                      | \$ 30,672,024.11    | \$ 28,824,450.62     | \$ 38,895,581.63     |
| 48                                                 | Total Generation and Purchase Power (per books)                                  | 1,802,350,251       | 1,813,538,577        | 2,216,872,481        |
| 49                                                 | Losses (kWh) (1-Line 43)*(Line 48)                                               | 110,064,123         | 110,747,360          | 135,377,752          |
| 50                                                 | Total Generation After Losses (kWh) (Line 48-Line 49)                            | 1,692,286,128       | 1,702,791,217        | 2,081,494,729        |
| 51                                                 | kWh Subject to FPP                                                               | 924,155,524         | 860,802,285          | 925,531,826          |
| 52                                                 | Ratio of FPP Sales to Total Generation (Line 51/Line 50)                         | 54.61%              | 50.55%               | 44.48%               |
| 53                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 51))                       | \$ 11,392,066.14    | \$ 10,611,109.77     | \$ 11,409,030.82     |
| 54                                                 | Amount Recovered via FPP (per books)                                             | \$ 5,358,769.18     | \$ 5,012,134.16      | \$ 5,367,275.33      |
| 55                                                 | Total Fuel Costs Recovered (Line 53 + Line 54)                                   | \$ 16,748,834.32    | \$ 15,623,243.93     | \$ 16,776,306.15     |
| 56                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 47 x Line 52)            | \$ 16,748,992.37    | \$ 14,570,769.79     | \$ 17,337,435.59     |
| 57                                                 | Under/(Over) Recovery of Fuel Costs (Line 56 - Line 55)                          | \$ 1,158.05         | \$ (1,052,484.14)    | \$ 561,129.44        |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                     |                      |                      |
| 58                                                 | kWh Subject to FPP (Line 51)                                                     | 924,155,524         | 860,802,285          | 925,531,826          |
| 59                                                 | EA Expense Allocated to FPP                                                      | \$1,833,408.57      | \$1,846,811.20       | \$2,099,013.70       |
| 60                                                 | EA Expense Recovered in Base Rates (Line 58 x 0.0126 ¢/kWh)                      | \$ 116,443.60       | \$ 108,461.09        | \$ 118,617.01        |
| 61                                                 | EA Revenue in FPP (per books)                                                    | \$ 1,817,047.66     | \$ 1,700,145.43      | \$ 1,820,611.41      |
| 62                                                 | Under/(Over) Recovery of EA Costs (Line 59 - Line 60 - Line 61)                  | \$ (100,082.69)     | \$ 38,204.68         | \$ 161,785.28        |
| <b>Environmental Reagent Component (ER)</b>        |                                                                                  |                     |                      |                      |
| 63                                                 | Amount Recovered in Base Rates (0.0330 ¢/kWh x Line 51)                          | \$ -                | \$ -                 | \$ -                 |
| 64                                                 | ER Revenue in FPP (per books)                                                    | \$ 140,856.41       | \$ 131,794.22        | \$ 141,132.67        |
| 65                                                 | Total Actual Line Costs for Quarter (per books)                                  | \$ -                | \$ -                 | \$ -                 |
| 66                                                 | Total Actual Ammonia Costs for Quarter (per books)                               | \$ -                | \$ -                 | \$ -                 |
| 67                                                 | Total Actual ER Costs for Quarter (per books) (Line 65 + Line 66)                | \$ -                | \$ -                 | \$ -                 |
| 68                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 62 x Line 67)                 | \$ -                | \$ -                 | \$ -                 |
| 69                                                 | Under/(Over) Recovery of ER Costs (Line 68 - Line 63 - Line 64)                  | \$ (140,856.41)     | \$ (131,794.22)      | \$ (141,132.67)      |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                     |                      |                      |
| 70                                                 | RA Amount from 4th Quarter Filing (spread evenly)                                | \$ 5,379,812.38     | \$ 5,379,812.38      | \$ 5,379,812.39      |
| 71                                                 | Actual RA recovery through FPP                                                   | \$ 6,603,348.38     | \$ 6,178,513.00      | \$ 6,616,299.44      |
| 72                                                 | Under/(Over) Recovery of RA (Line 70 - Line 71)                                  | \$ (1,223,536.00)   | \$ (798,700.62)      | \$ (1,236,487.05)    |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                     |                      |                      |
| 73                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)              | 0.0999              | 0.0999               | 0.0999               |
| 74                                                 | Total Losses Recovered in Base Rates (Line 51 x Line 73)                         | \$ 923,231.37       | \$ 859,941.48        | \$ 924,808.29        |
| 75                                                 | Actual SLA recovery through FPP                                                  | \$ 167,619.12       | \$ 156,835.12        | \$ 167,947.87        |
| 76                                                 | Actual Losses on FPP Sales ((Line 42 - Line 44) x (line 52))                     | \$ 1,174,843.47     | \$ 1,046,778.68      | \$ 1,236,709.41      |
| 77                                                 | Under/(Over) Recovery of Losses (Line 76 - Line 74 - Line 75)                    | \$ 83,992.98        | \$ 30,002.08         | \$ 144,155.25        |
| 78                                                 | Net Under/(Over) Recovery of FPP Costs (Line 57+Line 62+Line 69+Line 72+Line 77) | \$ (1,379,324.07)   | \$ (1,914,772.22)    | \$ (510,549.75)      |
| 79                                                 | Net Under/(Over) Recovery of FPP Costs (Page 5G, Line 82)                        | \$ (1,798,068.22)   | \$ (2,450,680.00)    | \$ (257,722.26)      |
| 80                                                 | Net Adjustment for 2nd Quarter 2005 (Line 78 - Line 79)                          | \$ 418,744.15       | \$ 535,907.78        | \$ (252,827.49)      |
| 81                                                 | Net Adjustment (Line 80, Column A + B + C) To Page 3 Line 13                     | \$ 701,824.44       |                      |                      |

Duke Energy Ohio  
Electric Department  
Calculation of Quarterly Fuel and Economy Purchased Power Component for Billing  
Reconciliation Adjustment  
Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary  
October 2008 through December 2008

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| Line                                               | Reconciliation Adjustment (RA)                                                   | January 2008      | Residential<br>January 2008 | Non-Residential<br>January 2008 | Voltage<br>Reduction<br>January 2008 |
|----------------------------------------------------|----------------------------------------------------------------------------------|-------------------|-----------------------------|---------------------------------|--------------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                                  |                   |                             |                                 |                                      |
| 1                                                  | Net Includable Fuel                                                              | \$ 34,631,026.73  | \$ 34,631,026.73            | \$ 34,631,026.73                | \$ 34,631,026.73                     |
| 2                                                  | Ratio Metered Sales/Generation Sales                                             | 0.938933          | 0.938933                    | 0.938933                        | 0.938933                             |
| 3                                                  | Fuel Cost @ Meter Sales Level (Line 1 x Line 2)                                  | \$ 32,516,212.88  | \$ 32,516,212.88            | \$ 32,516,212.88                | \$ 32,516,212.88                     |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)                | \$ 77,708.30      | \$ 77,708.30                | \$ 77,708.30                    | \$ 77,708.30                         |
| 5                                                  | RSG Make Whole Payments                                                          | \$ (388,061.98)   | \$ (388,061.98)             | \$ (388,061.98)                 | \$ (388,061.98)                      |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                         | \$ 32,205,857.20  | \$ 32,205,857.20            | \$ 32,205,857.20                | \$ 32,205,857.20                     |
| 7                                                  | Total Generation and Purchase Power (per books)                                  | 1,749,252,225     | 1,749,252,225               | 1,749,252,225                   | 1,749,252,225                        |
| 8                                                  | Losses (kWh) (1-Line 2) (Line 7)                                                 | 106,821,586       | 106,821,586                 | 106,821,586                     | 106,821,586                          |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                              | 1,642,430,639     | 1,642,430,639               | 1,642,430,639                   | 1,642,430,639                        |
| 10                                                 | kWh Subject to FPP                                                               | 1,366,589,013     | 272,638,491                 | 802,789,257                     | 280,161,265                          |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                          | 83.14%            | 16.60%                      | 48.88%                          | 17.69%                               |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                        | \$ 16,833,615.76  | \$ 3,380,814.68             | \$ 9,895,983.17                 | \$ 3,578,817.91                      |
| 13                                                 | Amount Recovered via FPP (per books)                                             | \$ 12,618,428.85  | \$ 2,558,665.26             | \$ 7,320,289.52                 | \$ 2,837,494.05                      |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                                   | \$ 29,350,044.59  | \$ 5,919,479.94             | \$ 17,216,262.69                | \$ 6,214,311.96                      |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 8 x Line 11)             | \$ 26,775,948.68  | \$ 5,346,172.30             | \$ 15,742,223.00                | \$ 5,687,554.38                      |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 14 - Line 15)                          | \$ (2,574,094.91) | \$ (573,307.64)             | \$ (1,474,029.89)               | \$ (526,757.58)                      |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                   |                             |                                 |                                      |
| 17                                                 | Retail SO2 EA Consumed (Tons)                                                    | 9,749,186         | 9,749,186                   | 9,749,186                       | 9,749,186                            |
| 18                                                 | Inventory Rate per Ton (Rate)                                                    | \$ 173.40         | \$ 173.40                   | \$ 173.40                       | \$ 173.40                            |
| 19                                                 | SO2 EA Expense (Line 17 x Line 18)                                               | \$ 1,680,508.85   | \$ 1,680,508.85             | \$ 1,680,508.85                 | \$ 1,680,508.85                      |
| 20                                                 | Total Retail Load (kWh)                                                          | 1,674,166,193     | 1,674,166,193               | 1,674,166,193                   | 1,674,166,193                        |
| 21                                                 | Incremental EA Rate (¢/kWh) (Line 19 / Line 20)                                  | 0.1010            | 0.1010                      | 0.1010                          | 0.1010                               |
| 22                                                 | kWh Subject to FPP (Line 10)                                                     | 1,366,589,013     | 272,638,491                 | 802,789,257                     | 280,161,265                          |
| 23                                                 | EA Expense Allocated to FPP (Line 21 x Line 22)                                  | \$ 1,378,244.90   | \$ 275,384.88               | \$ 810,817.15                   | \$ 283,062.88                        |
| 24                                                 | EA Expense Recovered in Base Rates (Line 22 x 0.0125 ¢/kWh)                      | \$ 172,084.22     | \$ 34,362.45                | \$ 101,151.45                   | \$ 36,580.32                         |
| 25                                                 | EA Revenue in FPP (per books)                                                    | \$ 3,107,979.61   | \$ 635,323.93               | \$ 1,817,760.27                 | \$ 654,885.41                        |
| 26                                                 | Under/(Over) Recovery of EA Costs (Line 23 - Line 24 - Line 25)                  | \$ (1,900,798.93) | \$ (384,311.50)             | \$ (1,108,094.57)               | \$ (398,382.85)                      |
| <b>Environmental Reagent Component (ER)</b>        |                                                                                  |                   |                             |                                 |                                      |
| 27                                                 | Amount Recovered in Base Rates (0.0330 ¢/kWh x Line 10)                          | \$ -              | \$ -                        | \$ -                            | \$ -                                 |
| 28                                                 | ER Revenue in FPP (per books)                                                    | \$ 80,173.10      | \$ 16,367.44                | \$ 46,767.02                    | \$ 17,038.64                         |
| 29                                                 | Total Actual Line Costs for Quarter (per books)                                  | \$ -              | \$ -                        | \$ -                            | \$ -                                 |
| 30                                                 | Total Actual Ammonia Costs for Quarter (per books)                               | \$ -              | \$ -                        | \$ -                            | \$ -                                 |
| 31                                                 | Total Actual ER Costs for Quarter (per books) (Line 29 + Line 30)                | \$ -              | \$ -                        | \$ -                            | \$ -                                 |
| 32                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 11 x Line 31)                 | \$ -              | \$ -                        | \$ -                            | \$ -                                 |
| 33                                                 | Under/(Over) Recovery of ER Costs (Line 32 - Line 27 - Line 28)                  | \$ (80,173.10)    | \$ (16,367.44)              | \$ (46,767.02)                  | \$ (17,038.64)                       |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                   |                             |                                 |                                      |
| 34                                                 | RA Amount from 1st Quarter Filing (spread evenly)                                | \$ 3,498,882.83   | \$ -                        | \$ 2,588,244.48                 | \$ 906,436.15                        |
| 35                                                 | Actual RA recovery through FPP                                                   | \$ 3,741,501.71   | \$ -                        | \$ 2,750,638.27                 | \$ 980,862.44                        |
| 36                                                 | Under/(Over) Recovery of RA (Line 34 - Line 35)                                  | \$ (244,818.08)   | \$ -                        | \$ (162,394.79)                 | \$ (82,424.29)                       |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                   |                             |                                 |                                      |
| 37                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)              | 0.0999            | 0.0999                      | 0.0999                          | 0.0999                               |
| 38                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 37)                         | \$ 1,964,223.42   | \$ 272,385.85               | \$ 801,958.47                   | \$ 289,871.10                        |
| 39                                                 | Actual SLA recovery through FPP                                                  | \$ 670,203.64     | \$ 129,937.44               | \$ 371,574.75                   | \$ 68,591.45                         |
| 40                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (Line 11))                       | \$ 1,758,255.40   | \$ 351,058.83               | \$ 1,033,720.62                 | \$ 373,476.96                        |
| 41                                                 | Under/(Over) Recovery of Losses (Line 40 - Line 38 - Line 39)                    | \$ (176,171.68)   | \$ (51,244.36)              | \$ (139,940.70)                 | \$ 15,013.40                         |
| 42                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 26+Line 33+Line 36+Line 41) | \$ (4,976,057.58) | \$ (1,035,230.94)           | \$ (2,931,226.77)               | \$ (1,008,599.97)                    |

Duke Energy Ohio  
Electric Department  
Calculation of Quarterly Fuel and Economy Purchased Power Component for Billing  
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Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenue Billed Summary  
October 2006 through December 2006

Schedule 1  
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| Line                                               | Reconciliation Adjustment (RA)                                                   | January 2006      | Residential<br>January 2006 | Non-Residential<br>January 2006 | Voltage<br>Reduction<br>January 2006 |
|----------------------------------------------------|----------------------------------------------------------------------------------|-------------------|-----------------------------|---------------------------------|--------------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                                  |                   |                             |                                 |                                      |
| 1                                                  | Net Includable Fuel                                                              | \$ 36,236,235.13  | \$ 36,236,235.13            | \$ 36,236,235.13                | \$ 36,236,235.13                     |
| 2                                                  | Ratio Metered Sales/Generation Sales                                             | 0.938933          | 0.938933                    | 0.938933                        | 0.938933                             |
| 3                                                  | Fuel Cost @ Meter Sales Level (Line 1 x Line 2)                                  | \$ 34,023,396.96  | \$ 34,023,396.96            | \$ 34,023,396.96                | \$ 34,023,396.96                     |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)                | \$ 148,153.80     | \$ 148,153.80               | \$ 148,153.80                   | \$ 148,153.80                        |
| 5                                                  | RSG Make Whole Payments                                                          | \$ (387,270.34)   | \$ (387,270.34)             | \$ (387,270.34)                 | \$ (387,270.34)                      |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                         | \$ 33,784,280.42  | \$ 33,784,280.42            | \$ 33,784,280.42                | \$ 33,784,280.42                     |
| 7                                                  | Total Generation and Purchase Power (per books)                                  | 1,793,289,436     | 1,793,289,436               | 1,793,289,436                   | 1,793,289,436                        |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                                 | 109,510,806       | 109,510,806                 | 109,510,806                     | 109,510,806                          |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                              | 1,683,778,630     | 1,683,778,630               | 1,683,778,630                   | 1,683,778,630                        |
| 10                                                 | kWh Subject to FPP                                                               | 1,365,689,013     | 272,838,491                 | 802,789,257                     | 280,161,265                          |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                          | 81.10%            | 16.19%                      | 47.68%                          | 17.23%                               |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 \$/kWh x Line 10)                       | \$ 18,833,615.76  | \$ 3,360,614.66             | \$ 8,895,983.17                 | \$ 3,576,817.91                      |
| 13                                                 | Amount Recovered via FPP (per books)                                             | \$ 12,616,428.83  | \$ 2,568,685.28             | \$ 7,320,269.52                 | \$ 2,637,464.05                      |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                                   | \$ 29,350,044.59  | \$ 5,919,478.94             | \$ 16,216,252.69                | \$ 6,214,281.96                      |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)             | \$ 27,399,051.42  | \$ 5,469,675.00             | \$ 16,108,344.90                | \$ 5,821,031.62                      |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                          | \$ (1,950,993.17) | \$ (449,804.94)             | \$ (1,107,907.79)               | \$ (393,280.44)                      |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                   |                             |                                 |                                      |
| 17                                                 | kWh Subject to FPP (Line 10)                                                     | 1,365,689,013     | 272,838,491                 | 802,789,257                     | 280,161,265                          |
| 18                                                 | EA Expense Allocated to FPP                                                      | \$ 1,279,804.37   | \$ 255,511.67               | \$ 752,359.01                   | \$ 271,933.69                        |
| 19                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0126 \$/kWh)                     | \$ 172,064.22     | \$ 34,352.45                | \$ 101,151.45                   | \$ 36,560.32                         |
| 20                                                 | EA Revenue in FPP (per books)                                                    | \$ 3,107,979.81   | \$ 635,323.03               | \$ 1,817,760.27                 | \$ 654,885.41                        |
| 21                                                 | Under/(Over) Recovery of EA Costs (Line 18 - Line 19 - Line 20)                  | \$ (2,000,239.48) | \$ (414,164.71)             | \$ (1,166,552.71)               | \$ (419,522.04)                      |
| <b>Environmental Reagent Component (ER)</b>        |                                                                                  |                   |                             |                                 |                                      |
| 22                                                 | Amount Recovered in Base Rates (0.0350 \$/kWh x Line 10)                         | \$ -              | \$ -                        | \$ -                            | \$ -                                 |
| 23                                                 | ER Revenue in FPP (per books)                                                    | \$ 80,173.10      | \$ 16,367.44                | \$ 48,767.02                    | \$ 17,038.64                         |
| 24                                                 | Total Actual Line Costs for Quarter (per books)                                  | \$ -              | \$ -                        | \$ -                            | \$ -                                 |
| 25                                                 | Total Actual Ammonia Costs for Quarter (per books)                               | \$ -              | \$ -                        | \$ -                            | \$ -                                 |
| 26                                                 | Total Actual ER Costs for Quarter (per books) (Line 24 + Line 25)                | \$ -              | \$ -                        | \$ -                            | \$ -                                 |
| 27                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 11 x Line 26)                 | \$ -              | \$ -                        | \$ -                            | \$ -                                 |
| 28                                                 | Under/(Over) Recovery of ER Costs (Line 27 - Line 22 - Line 23)                  | \$ (80,173.10)    | \$ (16,367.44)              | \$ (48,767.02)                  | \$ (17,038.64)                       |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                   |                             |                                 |                                      |
| 29                                                 | RA Amount from 1st Quarter Filing (spread evenly)                                | \$ 3,496,682.63   | \$ -                        | \$ 2,588,244.48                 | \$ 908,438.15                        |
| 30                                                 | Actual RA recovery through FPP                                                   | \$ 3,741,501.71   | \$ -                        | \$ 2,750,639.27                 | \$ 990,862.44                        |
| 31                                                 | Under/(Over) Recovery of RA (Line 29 - Line 30)                                  | \$ (244,819.08)   | \$ -                        | \$ (162,394.79)                 | \$ (82,424.29)                       |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                   |                             |                                 |                                      |
| 32                                                 | Losses in Base Rates (from Case No. 02-1464-EL-AIR) (cents per kWh)              | 0.0999 / 0.0882   | 0.0999                      | 0.0999                          | 0.0882                               |
| 33                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 32)                         | \$ 1,330,274.66   | \$ 272,366.85               | \$ 801,985.47                   | \$ 255,822.24                        |
| 34                                                 | Actual SLA recovery through FPP                                                  | \$ 670,203.64     | \$ 129,937.44               | \$ 371,874.75                   | \$ 68,591.45                         |
| 35                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (line 11))                       | \$ 1,794,811.76   | \$ 358,268.50               | \$ 1,055,081.24                 | \$ 381,272.02                        |
| 36                                                 | Under/(Over) Recovery of Losses (Line 35 - Line 34 - Line 33)                    | \$ (105,865.44)   | \$ (44,044.79)              | \$ (118,570.98)                 | \$ 58,758.33                         |
| 37                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 21+Line 28+Line 31+Line 36) | \$ (4,382,091.25) | \$ (924,381.88)             | \$ (2,602,202.20)               | \$ (855,507.09)                      |
| 38                                                 | Net Under/(Over) Recovery of FPP Costs (Page 5J, Line 42)                        | \$ (4,976,057.68) | \$ (1,035,230.84)           | \$ (2,931,226.77)               | \$ (1,009,589.97)                    |
| 39                                                 | Net Adjustment for January 2006 (Line 37 - Line 38) To Page 3 Line 1             | \$ 593,966.43     | \$ 110,849.07               | \$ 329,024.48                   | \$ 154,092.88                        |

Calculation of Quarterly Fuel and Economy Purchased Power Component for Billing  
Reconciliation Adjustment  
Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary  
October 2006 through December 2006

Line Reconciliation Adjustment (RA)

Fuel Component (FC)

|    |                                                                      |
|----|----------------------------------------------------------------------|
| 1  | Not Includable Fuel                                                  |
| 2  | Ratio Metered Sales/Generation Sales                                 |
| 3  | Fuel Cost @ Meter Sales Level (Line 1 x Line 2)                      |
| 4  | Coal Sales Margin Credits (per books current year contracts only)    |
| 5  | RSG Make Whole Payments                                              |
| 6  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                             |
| 7  | Total Generation and Purchase Power (per books)                      |
| 8  | Losses (kWh) (1-Line 2)*(Line 7)                                     |
| 9  | Total Generation After Losses (kWh) (Line 7-Line 8)                  |
| 10 | kWh Subject to FPP                                                   |
| 11 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)              |
| 12 | Amount Recovered in Base Rates (@ 1.2327 \$/kWh x Line 10)           |
| 13 | Amount Recovered via FPP (per books)                                 |
| 14 | Total Fuel Costs Recovered (Line 12 + Line 13)                       |
| 15 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11) |
| 16 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)              |

| February 2006     | Residential<br>February 2006 | Non-Residential<br>February 2006 | Voltage<br>Reduction<br>February 2006 |
|-------------------|------------------------------|----------------------------------|---------------------------------------|
| \$ 34,340,749.86  | \$ 34,340,749.86             | \$ 34,340,749.86                 | \$ 34,340,749.86                      |
| 0.938933          | 0.938933                     | 0.938933                         | 0.938933                              |
| \$ 32,243,663.29  | \$ 32,243,663.29             | \$ 32,243,663.29                 | \$ 32,243,663.29                      |
| \$ 487,548.79     | \$ 487,548.79                | \$ 487,548.79                    | \$ 487,548.79                         |
| \$ (194,176.08)   | \$ (194,176.08)              | \$ (194,176.08)                  | \$ (194,176.08)                       |
| \$ 32,517,036.02  | \$ 32,517,036.02             | \$ 32,517,036.02                 | \$ 32,517,036.02                      |
| 1,691,835,759     | 1,691,835,759                | 1,691,835,759                    | 1,691,835,759                         |
| 103,315,334       | 103,315,334                  | 103,315,334                      | 103,315,334                           |
| 1,588,520,425     | 1,588,520,425                | 1,588,520,425                    | 1,588,520,425                         |
| 1,691,600,486     | 595,983,694                  | 744,482,064                      | 251,034,728                           |
| 100.19%           | 37.52%                       | 48.67%                           | 15.80%                                |
| \$ 18,618,425.49  | \$ 7,348,681.00              | \$ 9,177,230.40                  | \$ 3,084,505.09                       |
| \$ 14,533,693.03  | \$ 5,480,308.25              | \$ 6,775,184.66                  | \$ 2,278,600.12                       |
| \$ 34,152,410.52  | \$ 12,828,989.25             | \$ 15,952,415.06                 | \$ 5,373,005.21                       |
| \$ 32,570,818.39  | \$ 12,200,391.81             | \$ 15,240,734.78                 | \$ 5,137,881.69                       |
| \$ (1,573,601.13) | \$ (626,607.34)              | \$ (711,680.28)                  | \$ (235,313.51)                       |

Emissions Allowance Component (EA)

|    |                                                                 |
|----|-----------------------------------------------------------------|
| 17 | Retail SO2 EA Consumed (Tons)                                   |
| 18 | Inventory Rate per Ton (Rate)                                   |
| 19 | SO2 EA Expense (Line 17 x Line 18)                              |
| 20 | Total Retail Load (kWh)                                         |
| 21 | Incremental EA Rate (\$/kWh) (Line 19 / Line 20)                |
| 22 | kWh Subject to FPP (Line 10)                                    |
| 23 | EA Expense Allocated to FPP (Line 21 x Line 22)                 |
| 24 | EA Expense Recovered in Base Rates (Line 22 x 0.0128 \$/kWh)    |
| 25 | EA Revenue in FPP (per books)                                   |
| 26 | Under/(Over) Recovery of EA Costs (Line 23 - Line 24 - Line 25) |

|                 |                 |                 |                 |
|-----------------|-----------------|-----------------|-----------------|
| 9,387,833       | 9,387,833       | 9,387,833       | 9,387,833       |
| \$ 358.74       | \$ 358.74       | \$ 358.74       | \$ 358.74       |
| \$ 3,360,616.41 | \$ 3,360,616.41 | \$ 3,360,616.41 | \$ 3,360,616.41 |
| 1,617,195,952   | 1,617,195,952   | 1,617,195,952   | 1,617,195,952   |
| 0.2078          | 0.2078          | 0.2078          | 0.2078          |
| 1,591,500,486   | 595,983,694     | 744,482,064     | 251,034,728     |
| \$ 3,307,138.01 | \$ 1,238,454.12 | \$ 1,547,033.73 | \$ 521,050.18   |
| \$ 200,529.06   | \$ 75,093.95    | \$ 93,804.74    | \$ 31,630.37    |
| \$ 3,608,938.20 | \$ 1,360,776.28 | \$ 1,682,405.47 | \$ 565,755.45   |
| \$ (602,329.25) | \$ (187,418.11) | \$ (229,176.48) | \$ (75,736.68)  |

Environmental Reagent Component (ER)

|    |                                                                   |
|----|-------------------------------------------------------------------|
| 27 | Amount Recovered in Base Rates (0.0330 \$/kWh x Line 10)          |
| 28 | ER Revenue in FPP (per books)                                     |
| 29 | Total Actual Line Costs for Quarter (per books)                   |
| 30 | Total Actual Ammonia Costs for Quarter (per books)                |
| 31 | Total Actual ER Costs for Quarter (per books) (Line 29 + Line 30) |
| 32 | Total Actual ER Costs Allocated to FPP Sales (Line 11 x Line 31)  |
| 33 | Under/(Over) Recovery of ER Costs (Line 32 - Line 27 - Line 28)   |

|                |                |                |                |
|----------------|----------------|----------------|----------------|
| \$ -           | \$ -           | \$ -           | \$ -           |
| \$ 93,030.92   | \$ 35,056.80   | \$ 43,284.64   | \$ 14,719.48   |
| \$ -           | \$ -           | \$ -           | \$ -           |
| \$ -           | \$ -           | \$ -           | \$ -           |
| \$ -           | \$ -           | \$ -           | \$ -           |
| \$ -           | \$ -           | \$ -           | \$ -           |
| \$ (93,060.92) | \$ (35,056.80) | \$ (43,284.64) | \$ (14,719.48) |

Reconciliation Adjustment Amortization (RA)

|    |                                                   |
|----|---------------------------------------------------|
| 34 | RA Amount from 1st Quarter Filing (spread evenly) |
| 35 | Actual RA recovery through FPP                    |
| 36 | Under/(Over) Recovery of RA (Line 34 - Line 35)   |

|                 |      |                 |               |
|-----------------|------|-----------------|---------------|
| \$ 5,490,682.63 | \$ - | \$ 2,589,244.48 | \$ 908,438.15 |
| \$ 3,401,614.47 | \$ - | \$ 2,545,820.08 | \$ 856,894.41 |
| \$ 84,868.16    | \$ - | \$ 42,424.42    | \$ 52,443.74  |

System Loss Component (SLA)

|    |                                                                     |
|----|---------------------------------------------------------------------|
| 37 | Losses in Base Rates (from Case No. 02-1464-EL-AIR) (cents per kWh) |
| 38 | Total Losses Recovered in Base Rates (Line 10 x Line 37)            |
| 39 | Actual SLA recovery through FPP                                     |
| 40 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (line 11))          |
| 41 | Under/(Over) Recovery of Losses (Line 40 - Line 38 - Line 39)       |

|                 |                |                 |               |
|-----------------|----------------|-----------------|---------------|
| 0.0999          | 0.0999         | 0.0999          | 0.0999        |
| \$ 1,589,908.99 | \$ 595,387.71  | \$ 743,737.58   | \$ 250,783.70 |
| \$ 681,562.38   | \$ 278,308.08  | \$ 343,998.85   | \$ 59,255.35  |
| \$ 2,101,071.03 | \$ 788,826.88  | \$ 982,904.48   | \$ 331,339.67 |
| \$ (170,400.34) | \$ (86,868.91) | \$ (104,832.05) | \$ 21,300.62  |

|    |                                                                                  |
|----|----------------------------------------------------------------------------------|
| 42 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 26+Line 33+Line 36+Line 41) |
|----|----------------------------------------------------------------------------------|

|                   |                 |                   |                 |
|-------------------|-----------------|-------------------|-----------------|
| \$ (2,244,523.48) | \$ (945,949.16) | \$ (1,046,549.03) | \$ (252,025.23) |
|-------------------|-----------------|-------------------|-----------------|

Duke Energy Ohio  
Electric Department  
Calculation of Quarterly Fuel and Economy Purchased Power Component for Billing  
Reconciliation Adjustment  
Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenue Billed Summary  
October 2006 Through December 2006

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**Line Reconciliation Adjustment (RA)**

|                                                                                     | February 2008     | Residential<br>February 2006 | Non-Residential<br>February 2006 | Voltage<br>Reduction<br>February 2006 |
|-------------------------------------------------------------------------------------|-------------------|------------------------------|----------------------------------|---------------------------------------|
| <b>Fuel Component (FC)</b>                                                          |                   |                              |                                  |                                       |
| 1 Net Includable Fuel                                                               | \$ 34,340,749.88  | \$ 34,340,749.86             | \$ 34,340,749.86                 | \$ 34,340,749.86                      |
| 2 Ratio Metered Sales/Generation Sales                                              | 0.938933          | 0.938933                     | 0.938933                         | 0.938933                              |
| 3 Fuel Cost @ Meter Sales Level (Line 1 x Line 2)                                   | \$ 32,243,663.29  | \$ 32,243,663.29             | \$ 32,243,663.29                 | \$ 32,243,663.29                      |
| 4 Coal Sales Margin Credits (per books current year contracts only)                 | \$ 751,276.29     | \$ 751,276.29                | \$ 751,276.29                    | \$ 751,276.29                         |
| 5 RSG Make Whole Payments                                                           | \$ (194,176.06)   | \$ (194,176.06)              | \$ (194,176.06)                  | \$ (194,176.06)                       |
| 6 Net Fuel Cost (Line 3 + Line 4 + Line 5)                                          | \$ 32,800,763.52  | \$ 32,800,763.52             | \$ 32,800,763.52                 | \$ 32,800,763.52                      |
| 7 Total Generation and Purchase Power (per books)                                   | 1,691,835,759     | 1,691,835,759                | 1,691,835,759                    | 1,691,835,759                         |
| 8 Losses (kWh) (1-Line 2)*(Line 7)                                                  | 103,315,334       | 103,315,334                  | 103,315,334                      | 103,315,334                           |
| 9 Total Generation After Losses (kWh) (Line 7-Line 8)                               | 1,588,520,425     | 1,588,520,425                | 1,588,520,425                    | 1,588,520,425                         |
| 10 kWh Subject to FPP                                                               | 1,591,500,486     | 595,983,894                  | 744,482,064                      | 251,034,728                           |
| 11 Ratio of FPP Sales to Total Generation (Line 10/Line 9)                          | 100.19%           | 37.52%                       | 46.87%                           | 15.80%                                |
| 12 Amount Recovered in Base Rates (@ 1.2327 \$/kWh x Line 10)                       | \$ 19,618,426.49  | \$ 7,346,891.00              | \$ 9,177,230.40                  | \$ 3,994,505.09                       |
| 13 Amount Recovered via FPP (per books)                                             | \$ 14,533,993.03  | \$ 6,480,308.25              | \$ 6,775,184.63                  | \$ 2,278,500.12                       |
| 14 Total Fuel Costs Recovered (Line 12 + Line 13)                                   | \$ 34,152,419.52  | \$ 12,826,999.25             | \$ 15,952,415.03                 | \$ 5,373,005.21                       |
| 15 Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)             | \$ 32,863,084.97  | \$ 12,308,848.47             | \$ 15,373,717.86                 | \$ 5,182,520.64                       |
| 16 Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                          | \$ (1,289,334.55) | \$ (520,152.78)              | \$ (578,697.20)                  | \$ (190,484.57)                       |
| <b>Emissions Allowance Component (EA)</b>                                           |                   |                              |                                  |                                       |
| 17 kWh Subject to FPP (Line 10)                                                     | 1,591,500,486     | 595,983,894                  | 744,482,064                      | 251,034,728                           |
| 18 EA Expense Allocated to FPP                                                      | \$ 3,327,309.63   | \$ 1,246,008.08              | \$ 1,556,469.85                  | \$ 524,831.97                         |
| 19 EA Expense Recovered in Base Rates (Line 17 x 0.0126 \$/kWh)                     | \$ 200,529.08     | \$ 75,093.95                 | \$ 93,804.74                     | \$ 31,630.37                          |
| 20 EA Revenue in FPP (per books)                                                    | \$ 3,608,938.20   | \$ 1,360,776.28              | \$ 1,682,405.47                  | \$ 565,766.45                         |
| 21 Under/(Over) Recovery of EA Costs (Line 18 - Line 19 - Line 20)                  | \$ (482,167.38)   | \$ (189,862.17)              | \$ (219,740.36)                  | \$ (72,554.85)                        |
| <b>Environmental Reagent Component (ER)</b>                                         |                   |                              |                                  |                                       |
| 22 Amount Recovered in Base Rates (0.0330 \$/kWh x Line 10)                         | \$ -              | \$ -                         | \$ -                             | \$ -                                  |
| 23 ER Revenue in FPP (per books)                                                    | \$ 93,080.82      | \$ 35,056.80                 | \$ 43,284.64                     | \$ 14,719.48                          |
| 24 Total Actual Line Costs for Quarter (per books)                                  | \$ -              | \$ -                         | \$ -                             | \$ -                                  |
| 25 Total Actual Ammonia Costs for Quarter (per books)                               | \$ -              | \$ -                         | \$ -                             | \$ -                                  |
| 26 Total Actual ER Costs for Quarter (per books) (Line 24 + Line 25)                | \$ -              | \$ -                         | \$ -                             | \$ -                                  |
| 27 Total Actual ER Costs Allocated to FPP Sales (Line 11 x Line 26)                 | \$ -              | \$ -                         | \$ -                             | \$ -                                  |
| 28 Under/(Over) Recovery of ER Costs (Line 27 - Line 22 - Line 23)                  | \$ (93,080.82)    | \$ (35,056.80)               | \$ (43,284.64)                   | \$ (14,719.48)                        |
| <b>Reconciliation Adjustment Amortization (RA)</b>                                  |                   |                              |                                  |                                       |
| 29 RA Amount from 1st Quarter Filing (spread evenly)                                | \$ 3,496,682.63   | \$ -                         | \$ 2,588,244.48                  | \$ 908,438.15                         |
| 30 Actual RA recovery through FPP                                                   | \$ 3,401,814.47   | \$ -                         | \$ 2,545,820.08                  | \$ 855,994.41                         |
| 31 Under/(Over) Recovery of RA (Line 29 - Line 30)                                  | \$ 94,868.16      | \$ -                         | \$ 42,424.42                     | \$ 52,443.74                          |
| <b>System Loss Component (SLA)</b>                                                  |                   |                              |                                  |                                       |
| 32 Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)              | 0.0999 / 0.0882   | 0.0999                       | 0.0999                           | 0.0882                                |
| 33 Total Losses Recovered in Base Rates (Line 10 x Line 32)                         | \$ 1,580,537.92   | \$ 595,387.71                | \$ 743,737.58                    | \$ 221,412.63                         |
| 34 Actual SLA recovery through FPP                                                  | \$ 681,662.38     | \$ 278,308.08                | \$ 343,998.95                    | \$ 59,255.35                          |
| 35 Actual Losses on FPP Sales ((Line 1 - Line 3) x (Line 11))                       | \$ 2,101,071.03   | \$ 788,826.88                | \$ 982,904.48                    | \$ 331,339.67                         |
| 36 Under/(Over) Recovery of Losses (Line 35 - Line 34 - Line 33)                    | \$ (141,029.27)   | \$ (88,868.91)               | \$ (104,832.05)                  | \$ 50,671.69                          |
| 37 Net Under/(Over) Recovery of FPP Costs (Line 16+Line 21+Line 28+Line 31+Line 36) | \$ (1,910,713.86) | \$ (831,940.68)              | \$ (804,129.83)                  | \$ (174,843.48)                       |
| 38 Net Under/(Over) Recovery of FPP Costs (Page 5K, Line 42)                        | \$ (2,244,623.48) | \$ (945,949.16)              | \$ (1,048,549.03)                | \$ (252,025.29)                       |
| 39 Net Adjustment for February 2006 (Line 37 - Line 38) To Page 3 Line 2            | \$ 333,809.62     | \$ 114,008.50                | \$ 142,419.20                    | \$ 77,381.81                          |

Duke Energy Ohio  
Electric Department  
Calculation of Quarterly Fuel and Economy Purchased Power Component for Billing  
Reconciliation Adjustment  
Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary  
October 2006 through December 2006

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**Line Reconciliation Adjustment (RA)**

| March 2006        | Residential<br>March 2006 | Non-Residential<br>March 2006 | Voltage<br>Reduction<br>March 2006 |
|-------------------|---------------------------|-------------------------------|------------------------------------|
| \$ 35,979,878.87  | \$ 35,979,878.87          | \$ 35,979,878.87              | \$ 35,979,878.87                   |
| 0.938933          | 0.938933                  | 0.938933                      | 0.938933                           |
| \$ 33,782,507.83  | \$ 33,782,507.83          | \$ 33,782,507.83              | \$ 33,782,507.83                   |
| \$ (1,539,821.89) | \$ (1,539,821.89)         | \$ (1,539,821.89)             | \$ (1,539,821.89)                  |
| \$ (70,121.69)    | \$ (70,121.69)            | \$ (70,121.69)                | \$ (70,121.69)                     |
| \$ 32,172,564.05  | \$ 32,172,564.05          | \$ 32,172,564.05              | \$ 32,172,564.05                   |
| 1,741,294.817     | 1,741,294.817             | 1,741,294.817                 | 1,741,294.817                      |
| 106,335,638       | 106,335,638               | 106,335,638                   | 106,335,638                        |
| 1,634,958,979     | 1,634,958,979             | 1,634,958,979                 | 1,634,958,979                      |
| 1,597,586,441     | 578,924,095               | 752,413,890                   | 268,248,856                        |
| 97.71%            | 35.41%                    | 46.02%                        | 16.28%                             |
| \$ 19,693,448.06  | \$ 7,136,397.32           | \$ 9,275,003.56               | \$ 3,282,047.18                    |
| \$ 14,535,049.03  | \$ 5,291,837.20           | \$ 6,824,900.16               | \$ 2,418,311.07                    |
| \$ 34,228,497.09  | \$ 12,428,234.52          | \$ 16,099,903.72              | \$ 5,700,358.85                    |
| \$ 31,435,812.33  | \$ 11,392,304.93          | \$ 14,805,813.97              | \$ 5,237,693.43                    |
| \$ (2,792,684.76) | \$ (1,035,929.59)         | \$ (1,294,089.75)             | \$ (462,685.42)                    |

**Fuel Component (FC)**

- 1 Net Includable Fuel
- 2 Ratio Metered Sales/Generation Sales
- 3 Fuel Cost @Meter Sales Level (Line 1 x Line 2)
- 4 Coal Sales Margin Credits (per books current year contracts only)
- 5 RSG Make Whole Payments
- 6 Net Fuel Cost (Line 3 + Line 4 + Line 5)
- 7 Total Generation and Purchase Power (per books)
- 8 Losses (kWh) (1-Line 2)\*(Line 7)
- 9 Total Generation After Losses (kWh) (Line 7-Line 8)
- 10 kWh Subject to FPP
- 11 Ratio of FPP Sales to Total Generation (Line 10/Line 9)
- 12 Amount Recovered in Base Rates (@ 1.2327 \$/kWh x Line 10)
- 13 Amount Recovered via FPP (per books)
- 14 Total Fuel Costs Recovered (Line 12 + Line 13)
- 15 Total Actual Fuel Costs Attributable to FPP Sales (Line 8 x Line 11)
- 16 Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)

**Emissions Allowance Component (EA)**

- 17 Retail SO2 EA Consumed (Tons)
- 18 Inventory Rate per Ton (Rate)
- 19 SO2 EA Expense (Line 17 x Line 18)
- 20 Total Retail Load (kWh)
- 21 Incremental EA Rate (\$/kWh) (Line 19 / Line 20)
- 22 kWh Subject to FPP (Line 10)
- 23 EA Expense Allocated to FPP (Line 21 x Line 22)
- 24 EA Expense Recovered in Base Rates (Line 22 x 0.0126 \$/kWh)
- 25 EA Revenue in FPP (per books)
- 26 Under/(Over) Recovery of EA Costs (Line 23 - Line 24 - Line 25)

|                 |                 |                 |                 |
|-----------------|-----------------|-----------------|-----------------|
| 9,553,375       | 9,553,375       | 9,553,375       | 9,553,375       |
| \$ 378.86       | \$ 378.86       | \$ 378.86       | \$ 378.86       |
| \$ 3,619,391.65 | \$ 3,619,391.65 | \$ 3,619,391.65 | \$ 3,619,391.65 |
| 1,653,472,836   | 1,653,472,836   | 1,653,472,836   | 1,653,472,836   |
| 0.2189          | 0.2189          | 0.2189          | 0.2189          |
| 1,597,586,441   | 578,924,095     | 752,413,890     | 268,248,856     |
| \$ 3,497,118.72 | \$ 1,267,264.84 | \$ 1,647,033.57 | \$ 582,818.31   |
| \$ 201,295.89   | \$ 72,944.44    | \$ 94,804.12    | \$ 33,547.33    |
| \$ 3,698,204.10 | \$ 1,313,978.38 | \$ 1,694,750.76 | \$ 600,471.96   |
| \$ (313,380.27) | \$ (119,657.08) | \$ (142,521.31) | \$ (51,200.68)  |

**Environmental Reagent Component (ER)**

- 27 Amount Recovered in Base Rates (0.0330 \$/kWh x Line 10)
- 28 ER Revenue in FPP (per books)
- 29 Total Actual Lime Costs for Quarter (per books)
- 30 Total Actual Ammonia Costs for Quarter (per books)
- 31 Total Actual ER Costs for Quarter (per books) (Line 29 + Line 30)
- 32 Total Actual ER Costs Allocated to FPP Sales (Line 11 x Line 31)
- 33 Under/(Over) Recovery of ER Costs (Line 32 - Line 27 - Line 28)

|                |                |                |                |
|----------------|----------------|----------------|----------------|
| \$ 93,076.12   | \$ 33,851.18   | \$ 43,602.25   | \$ 15,822.69   |
| \$ -           | \$ -           | \$ -           | \$ -           |
| \$ -           | \$ -           | \$ -           | \$ -           |
| \$ -           | \$ -           | \$ -           | \$ -           |
| \$ -           | \$ -           | \$ -           | \$ -           |
| \$ -           | \$ -           | \$ -           | \$ -           |
| \$ (83,076.12) | \$ (33,851.18) | \$ (43,602.25) | \$ (15,822.69) |

**Reconciliation Adjustment Amortization (RA)**

- 34 RA Amount from 1st Quarter Filing (spread evenly)
- 35 Actual RA recovery through FPP
- 36 Under/(Over) Recovery of RA (Line 34 - Line 35)

|                 |      |                 |               |
|-----------------|------|-----------------|---------------|
| \$ 3,468,882.84 | \$ - | \$ 2,588,244.49 | \$ 908,438.16 |
| \$ 3,473,020.28 | \$ - | \$ 2,584,500.98 | \$ 908,519.28 |
| \$ 23,682.36    | \$ - | \$ 23,743.51    | \$ (61.13)    |

**System Loss Component (SLA)**

- 37 Losses in Base Rates (from Case No. 02-1484-EL-AIR) (cents per kWh)
- 38 Total Losses Recovered in Base Rates (Line 10 x Line 37)
- 39 Actual SLA recovery through FPP
- 40 Actual Losses on FPP Sales ((Line 1 - Line 3) x (line 11))
- 41 Under/(Over) Recovery of Losses (Line 40 - Line 38 - Line 39)

|                 |                |                 |               |
|-----------------|----------------|-----------------|---------------|
| 0.0999          | 0.0999         | 0.0999          | 0.0999        |
| \$ 1,595,998.85 | \$ 578,345.17  | \$ 751,661.27   | \$ 265,982.41 |
| \$ 678,161.41   | \$ 268,738.90  | \$ 345,523.16   | \$ 62,891.33  |
| \$ 2,146,855.82 | \$ 776,018.28  | \$ 1,011,138.11 | \$ 357,899.45 |
| \$ (127,284.44) | \$ (69,093.81) | \$ (67,046.34)  | \$ 28,825.71  |

- 42 Net Under/(Over) Recovery of FPP Costs (Line 16+Line 26+Line 33+Line 36+Line 41)

|                   |                   |                   |                 |
|-------------------|-------------------|-------------------|-----------------|
| \$ (3,302,763.21) | \$ (1,258,502.56) | \$ (1,543,516.14) | \$ (500,744.51) |
|-------------------|-------------------|-------------------|-----------------|

Calculation of Quarterly Fuel and Economy Purchased Power Component for Billing  
Reconciliation Adjustment  
Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenue Billed Summary  
October 2006 through December 2006

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Line Reconciliation Adjustment (RA)

| March 2006        | Residential<br>March 2006 | Non-Residential<br>March 2006 | Voltage<br>Reduction<br>March 2006 |
|-------------------|---------------------------|-------------------------------|------------------------------------|
| \$ 35,979,878.87  | \$ 35,979,878.87          | \$ 35,979,878.87              | \$ 35,979,878.87                   |
| 0.938933          | 0.938933                  | 0.938933                      | 0.938933                           |
| \$ 33,782,507.83  | \$ 33,782,507.83          | \$ 33,782,507.83              | \$ 33,782,507.83                   |
| \$ (1,217,499.39) | \$ (1,217,499.39)         | \$ (1,217,499.39)             | \$ (1,217,499.39)                  |
| \$ (70,121.69)    | \$ (70,121.69)            | \$ (70,121.69)                | \$ (70,121.69)                     |
| \$ 32,494,886.85  | \$ 32,494,886.85          | \$ 32,494,886.85              | \$ 32,494,886.85                   |
| 1,741,294.817     | 1,741,294.817             | 1,741,294.817                 | 1,741,294.817                      |
| 108,335.638       | 108,335.638               | 108,335.638                   | 108,335.638                        |
| 1,834,958.979     | 1,834,958.979             | 1,834,958.979                 | 1,834,958.979                      |
| 1,597,586.441     | 578,924.095               | 752,413.690                   | 268,248.656                        |
| 97.71%            | 35.41%                    | 49.02%                        | 16.28%                             |
| \$ 19,693,448.06  | \$ 7,136,397.32           | \$ 9,275,003.56               | \$ 3,282,047.16                    |
| \$ 14,635,049.03  | \$ 5,291,807.20           | \$ 8,824,900.16               | \$ 2,418,311.67                    |
| \$ 34,228,497.09  | \$ 12,428,204.62          | \$ 16,099,903.72              | \$ 5,700,358.85                    |
| \$ 31,750,753.65  | \$ 11,506,438.33          | \$ 14,854,146.79              | \$ 5,280,167.63                    |
| \$ (2,477,743.44) | \$ (821,795.19)           | \$ (1,145,756.93)             | \$ (410,191.32)                    |

Emissions Allowance Component (EA)

- 17 kWh Subject to FPP (Line 10)  
18 EA Expense Allocated to FPP  
19 EA Expense Recovered in Base Rates (Line 17 x 0.0126 \$/kWh)  
20 EA Revenue in FPP (per books)  
21 Under/(Over) Recovery of EA Costs (Line 18 - Line 19 - Line 20)

|                 |                 |                 |                |
|-----------------|-----------------|-----------------|----------------|
| 1,597,586.441   | 578,924.095     | 752,413.690     | 268,248.656    |
| \$ 3,584,093.00 | \$ 1,298,782.80 | \$ 1,687,996.70 | \$ 597,313.50  |
| \$ 201,295.89   | \$ 72,944.44    | \$ 94,804.12    | \$ 33,547.33   |
| \$ 3,809,201.10 | \$ 1,313,978.38 | \$ 1,694,750.78 | \$ 600,471.06  |
| \$ (226,403.99) | \$ (86,140.02)  | \$ (101,556.18) | \$ (38,705.79) |

Environmental Reagent Component (ER)

- 22 Amount Recovered in Base Rates (0.0350 \$/MWh x Line 10)  
23 ER Revenue in FPP (per books)  
24 Total Actual Lime Costs for Quarter (per books)  
25 Total Actual Ammonia Costs for Quarter (per books)  
26 Total Actual ER Costs for Quarter (per books) (Line 24 + Line 25)  
27 Total Actual ER Costs Allocated to FPP Sales (Line 11 x Line 26)  
28 Under/(Over) Recovery of ER Costs (Line 27 - Line 22 - Line 23)

|                |                |                |                |
|----------------|----------------|----------------|----------------|
| \$ -           | \$ -           | \$ -           | \$ -           |
| \$ 93,076.12   | \$ 33,851.18   | \$ 43,602.25   | \$ 15,822.89   |
| \$ -           | \$ -           | \$ -           | \$ -           |
| \$ -           | \$ -           | \$ -           | \$ -           |
| \$ -           | \$ -           | \$ -           | \$ -           |
| \$ -           | \$ -           | \$ -           | \$ -           |
| \$ (93,076.12) | \$ (33,851.18) | \$ (43,602.25) | \$ (15,822.89) |

Reconciliation Adjustment Amortization (RA)

- 29 RA Amount from 1st Quarter Filing (spread evenly)  
30 Actual RA recovery through FPP  
31 Under/(Over) Recovery of RA (Line 29 - Line 30)

|                 |      |                 |               |
|-----------------|------|-----------------|---------------|
| \$ 3,496,682.64 | \$ - | \$ 2,588,244.49 | \$ 908,438.15 |
| \$ 3,473,020.26 | \$ - | \$ 2,564,500.98 | \$ 908,519.28 |
| \$ 23,662.38    | \$ - | \$ 23,743.51    | \$ (81.13)    |

System Loss Component (SLA)

- 32 Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)  
33 Total Losses Recovered in Base Rates (Line 10 x Line 32)  
34 Actual SLA recovery through FPP  
35 Actual Losses on FPP Sales ((Line 1 - Line 3) x (line 11))  
36 Under/(Over) Recovery of Losses (Line 35 - Line 34 - Line 33)

|                 |                |                 |               |
|-----------------|----------------|-----------------|---------------|
| 0.0995/0.882    | 0.0999         | 0.0999          | 0.882         |
| \$ 1,564,837.76 | \$ 578,345.17  | \$ 751,651.28   | \$ 234,831.31 |
| \$ 678,151.41   | \$ 268,738.90  | \$ 349,523.18   | \$ 62,891.33  |
| \$ 2,146,865.82 | \$ 778,015.26  | \$ 1,011,138.11 | \$ 357,689.45 |
| \$ (66,133.35)  | \$ (69,083.81) | \$ (87,046.35)  | \$ 59,976.81  |

- 37 Net Under/(Over) Recovery of FPP Costs (Line 18+Line 21+Line 28+Line 31+Line 36)  
38 Net Under/(Over) Recovery of FPP Costs (Page 5M, Line 42)  
39 Net Adjustment for March 2006 (Line 37 - Line 38) To Page 3 Line 3

|                   |                   |                   |                 |
|-------------------|-------------------|-------------------|-----------------|
| \$ (2,869,894.52) | \$ (1,112,850.20) | \$ (1,354,220.20) | \$ (402,624.12) |
| \$ (3,302,763.21) | \$ (1,258,502.66) | \$ (1,543,518.14) | \$ (500,744.61) |
| \$ 433,068.69     | \$ 145,652.36     | \$ 189,295.94     | \$ 98,120.39    |

FILE



RECEIVED-DOCKETING DIV

Duke Energy Corporation  
139 East Fourth Street  
P.O. Box 960  
Cincinnati, Ohio 45201-0960

2006 DEC -1 AM 11:38

November 30, 2006

PUCO

The Public Utilities Commission of Ohio  
Attention: Docketing Division  
180 East Broad Street  
13<sup>th</sup> Floor  
Columbus, OH 43215-3793

RE: In the Matter of The Application of Duke Energy )  
Ohio to Modify its Fuel, Economy Purchased ) Case No. 06-1068-EL-UNC  
Power Component of its Market-Based Standard )  
Service Offer for the Summary Report Period of )  
January 2, 2007 to March 29, 2007 )

Docketing Division:

Enclosed for filing are fifteen (15) copies of the following attachments containing the Facts, Data, and Other Information pertinent to Duke Energy Ohio, Inc. fuel, economy purchased power, and emission allowance component of its market-based standard service offer (FPP), pursuant to the Commission's Entry in Case No. 06-1068-EL-UNC, dated August 28, 2006:

- (a) Attachment I – Statement of Fuel Procurement Policies and Practices;
- (b) Attachment II – Narrative statement and applicable quarterly FPP forms supporting the proposed calculation of the fuel, economy purchased power, and emission allowance component of its market-based standard service offer for the base period of January through March 2007. The FPP component will be applied to bills rendered during the quarter ending March 2007.

Please time-stamp the enclosed extra copy and return for our file. Thank you for your timely assistance in this regard.

Very truly yours,

Lisa D. Steinkuhl

Enclosures

Tariff memos/PUCO FPP filing/doc

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 DB Date Processed 12/1/06

## ATTACHMENT I

### STATEMENT OF FUEL PROCUREMENT PRACTICES AND POLICIES

Duke Energy's ("Company") Commercial Asset Management Service (CAM) group is responsible for managing the power, fuel and emission allowance positions for the Company's operating units, including the Company's Ohio generation portfolio to achieve economical power supply for the Ohio customers.

CAMS is responsible for establishing and implementing the multi-commodity risk management strategy for power, fuel and emission allowances. CAMS reviews the optimal contract mix on an ongoing basis as market conditions change; the optimal contract mix varies as market and operating conditions change during the time horizon being evaluated. Fuel purchases are made through a combination of long-term and spot market purchases.

CAMS fuel procurement and transportation services include issuing solicitations, evaluating proposals for fuel and transportation contracts, selecting and qualifying suppliers and shippers, contract negotiation, administration and enforcement, and ongoing transportation maintenance and operations support. CAMS is responsible for complying with fuel procurement regulations.

CAMS evaluates its fuel and transportation services practices on a continuing basis and updates them as needed. This continuous self-evaluation ensures that CAMS follows the best available practices as they relate to the changing business environment of the Company and the industry, the effect of state and/or federal legislation, the orders or rules of any state commission, or any other event that may impact the Company's procurement and use of fuel.

A balancing of short-term and long-term contracts is an effective way to achieve critical portfolio goals such as:

- Effective management of market price risk
- Assurance of adequate supply from reliable suppliers
- Competitive pricing
- Market intelligence
- Continuing evaluation of suppliers
- Flexibility in responding to changing market or economic conditions
- Efficient delivery of shipments.

CAMS makes every effort to purchase according to the operating requirements for the power generation equipment for which it purchases fuel. Further, the cost of complying with environmental regulations regarding emissions is factored into purchasing decisions.

Coal quality specifications may include moisture, ash, calorific value, sulfur, volatility, grindability, hydrogen, chlorine, ultimate analysis, mineral ash analysis, fusion temperature, etc. These parameters assure that the coal will be compatible with equipment operation and environmental regulations. Quality price adjustments will be made for deliveries not within contract specifications.

## **ATTACHMENT I**

### **STATEMENT OF FUEL PROCUREMENT PRACTICES AND POLICIES**

For longer term commitments, suppliers are generally evaluated on the basis of delivered cost, busbar evaluation of coal quality, uncommitted proven reserves, reputation, credit strength, proximity to transportation, and willingness to extend commercial terms. Additional evaluation is done, as needed, concerning by-product handling, disposal, and various environmental limits at the station sites. For short-term purchases, the evaluation focuses primarily on evaluated cost relative to the market.

## ATTACHMENT II

### DUKE ENERGY OHIO (DUKE)

#### NARRATIVE STATEMENT SUPPORTING ITS PROPOSED FPP COMPONENT

Pursuant to the Commission's Entry on Rehearing in Case No. 03-93-EL-ATA issued on November 23, 2004, Duke has calculated a proposed Quarterly Fuel, Economy Purchased Power and Emission Allowance Component (FPP Component) of its market-based standard service offer for the three-month projected period of January through March 2007.

The proposed FPP Rates are segregated into three types of customers, Residential, Non-Residential and Voltage Reduction customers. Depending on the type of customer, the appropriate rate will be applied to all bills, excluding consumers taking generation service from Certified Retail Electric Service providers, rendered on and after January 2, 2007, and will coincide with the billing of Cycle 1 of the January 2007 revenue month and remain in effect through March 2007.

The methodology for calculating the proposed FPP Component of 1.2405 cents per kilowatt-hour for Residential, 1.3199 cents per kilowatt-hour for Non-Residential and 1.3254 cents per kilowatt-hour for Voltage Reduction type customers is consistent with the Commission's Entry on Rehearing and is composed of the following components:

#### FUEL COMPONENT (FC)

The base period of January through March 2007 was utilized to calculate the proposed fuel and economy purchased power component (FC). The proposed FC is composed of three months projected includable fuel cost and economy purchased power data. The total FC calculated portion of the FPP Component is 1.9540 cents per kilowatt-hour for all types of customers. From this number, the Company has subtracted a baseline rate of 1.2327 cents per kilowatt-hour that is already included in rates as established in Case No. 99-103-EL-EFC. Based upon this information, the proposed FC should be established at 0.7213 cents per kilowatt-hour for all customers subject to the FPP. This proposed FC is supported by the attached calculations on Page 1 of 5 of Schedule 1.

#### EMISSION ALLOWANCES (EA)

The base period of January through March 2007 was utilized to calculate the emission allowance component (EA) for all types of customers. The proposed EA is composed of three months projected includable emission allowance data. The total EA calculated portion of the FPP Component is 0.1133 cents per kilowatt-hour for all types of customers. From this number, the Company has subtracted a baseline rate of 0.0126 cents per kilowatt-hour that is already included in rates as established in Case No. 99-103-EL-EFC. Based upon this information, the proposed EA should be established at 0.1007 cents per kilowatt-hour. This proposed EA is supported by the attached calculations on Page 2 of 5 of Schedule 1.

## ATTACHMENT II

### ENVIRONMENTAL REAGENT (ER)

In accordance with PUCO Order in Case No. 05-806-EL-UNC, the Environmental Reagent (ER) component of Rider FPP should be eliminated from the calculation of the FPP Rate. It was also ordered that any monies collected under the ER component to date should be refunded. As of June 2006 all the monies collected have been refunded.

### RECONCILIATION ADJUSTMENT (RA)

The proposed RA component is based on the reconciliation of actual fuel, economy purchased power, emission allowance costs, and system loss adjustment to the FPP Component revenues for the three month period ending September 2006. The RA amount for the three month period ending September, 2006 included in this filing is \$7,659,977.61 for Residential type customers and \$9,839,480.90 for Non-Residential type customers and \$3,515,886.41 for Voltage Reduction type customers. In addition to these RA amounts is \$237,652.19 for Residential type customers and \$370,991.71 for Non-Residential type customers and \$127,201.56 for Voltage Reduction type customers which represents an updated adjustment to the 2<sup>nd</sup> quarter 2006 RA amount filed in the 4<sup>th</sup> Quarter 2006 filing and is supported by the attached calculations on Page 5O thru T of 5 of Schedule 1. In addition to these RA amounts is \$125,401.88 for Residential type customers and \$153,809.22 for Non-Residential type customers and \$53,609.55 for Voltage Reduction type customers which represents an updated adjustment to the 1<sup>st</sup> quarter 2006 RA amount filed in the 3<sup>rd</sup> Quarter 2006 filing and is supported by the attached calculations on Page 5I thru N of 5 of Schedule 1. In addition to these RA amounts is (\$26,203.20) which represents an updated adjustment to the 3<sup>rd</sup> quarter 2005 RA amount filed in the 1<sup>st</sup> Quarter 2006 filing and is supported by the attached calculations on Page 5E & F of 5 of Schedule 1. The RA adjustments for 2005 impact the Non-Residential and Voltage Reduction customers only. The total RA, including the previous quarter adjustments, reflects the refund adjustment for the monies collected through the ER component for 2005 and the 1<sup>st</sup> and 2<sup>nd</sup> quarter 2006 as ordered by PUCO in Case No. 05-806-EL-UNC. With all of these adjustments, the RA component for Residential customers is 0.3866 cents per kilowatt-hour, the RA component for the Non-Residential customers is 0.4660 cents per kilowatt-hour and the RA component for Voltage Reduction customers is 0.4871 cents per kilowatt-hour. The total proposed RA is supported by the attached calculations on Page 3 of 5 of Schedule 1.

### SYSTEM LOSS ADJUSTMENT (SLA)

The proposed SLA Component is based on the estimated system loss fuel cost to be incurred during the three month period ending March 2007. The total SLA calculated portion of the FPP Component is 0.1338 cents per kilowatt-hour for Residential and Non-Residential type customers, and 0.0612 cents per kilowatt-hour for Voltage Reduction type customers. From the number for Residential and Non-Residential type customers, the Company has subtracted a baseline rate of 0.1051 cents per kilowatt-hour that is already included in rates. From the number for Voltage Reduction type customers, the

**ATTACHMENT II**

Company has subtracted a baseline rate of 0.0481 cents per kilowatt-hour that is already included in rates. Both rates are increased by 0.0032 cents per kilowatt-hour which represents a Synchronization Adjustment. Based upon this information, the proposed SLA should be established at 0.0319 cents per kilowatt-hour for Residential and Non-Residential type customers and at 0.0163 cents per kilowatt-hour for Voltage Reduction type customers. The proposed SLA is supported by the attached calculations on Page 4 of 5 of Schedule 1.

**FUEL, ECONOMY PURCHASED POWER AND EMISSION ALLOWANCE COMPONENT**

Based on the aforementioned projected includable fuel and economy purchased power cost data (FC) summarized on Page 1 of Schedule 1, the Emission Allowance Component (EA) on Page 2 of Schedule 1, the Reconciliation Adjustment (RA) on Page 3 of Schedule 1, and the System Loss Adjustment (SLA) on Page 4 of Schedule 1, the Company proposes that a FPP Component of 1.2405 cents per kilowatt-hour be established for Residential type customers, 1.3199 cents per kilowatt-hour be established for Non-Residential type customers and 1.3254 cents per kilowatt-hour be established for Voltage Reduction type customers. These rates should be effective with bills rendered on and after January 2, 2007, to all consumers other than consumers taking generation service from Certified Retail Electric Suppliers. This will coincide with Cycle 1 billing for the January 2007 revenue month.

**Duke Energy Americas  
Non-Regulated Generation  
Duke Energy Ohio FPP  
Q1 2007 Workpapers**

**Schedule 1**  
Page 1 of 5

**Duke Energy Ohio  
Electric Department  
Calculation of Quarterly Fuel and Economy Purchased Power Component for Billing During  
January 2007 through March 2007**

| Line                                                                                   | Description                                                        | (A)<br>Includable<br>Fuel Cost<br>\$ | (B)<br>Other Includable<br>MISO Costs<br>From Page 1A<br>\$ | (C)<br>Total<br>Includable<br>Costs<br>\$ | (D)<br>Includable<br>Energy<br>(kWh) | (E)<br>FPP Rate<br>Components<br>(Col. C + Col. D) |
|----------------------------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------|-------------------------------------------|--------------------------------------|----------------------------------------------------|
| <b>Fuel &amp; Economy Purchased Power<br/>Cost Expense (FC) - by Month (Projected)</b> |                                                                    |                                      |                                                             |                                           |                                      |                                                    |
| 1                                                                                      | January 2007                                                       | \$ 48,507,673.40                     | \$ (3,107.00)                                               | \$ 48,504,566.40                          | 2,404,709,434                        |                                                    |
| 2                                                                                      | February 2007                                                      | \$ 37,092,469.45                     | \$ (3,107.00)                                               | \$ 37,089,362.45                          | 1,888,407,083                        |                                                    |
| 3                                                                                      | March 2007                                                         | \$ 37,738,258.29                     | \$ (3,107.00)                                               | \$ 37,735,148.29                          | 1,918,142,608                        |                                                    |
| 4                                                                                      | Total Fuel & Economy Purchased Power Cost Expense                  | <u>\$ 121,338,398.14</u>             | <u>\$ (9,321.00)</u>                                        | <u>\$ 121,329,077.14</u>                  | <u>8,209,259,125</u>                 | 1.9540 \$/kWh                                      |
| 5                                                                                      | Less: Baseline EFC Rate from Case No. 98-103-EL-EFC <sup>(a)</sup> |                                      |                                                             |                                           |                                      | <u>1.2327 \$/kWh</u>                               |
| 6                                                                                      | Total FC Portion to be Included in FPP                             |                                      |                                                             |                                           |                                      | 0.7213 \$/kWh                                      |
| 7                                                                                      | Emission Allowances Adjustment (EA) From Page 2                    |                                      |                                                             |                                           |                                      | <u>0.1007 \$/kWh</u>                               |
| 8                                                                                      | Total FPP Rate before RA and SLA                                   |                                      |                                                             |                                           |                                      | <u>0.8220 \$/kWh</u>                               |
|                                                                                        |                                                                    |                                      |                                                             |                                           |                                      |                                                    |
|                                                                                        |                                                                    | FPP Rate                             |                                                             |                                           |                                      |                                                    |
|                                                                                        |                                                                    | Residential                          | Non-Residential                                             | Voltage Reduction <sup>(b)</sup>          |                                      |                                                    |
| 9                                                                                      | Total FPP Rate before RA and SLA (Line 8)                          | 0.8220                               | 0.8220                                                      | 0.8220                                    | \$/kWh                               |                                                    |
| 10                                                                                     | Reconciliation Adjustment (RA) From Page 3                         | 0.3666                               | 0.4880                                                      | 0.4871                                    | \$/kWh                               |                                                    |
| 11                                                                                     | System Loss Adjustment (SLA) From Page 4                           | 0.0319                               | 0.0319                                                      | 0.0183                                    | \$/kWh                               |                                                    |
| 12                                                                                     | Total FPP Rate                                                     | <u>1.2405</u>                        | <u>1.3199</u>                                               | <u>1.3254</u>                             | \$/kWh                               |                                                    |

Notes: <sup>(a)</sup> Reflects only the FC component and excludes EA costs.  
<sup>(b)</sup> Rate for Customers taking service at 69 kV or greater.

**Schedule 1**  
**Page 1A of 5**

**Duke Energy Ohio**  
**Electric Department**  
**Calculation of Quarterly Fuel and Economy Purchased Power Component for Billing During**  
**January 2007 through March 2007**

| Other Includable MISO Costs                | January-07     | February-07    | March-07       | Total For Period |
|--------------------------------------------|----------------|----------------|----------------|------------------|
| (a)                                        | (b)            | (c)            | (d)            | (e)              |
| FTR (Hourly, Monthly, Yearly, Transaction) | \$ (761,411)   | \$ (761,411)   | \$ (761,411)   | \$ (2,284,233)   |
| Financial                                  |                |                |                |                  |
| Day-Ahead                                  | \$ -           | \$ -           | \$ -           | \$ -             |
| Real-Time                                  | \$ (5,365)     | \$ (5,365)     | \$ (5,365)     | \$ (16,095)      |
| Physical (DA, RT, Index)                   | \$ (11,398)    | \$ (11,398)    | \$ (11,398)    | \$ (34,193)      |
| Congestion                                 |                |                |                |                  |
| Day-Ahead                                  | \$ 590,609     | \$ 590,609     | \$ 590,609     | \$ 1,771,826     |
| Real-Time                                  | \$ (159,841)   | \$ (159,841)   | \$ (159,841)   | \$ (479,623)     |
| Losses                                     |                |                |                |                  |
| Day-Ahead                                  | \$ 1,588,316   | \$ 1,588,316   | \$ 1,588,316   | \$ 4,764,949     |
| Real-Time                                  | \$ (1,244,018) | \$ (1,244,018) | \$ (1,244,018) | \$ (3,732,053)   |
| Revenue Sufficiency Guarantee (MKWHL)      |                |                |                |                  |
| Day-Ahead                                  | \$ -           | \$ -           | \$ -           | \$ -             |
| Real-Time                                  | \$ -           | \$ -           | \$ -           | \$ -             |
| Total Other Includable MISO Costs          | \$ (3,107)     | \$ (3,107)     | \$ (3,107)     | \$ (9,321)       |

**Schedule 1**  
**Page 2 of 5**

**Duke Energy Ohio  
Electric Department  
Calculation of Quarterly Emission Allowances Component for Billing During  
January 2007 through March 2007**

| Line                                                   | Description                                                                           | (1)<br>Includable<br>Emission Allowances<br>\$ | (2)<br>Includable<br>Energy<br>(kWh) | (3)<br>EA Rate<br>Components<br>(Col. 1 + Col. 2) |
|--------------------------------------------------------|---------------------------------------------------------------------------------------|------------------------------------------------|--------------------------------------|---------------------------------------------------|
| <u>Emission Allowances (EA) - by Month (Projected)</u> |                                                                                       |                                                |                                      |                                                   |
| 1                                                      | January 2007                                                                          | \$ 1,944,426.84                                | 1,772,582,471                        |                                                   |
| 2                                                      | February 2007                                                                         | \$ 1,748,712.69                                | 1,551,467,650                        |                                                   |
| 3                                                      | March 2007                                                                            | \$ 1,870,952.71                                | 1,585,584,947                        |                                                   |
| 4                                                      | EA Auction Proceeds Credits                                                           | \$ -                                           |                                      |                                                   |
| 5                                                      | Total Emission Allowance Expense                                                      | <u>\$ 5,564,092.24</u>                         | <u>4,909,635,068</u>                 | 0.1133 ¢/kWh                                      |
| 6                                                      | Less: Baseline EA Rate from Case No. 99-103-EL-EFC <sup>(a)</sup>                     |                                                |                                      | <u>0.0126 ¢/kWh</u>                               |
| 7                                                      | Quarterly Emission Allowance Rate (Rate will never be less than -0-) To Page 1 Line 7 |                                                |                                      | <u>0.1007 ¢/kWh</u>                               |

Notes: <sup>(a)</sup> Reflects only the EA costs.

Schedule 1  
Page 3 of 5

Duke Energy Ohio  
Electric Department  
Calculation of Quarterly Reconciliation Adjustment Component for Billing  
January 2007 through March 2007  
Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary

| Line | Reconciliation Adjustment (RA)                                                 | Total            | Residential     | Non-Residential  | Voltage Reduction |        |
|------|--------------------------------------------------------------------------------|------------------|-----------------|------------------|-------------------|--------|
| 1    | January 2006 (See Page 5J Line 30)                                             | \$ (10,201.10)   | \$ (2,030.45)   | \$ (5,987.39)    | \$ (2,167.28)     |        |
| 2    | February 2006 (See Page 5L Line 39)                                            | \$ 294,874.97    | \$ 109,709.84   | \$ 137,820.70    | \$ 47,144.63      |        |
| 3    | March 2006 (See Page 5N Line 39)                                               | \$ 48,348.78     | \$ 17,728.69    | \$ 21,085.91     | \$ 8,632.18       |        |
| 4    | April 2006 (See Page 5P Line 34)                                               | \$ 290,375.65    | \$ 98,780.31    | \$ 140,817.83    | \$ 50,797.51      |        |
| 5    | May 2006 (See Page 5R Line 34)                                                 | \$ 53,966.83     | \$ 13,845.73    | \$ 28,710.31     | \$ 11,410.79      |        |
| 6    | June 2006 (See Page 5T Line 34)                                                | \$ 385,502.88    | \$ 125,048.15   | \$ 185,483.57    | \$ 84,993.26      |        |
| 7    | July 2006 (See Page 3A Line 32)                                                | \$ 6,984,648.35  | \$ 2,437,323.27 | \$ 3,331,581.18  | \$ 1,215,744.90   |        |
| 8    | August 2006 (See Page 3B Line 32)                                              | \$ 12,347,475.71 | \$ 4,733,152.42 | \$ 5,655,438.98  | \$ 1,958,888.33   |        |
| 9    | September 2006 (See Page 3C Line 32)                                           | \$ 1,883,219.86  | \$ 489,501.92   | \$ 852,462.78    | \$ 341,255.18     |        |
| 10   | Total 2006 Adjustments                                                         | \$ 22,084,011.03 | \$ 8,023,031.68 | \$ 10,384,281.83 | \$ 3,696,697.52   |        |
| 11   | Projected Retail Energy (kWh)                                                  | 6,062,458,000    | 2,075,073,000   | 2,219,878,000    | 767,507,000       |        |
| 12   | 2006 Adjustments RA Rate (Line 10/Line 11)                                     |                  | <u>0.3866</u>   | <u>0.4669</u>    | <u>0.4890</u>     | \$/kWh |
| 13   | 1st Quarter 2005 Adjustments (See Page 5B)                                     | \$ -             |                 |                  |                   |        |
| 14   | 2nd Quarter 2005 Adjustments (See Page 5D)                                     | \$ -             |                 |                  |                   |        |
| 15   | 3rd Quarter 2005 Adjustments (See Page 5F)                                     | \$ (26,203.20)   |                 |                  |                   |        |
| 16   | 4th Quarter 2005 Adjustments (See Page 5H)                                     | \$ -             |                 |                  |                   |        |
| 17   | Total 2005 Adjustments to Be Recovered (Line 13 + Line 14 + Line 15 + Line 16) | \$ (26,203.20)   |                 |                  |                   |        |
| 18   | Projected Retail Energy excluding residential (kWh)                            | 2,977,383,000    |                 |                  |                   |        |
| 19   | 2005 Adjustments RA Rate (Line 17/Line 18)                                     | <u>(0.0009)</u>  | <u>0.0000</u>   | <u>(0.0009)</u>  | <u>(0.0009)</u>   | \$/kWh |
| 20   | Total RA Rate (Line 12 + Line 19) To Page 1 Line 10                            |                  | <u>0.3866</u>   | <u>0.4660</u>    | <u>0.4871</u>     | \$/kWh |

**Duke Energy Ohio  
Electric Department**  
**Calculation of Quarterly Reconciliation Adjustment Component for Billing**  
**January 2007 through March 2007**  
**Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary**

**Schedule 1  
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| Line                                               | Reconciliation Adjustment (RA)                                           | July 2006         | Residential/<br>July 2006 | Non-Residential<br>July 2006 | Voltage<br>Reduction<br>July 2006 |
|----------------------------------------------------|--------------------------------------------------------------------------|-------------------|---------------------------|------------------------------|-----------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                          |                   |                           |                              |                                   |
| 1                                                  | Net Includable Fuel                                                      | \$ 53,381,368.85  | \$ 53,381,368.85          | \$ 53,381,368.85             | \$ 53,381,368.85                  |
| 2                                                  | Ratio Metered Sales/Generation Sales                                     | 0.938933          | 0.938933                  | 0.938933                     | 0.938933                          |
| 3                                                  | Fuel Cost @Meter Sales Level (Line 1 x Line 2)                           | \$ 50,121,528.73  | \$ 50,121,528.73          | \$ 50,121,528.73             | \$ 50,121,528.73                  |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)        | \$ 1,841,739.93   | \$ 1,841,739.93           | \$ 1,841,739.93              | \$ 1,841,739.93                   |
| 5                                                  | RSG Make Whole Payments                                                  | \$ (118,857.35)   | \$ (118,857.35)           | \$ (118,857.35)              | \$ (118,857.35)                   |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                 | \$ 51,844,809.31  | \$ 51,844,809.31          | \$ 51,844,809.31             | \$ 51,844,809.31                  |
| 7                                                  | Total Generation and Purchase Power (per books)                          | 2,218,477,348     | 2,218,477,348             | 2,218,477,348                | 2,218,477,348                     |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                         | 135,475,766       | 135,475,766               | 135,475,766                  | 135,475,766                       |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                      | 2,083,001,583     | 2,083,001,583             | 2,083,001,583                | 2,083,001,583                     |
| 10                                                 | kWh Subject to FPP                                                       | 1,863,912,023     | 888,272,057               | 897,484,407                  | 288,145,559                       |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                  | 90.44%            | 33.04%                    | 43.09%                       | 14.31%                            |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                | \$ 23,222,983.61  | \$ 8,484,329.84           | \$ 11,063,413.55             | \$ 3,675,240.32                   |
| 13                                                 | Amount Recovered via FPP (per books)                                     | \$ 13,068,275.34  | \$ 4,782,126.64           | \$ 6,214,162.97              | \$ 2,071,995.73                   |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                           | \$ 36,291,258.95  | \$ 13,266,456.48          | \$ 17,277,576.52             | \$ 5,747,236.05                   |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)     | \$ 46,707,384.68  | \$ 17,083,378.92          | \$ 22,263,682.15             | \$ 7,390,343.69                   |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                  | \$ 10,416,125.81  | \$ 3,796,922.64           | \$ 4,978,095.63              | \$ 1,643,107.54                   |
| <b>Emissions Allowance Component (EA)</b>          |                                                                          |                   |                           |                              |                                   |
| 17                                                 | kWh Subject to FPP (Line 10)                                             | 1,863,912,023     | 888,272,057               | 897,484,407                  | 288,145,559                       |
| 18                                                 | EA Expense Allocated to FPP                                              | \$ 6,250,801.00   | \$ 2,283,879.71           | \$ 2,977,877.95              | \$ 988,243.84                     |
| 19                                                 | EA Sales Margin Allocated to FPP                                         | \$ (6,043,470.00) | \$ (1,842,591.07)         | \$ (2,402,705.68)            | \$ (798,173.25)                   |
| 20                                                 | Net EA Cost (Line 18 + Line 19)                                          | \$ 1,207,331.00   | \$ 441,088.64             | \$ 575,172.27                | \$ 191,070.59                     |
| 21                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0126 ¢/kWh)              | \$ 237,372.91     | \$ 86,722.28              | \$ 113,084.29                | \$ 37,588.34                      |
| 22                                                 | EA Revenue in FPP (per books)                                            | \$ 5,138,905.16   | \$ 1,880,455.05           | \$ 2,443,688.68              | \$ 814,781.45                     |
| 23                                                 | Under/(Over) Recovery of EA Costs (Line 20 - Line 21 - Line 22)          | \$ (4,168,947.07) | \$ (1,528,088.69)         | \$ (1,981,601.28)            | \$ (661,257.10)                   |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                          |                   |                           |                              |                                   |
| 24                                                 | RA Amount from 3rd Quarter Filing (spread evenly)                        | \$ (8,076,855.92) | \$ (1,078,894.22)         | \$ (3,784,048.83)            | \$ (1,212,723.07)                 |
| 25                                                 | Actual RA recovery through FPP                                           | \$ (8,231,889.89) | \$ (1,052,438.78)         | \$ (3,880,440.39)            | \$ (1,288,792.52)                 |
| 26                                                 | Under/(Over) Recovery of RA (Line 24 - Line 25)                          | \$ 155,033.77     | \$ (17,457.44)            | \$ 96,391.76                 | \$ 76,069.45                      |
| <b>System Loss Component (SLA)</b>                 |                                                                          |                   |                           |                              |                                   |
| 27                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)      | 0.0999 / 0.0882   | 0.0999                    | 0.0989                       | 0.0882                            |
| 28                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 27)                 | \$ 1,847,145.07   | \$ 687,583.78             | \$ 898,596.91                | \$ 262,904.38                     |
| 29                                                 | Actual SLA recovery through FPP                                          | \$ 518,587.31     | \$ 205,520.57             | \$ 267,373.04                | \$ 45,693.70                      |
| 30                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (line 11))               | \$ 2,948,199.22   | \$ 1,077,051.11           | \$ 1,404,685.02              | \$ 489,483.09                     |
| 31                                                 | Under/(Over) Recovery of Losses (Line 30 - Line 28 - Line 29)            | \$ 582,488.84     | \$ 183,946.75             | \$ 240,695.07                | \$ 157,825.01                     |
| 32                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 23+Line 26+Line 31) | \$ 8,984,549.35   | \$ 2,437,323.27           | \$ 3,331,581.18              | \$ 1,215,744.90                   |

Duke Energy Ohio  
Electric Department  
Calculation of Quarterly Reconciliation Adjustment Component for Billing  
January 2007 through March 2007  
Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary

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| Line                                               | Reconciliation Adjustment (RA)                                           | August 2006       | Residential<br>August 2006 | Non-Residential<br>August 2006 | Voltage<br>Reduction<br>August 2006 |
|----------------------------------------------------|--------------------------------------------------------------------------|-------------------|----------------------------|--------------------------------|-------------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                          |                   |                            |                                |                                     |
| 1                                                  | Net Includable Fuel                                                      | \$ 58,814,168.66  | \$ 58,814,168.66           | \$ 58,814,168.66               | \$ 58,814,168.66                    |
| 2                                                  | Ratio Metered Sales/Generation Sales                                     | 0.938933          | 0.938933                   | 0.938933                       | 0.938933                            |
| 3                                                  | Fuel Cost @ Meter Sales Level (Line 1 x Line 2)                          | \$ 55,222,581.94  | \$ 55,222,581.94           | \$ 55,222,581.94               | \$ 55,222,581.94                    |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)        | \$ (514,132.00)   | \$ (514,132.00)            | \$ (514,132.00)                | \$ (514,132.00)                     |
| 5                                                  | RSG Make Whole Payments                                                  | \$ (524,371.27)   | \$ (524,371.27)            | \$ (524,371.27)                | \$ (524,371.27)                     |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                 | \$ 54,184,058.67  | \$ 54,184,058.67           | \$ 54,184,058.67               | \$ 54,184,058.67                    |
| 7                                                  | Total Generation and Purchase Power (per books)                          | 2,273,643,443     | 2,273,643,443              | 2,273,643,443                  | 2,273,643,443                       |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                         | 138,844,584       | 138,844,584                | 138,844,584                    | 138,844,584                         |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                      | 2,134,798,859     | 2,134,798,859              | 2,134,798,859                  | 2,134,798,859                       |
| 10                                                 | kWh Subject to FPP                                                       | 2,053,855,888     | 808,512,070                | 940,773,834                    | 306,569,982                         |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                  | 96.21%            | 37.78%                     | 44.07%                         | 14.36%                              |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                | \$ 25,317,881.51  | \$ 9,941,874.29            | \$ 11,598,918.05               | \$ 3,779,088.17                     |
| 13                                                 | Amount Recovered via FPP (per books)                                     | \$ 14,201,031.08  | \$ 5,605,194.87            | \$ 6,503,153.21                | \$ 2,082,682.98                     |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                           | \$ 39,518,912.57  | \$ 15,547,069.16           | \$ 18,102,071.26               | \$ 5,861,771.15                     |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)     | \$ 62,130,482.85  | \$ 20,470,737.37           | \$ 23,878,914.66               | \$ 7,780,830.82                     |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                  | \$ 12,611,570.28  | \$ 4,923,668.21            | \$ 5,776,843.40                | \$ 1,918,059.67                     |
| <b>Emissions Allowance Component (EA)</b>          |                                                                          |                   |                            |                                |                                     |
| 17                                                 | kWh Subject to FPP (Line 10)                                             | 2,053,855,888     | 808,512,070                | 940,773,834                    | 306,569,982                         |
| 18                                                 | EA Expense Allocated to FPP                                              | \$ 8,683,544.55   | \$ 2,616,653.46            | \$ 3,052,253.27                | \$ 994,837.82                       |
| 19                                                 | EA Sales Margin Allocated to FPP                                         | \$ (2,488,410.00) | \$ (977,153.61)            | \$ (1,139,822.43)              | \$ (371,433.96)                     |
| 20                                                 | Net EA Cost (Line 18 + Line 19)                                          | \$ 4,175,134.55   | \$ 1,639,499.85            | \$ 1,912,430.84                | \$ 623,403.86                       |
| 21                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0128 ¢/kWh)              | \$ 268,785.85     | \$ 101,820.52              | \$ 118,537.50                  | \$ 38,827.83                        |
| 22                                                 | EA Revenue in FPP (per books)                                            | \$ 5,584,339.57   | \$ 2,204,108.81            | \$ 2,567,338.76                | \$ 822,886.20                       |
| 23                                                 | Under/(Over) Recovery of EA Costs (Line 20 - Line 21 - Line 22)          | \$ (1,667,990.87) | \$ (886,227.28)            | \$ (763,443.42)                | \$ (238,320.17)                     |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                          |                   |                            |                                |                                     |
| 24                                                 | RA Amount from 3rd Quarter Filing (spread evenly)                        | \$ (8,076,665.92) | \$ (1,079,894.22)          | \$ (3,784,048.63)              | \$ (1,212,723.07)                   |
| 25                                                 | Actual RA recovery through FPP                                           | \$ (8,807,863.89) | \$ (1,245,296.42)          | \$ (4,080,907.17)              | \$ (1,301,880.10)                   |
| 26                                                 | Under/(Over) Recovery of RA (Line 24 - Line 25)                          | \$ 531,197.77     | \$ 165,402.20              | \$ 278,858.54                  | \$ 88,937.03                        |
| <b>System Loss Component (SLA)</b>                 |                                                                          |                   |                            |                                |                                     |
| 27                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)      | 0.0099 / 0.0082   | 0.0099                     | 0.0099                         | 0.0082                              |
| 28                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 27)                 | \$ 2,015,933.34   | \$ 805,705.66              | \$ 939,833.06                  | \$ 270,394.72                       |
| 29                                                 | Actual SLA recovery through FPP                                          | \$ 666,851.03     | \$ 240,893.41              | \$ 278,807.70                  | \$ 48,149.92                        |
| 30                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (line 11))               | \$ 3,455,482.90   | \$ 1,358,908.26            | \$ 1,582,820.20                | \$ 515,764.44                       |
| 31                                                 | Under/(Over) Recovery of Losses (Line 30 - Line 28 - Line 29)            | \$ 872,898.53     | \$ 310,309.20              | \$ 363,179.44                  | \$ 190,209.80                       |
| 32                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 23+Line 26+Line 31) | \$ 12,347,475.71  | \$ 4,793,152.42            | \$ 5,855,436.96                | \$ 1,956,885.33                     |

Duke Energy Ohio  
Electric Department  
Calculation of Quarterly Reconciliation Adjustment Component for Billing  
January 2007 through March 2007  
Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary

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| Line                                               | Reconciliation Adjustment (RA)                                                   | September 2006    | Residential<br>September 2006 | Non-Residential<br>September 2006 | Voltage<br>Reduction<br>September 2006 |
|----------------------------------------------------|----------------------------------------------------------------------------------|-------------------|-------------------------------|-----------------------------------|----------------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                                  |                   |                               |                                   |                                        |
| 1                                                  | Net Includable Fuel                                                              | \$ 34,548,922.77  | \$ 34,548,922.77              | \$ 34,548,922.77                  | \$ 34,548,922.77                       |
| 2                                                  | Ratio Metered Sales/Generation Sales                                             | 0.938933          | 0.938933                      | 0.938933                          | 0.938933                               |
| 3                                                  | Fuel Cost @Meter Sales Level (Line 1 x Line 2)                                   | \$ 32,437,245.84  | \$ 32,437,245.84              | \$ 32,437,245.84                  | \$ 32,437,245.84                       |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)                | \$ 1,350,807.00   | \$ 1,350,807.00               | \$ 1,350,807.00                   | \$ 1,350,807.00                        |
| 5                                                  | RSG Make Whole Payments                                                          | \$ (145,137.70)   | \$ (145,137.70)               | \$ (145,137.70)                   | \$ (145,137.70)                        |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                         | \$ 33,642,915.14  | \$ 33,642,915.14              | \$ 33,642,915.14                  | \$ 33,642,915.14                       |
| 7                                                  | Total Generation and Purchase Power (per books)                                  | 1,885,422.435     | 1,885,422.435                 | 1,885,422.435                     | 1,885,422.435                          |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                                 | 102,923,692       | 102,923,692                   | 102,923,692                       | 102,923,692                            |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                              | 1,582,498,743     | 1,582,498,743                 | 1,582,498,743                     | 1,582,498,743                          |
| 10                                                 | kWh Subject to FPP                                                               | 1,823,538,535     | 650,713,421                   | 888,153,990                       | 284,669,124                            |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                          | 116.24%           | 41.12%                        | 58.12%                            | 17.99%                                 |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 \$/kWh x Line 10)                       | \$ 22,478,734.88  | \$ 8,021,344.34               | \$ 10,948,274.23                  | \$ 3,509,118.29                        |
| 13                                                 | Amount Recovered via FPP (per books)                                             | \$ 12,683,162.55  | \$ 4,524,484.27               | \$ 6,160,438.10                   | \$ 1,978,240.18                        |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                                   | \$ 35,141,897.41  | \$ 12,545,828.61              | \$ 17,108,712.33                  | \$ 5,487,358.47                        |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)             | \$ 38,768,731.12  | \$ 13,833,868.71              | \$ 18,680,493.98                  | \$ 6,052,380.43                        |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                          | \$ 3,624,833.71   | \$ 1,288,138.10               | \$ 1,771,891.65                   | \$ 666,031.96                          |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                   |                               |                                   |                                        |
| 17                                                 | kWh Subject to FPP (Line 10)                                                     | 1,823,538,535     | 650,713,421                   | 888,153,990                       | 284,669,124                            |
| 18                                                 | EA Expense Allocated to FPP                                                      | \$ 4,278,022.00   | \$ 1,528,875.57               | \$ 2,089,611.84                   | \$ 887,834.69                          |
| 19                                                 | EA Sales Margin Allocated to FPP                                                 | \$ (1,155,810.00) | \$ (412,369.55)               | \$ (582,840.18)                   | \$ (180,400.27)                        |
| 20                                                 | Net EA Cost (Line 18 + Line 19)                                                  | \$ 3,122,412.00   | \$ 1,114,206.02               | \$ 1,506,771.66                   | \$ 487,434.92                          |
| 21                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0126 \$/kWh)                     | \$ 229,765.60     | \$ 81,989.89                  | \$ 111,907.40                     | \$ 35,869.31                           |
| 22                                                 | EA Revenue in FPP (per books)                                                    | \$ 4,979,603.33   | \$ 1,779,143.44               | \$ 2,422,585.61                   | \$ 777,884.30                          |
| 23                                                 | Under/(Over) Recovery of EA Costs (Line 20 - Line 21 - Line 22)                  | \$ (2,086,958.93) | \$ (746,827.31)               | \$ (1,013,701.25)                 | \$ (328,328.37)                        |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                   |                               |                                   |                                        |
| 24                                                 | RA Amount from 3rd Quarter Filing (spread evenly)                                | \$ (8,076,068.92) | \$ (1,079,894.22)             | \$ (3,784,048.63)                 | \$ (1,212,723.07)                      |
| 25                                                 | Actual RA recovery through FPP                                                   | \$ (8,082,570.90) | \$ (1,005,198.82)             | \$ (3,848,898.02)                 | \$ (1,230,478.08)                      |
| 26                                                 | Under/(Over) Recovery of RA (Line 24 - Line 25)                                  | \$ 6,504.68       | \$ (74,697.40)                | \$ 62,849.39                      | \$ 17,752.99                           |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                   |                               |                                   |                                        |
| 27                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)              | 0.0999 / 0.0882   | 0.0999                        | 0.0999                            | 0.0882                                 |
| 28                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 27)                         | \$ 1,788,406.72   | \$ 650,082.71                 | \$ 887,285.84                     | \$ 251,078.17                          |
| 29                                                 | Actual SLA recovery through FPP                                                  | \$ 503,135.90     | \$ 194,447.91                 | \$ 265,061.88                     | \$ 43,826.11                           |
| 30                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (line 11))                       | \$ 2,430,980.72   | \$ 687,499.15                 | \$ 1,183,950.89                   | \$ 378,530.88                          |
| 31                                                 | Under/(Over) Recovery of Losses (Line 30 - Line 28 - Line 29)                    | \$ 139,438.10     | \$ 22,988.53                  | \$ 31,622.07                      | \$ 84,826.60                           |
| 32                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 26+Line 33+Line 36+Line 41) | \$ 1,683,219.66   | \$ 489,501.92                 | \$ 852,482.78                     | \$ 341,255.16                          |

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**Duke Energy Ohio**  
**Electric Department**  
**Calculation of Quarterly Voltage-Adjusted System Loss Adjustment**  
**January 2007 through March 2007**

| Line                                                      | Description                                                | Total Losses        |                     |                                        |                                 |
|-----------------------------------------------------------|------------------------------------------------------------|---------------------|---------------------|----------------------------------------|---------------------------------|
|                                                           |                                                            | Distribution<br>(A) | Transmission<br>(B) | Voltage Adjusted<br>Methodology<br>(C) | No Voltage<br>Adjustment<br>(D) |
| <u>Calculation of Base Rate Recovery of Losses</u>        |                                                            |                     |                     |                                        |                                 |
| 1                                                         | FC Rate Basis for SLA (\$/kWh)                             | 1.5353              | 1.5353              | 1.5353                                 | 1.5353                          |
| 2                                                         | Energy Loss Factors from 92-1464-EL-AIR                    | 6.847%              | 3.134%              | 5.743%                                 | 6.504%                          |
| 3                                                         | Losses in MBSSO (\$/kWh) (Line 1 * Line 2)                 | 0.1051              | 0.0481              | 0.0882                                 | 0.0889                          |
| 4                                                         | Current FC Rate (\$/kWh) (Per Filing)                      | 1.9540              | 1.9540              | 1.9540                                 | 1.9540                          |
| 5                                                         | Projected Sales at Meter (kWh) <sup>(a)</sup>              | 4,294,949,000       | 757,507,000         | 5,052,456,000                          | 5,052,456,000                   |
| 6                                                         | Energy Loss Factors from 92-1464-EL-AIR (Line 2)           | 6.847%              | 3.134%              | 5.743%                                 | 6.504%                          |
| 7                                                         | Energy Sales at the Busbar (kWh) (Line 5 * (1 + Line 6))   | 4,589,013,785       | 781,243,617         | 5,342,615,896                          | 5,381,061,268                   |
| 8                                                         | Energy Losses (kWh) (Line 7 - Line 5)                      | 294,064,785         | 23,736,617          | 290,159,896                            | 326,605,268                     |
| 9                                                         | Value of Losses (Line 8 * Line 4)                          | 5,746,025.90        | 463,813.50          | 5,669,724.37                           | 6,420,946.94                    |
| 10                                                        | Average Losses Rate (\$/kWh) (Line 9 + Line 5)             | 0.1338              | 0.0612              | 0.1122                                 | 0.1271                          |
| 11                                                        | Losses in MBSSO (\$/kWh) (Line 3)                          | 0.1051              | 0.0481              | 0.0882                                 | 0.0889                          |
| 12                                                        | System Loss Adjustment (\$/kWh) (Line 10 - Line 11)        | 0.0287              | 0.0131              | 0.0240                                 | 0.0272                          |
| 13                                                        | Synchronization Adj. (\$/kWh) (L. 12, Column D - Column C) | 0.0032              | 0.0032              | 0.0032                                 | -                               |
| 14                                                        | Adjusted SLA (\$/kWh) (Line 12 + Line 13)                  | 0.0319              | 0.0163              | 0.0272                                 | 0.0272                          |
| Total SLA Rate (Line 14, Columns A & B) To Page 1 Line 11 |                                                            |                     |                     |                                        |                                 |

Notes: <sup>(a)</sup> Projected Sales at Meter for 1st quarter 2007 were provided by the Load Forecasting Department.

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**Duke Energy Ohio**  
**Electric Department**  
**Calculation of Quarterly Reconciliation Adjustment Component for Billing**  
**January 2007 through March 2007**  
**Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary**

| Line                                               | Reconciliation Adjustment (RA) (As Updated)                                     | (A)<br>January 2006 | (B)<br>February 2006 | (C)<br>March 2006 |
|----------------------------------------------------|---------------------------------------------------------------------------------|---------------------|----------------------|-------------------|
| <b><u>Fuel Component (FC)</u></b>                  |                                                                                 |                     |                      |                   |
| 1                                                  | Net Includable Fuel                                                             | \$ 40,291,703.44    | \$ 36,266,961.36     | \$ 39,783,551.55  |
| 2                                                  | Ratio Metered Sales/Generation Sales                                            | 0.938933            | 0.938933             | 0.938933          |
| 3                                                  | Fuel Cost @Meter Sales Level (Line 1 x Line 2)                                  | \$ 37,831,209.99    | \$ 34,052,246.83     | \$ 37,354,089.41  |
| 4                                                  | Coal Sales Credits (per books)                                                  | \$ -                | \$ 719,378.36        | \$ 941,611.76     |
| 5                                                  | Net Fuel Cost (Line 3 - Line 4)                                                 | \$ 37,831,209.99    | \$ 33,332,868.47     | \$ 36,412,477.65  |
| 6                                                  | Total Generation and Purchase Power (per books)                                 | 2,320,469,996       | 1,971,872,000        | 2,060,368,999     |
| 7                                                  | Losses (kWh) (1 - Line 2) x (Line 6)                                            | 141,703,531         | 120,416,307          | 125,820,554       |
| 8                                                  | Total Generation After Losses (kWh) (Line 6-Line 7)                             | 2,178,756,465       | 1,851,455,693        | 1,934,548,445     |
| 9                                                  | kWh Billed @ meter per books                                                    | 970,427,454         | 871,928,259          | 860,614,768       |
| 10                                                 | Ratio of FPP Sales to Total Generation (Line 9/Line 8)                          | 44.54%              | 47.09%               | 44.49%            |
| 11                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 9)                        | \$ 11,962,459.23    | \$ 10,748,234.99     | \$ 10,608,798.25  |
| 12                                                 | Amount Recovered via FPP (per books)                                            | \$ 1,325,772.37     | \$ 2,218,695.99      | \$ 2,194,326.87   |
| 13                                                 | Total Fuel Costs Recovered (Line 11 + Line 12)                                  | \$ 13,288,231.60    | \$ 12,967,930.98     | \$ 12,803,125.12  |
| 14                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 5 x Line 10)            | \$ 16,850,020.93    | \$ 15,696,447.76     | \$ 16,199,911.31  |
| 15                                                 | Under/(Over) Recovery of Fuel Costs (Line 14 - Line 13)                         | \$ 3,561,789.33     | \$ 2,728,516.78      | \$ 3,396,786.19   |
| <b><u>Emissions Allowance Component (EA)</u></b>   |                                                                                 |                     |                      |                   |
| 16                                                 | kWh Subject to FPP (Line 9)                                                     | 970,427,454         | 871,928,259          | 860,614,768       |
| 17                                                 | EA Expense Allocated to FPP                                                     | \$ (48,447.61)      | \$ 506,612.81        | \$ 2,292,746.98   |
| 18                                                 | EA Expense Recovered in Base Rates (Line 16 x 0.0126 ¢/kWh)                     | \$ 122,273.86       | \$ 109,862.71        | \$ 108,437.46     |
| 19                                                 | EA Revenue in FPP (per books)                                                   | \$ 475,793.56       | \$ 796,605.13        | \$ 787,500.65     |
| 20                                                 | Under/(Over) Recovery of EA Costs (Line 17 - Line 18 - Line 19)                 | \$ (646,515.03)     | \$ (399,855.03)      | \$ 1,396,807.85   |
| <b><u>Environmental Reagent Component (ER)</u></b> |                                                                                 |                     |                      |                   |
| 21                                                 | Amount Recovered in Base Rates (0.0330 ¢/kWh)                                   | \$ -                | \$ -                 | \$ -              |
| 22                                                 | ER Revenue in FPP (per books)                                                   | \$ -                | \$ -                 | \$ -              |
| 23                                                 | Total Actual Lime Costs for Quarter (per books)                                 | \$ -                | \$ -                 | \$ -              |
| 24                                                 | Total Actual Ammonia Costs for Quarter (per books)                              | \$ -                | \$ -                 | \$ -              |
| 25                                                 | Total Actual ER Costs for Quarter (per books)(Line 23+ Line 24)                 | \$ -                | \$ -                 | \$ -              |
| 26                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 10 x Line 25)                | \$ -                | \$ -                 | \$ -              |
| 27                                                 | Under/(Over) Recovery of ER Costs (Line 26 - Line 21 - Line 22)                 | \$ -                | \$ -                 | \$ -              |
| <b><u>System Loss Component (SLA)</u></b>          |                                                                                 |                     |                      |                   |
| 28                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)             | 0.0999              | 0.0999               | 0.0999            |
| 29                                                 | Total Losses Recovered in Base Rates (Line 9 x Line 28)                         | \$ 969,457.03       | \$ 871,054.33        | \$ 859,754.15     |
| 30                                                 | Actual Losses on FPP Sales (Line 1 - Line 3) x (line 10)                        | \$ 1,095,903.78     | \$ 1,042,909.07      | \$ 1,080,867.71   |
| 31                                                 | Under/(Over) Recovery of Losses (Line 30 - Line 29)                             | \$ 126,446.75       | \$ 171,854.74        | \$ 221,113.56     |
| 32                                                 | Net Under/(Over) Recovery of FPP Costs (Line 15 + Line 20 + Line 27 + Line 31)) | \$ 3,041,721.05     | \$ 2,500,516.49      | \$ 5,014,707.60   |

**Schedule 1**  
**Page 5B of 5**

**Duke Energy Ohio**  
**Electric Department**  
**Calculation of Quarterly Reconciliation Adjustment Component for Billing**  
**January 2007 through March 2007**  
**Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary**

| Line                                               | Reconciliation Adjustment (RA) (As Updated)                                     | (A)<br>January 2005 | (B)<br>February 2005 | (C)<br>March 2005 |
|----------------------------------------------------|---------------------------------------------------------------------------------|---------------------|----------------------|-------------------|
| <b><u>Fuel Component (FC)</u></b>                  |                                                                                 |                     |                      |                   |
| 1                                                  | Net Includable Fuel                                                             | \$ 40,291,703.44    | \$ 36,266,961.36     | \$ 39,783,551.55  |
| 2                                                  | Ratio Metered Sales/Generation Sales                                            | 0.938933            | 0.938933             | 0.938933          |
| 3                                                  | Fuel Cost @ Meter Sales Level (Line 1 x Line 2)                                 | \$ 37,831,209.99    | \$ 34,052,246.83     | \$ 37,354,089.41  |
| 4                                                  | Coal Sales Credits (per books)                                                  | \$ -                | \$ 719,378.36        | \$ 941,611.78     |
| 5                                                  | Net Fuel Cost (Line 3 - Line 4)                                                 | \$ 37,831,209.99    | \$ 33,332,868.47     | \$ 36,412,477.65  |
| 6                                                  | Total Generation and Purchase Power (per books)                                 | 2,320,459,996       | 1,971,872,000        | 2,060,368,999     |
| 7                                                  | Losses (kWh) (1 - Line 2) x (Line 6)                                            | 141,703,531         | 120,416,307          | 125,820,554       |
| 8                                                  | Total Generation After Losses (kWh) (Line 6-Line 7)                             | 2,178,756,465       | 1,851,455,693        | 1,934,548,445     |
| 9                                                  | kWh Billed @ meter per books                                                    | 970,427,454         | 871,926,259          | 860,614,768       |
| 10                                                 | Ratio of FPP Sales to Total Generation (Line 9/Line 8)                          | 44.54%              | 47.09%               | 44.49%            |
| 11                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 9)                        | \$ 11,962,459.23    | \$ 10,748,234.99     | \$ 10,608,798.25  |
| 12                                                 | Amount Recovered via FPP (per books)                                            | \$ 1,325,772.37     | \$ 2,219,695.99      | \$ 2,194,326.87   |
| 13                                                 | Total Fuel Costs Recovered (Line 11 + Line 12)                                  | \$ 13,288,231.60    | \$ 12,967,930.98     | \$ 12,803,125.12  |
| 14                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 5 x Line 10)            | \$ 16,850,020.93    | \$ 15,696,447.76     | \$ 16,199,911.31  |
| 15                                                 | Under/(Over) Recovery of Fuel Costs (Line 14 - Line 13)                         | \$ 3,561,789.33     | \$ 2,728,516.78      | \$ 3,396,786.19   |
| <b><u>Emissions Allowance Component (EA)</u></b>   |                                                                                 |                     |                      |                   |
| 16                                                 | kWh Subject to FPP (Line 9)                                                     | 970,427,454         | 871,926,259          | 860,614,768       |
| 17                                                 | EA Expense Allocated to FPP                                                     | \$ (48,447.61)      | \$ 506,812.81        | \$ 2,292,745.96   |
| 18                                                 | EA Expense Recovered in Base Rates (Line 16 x 0.0126 ¢/kWh)                     | \$ 122,273.86       | \$ 109,862.71        | \$ 108,437.46     |
| 19                                                 | EA Revenue in FPP (per books)                                                   | \$ 475,793.56       | \$ 796,605.13        | \$ 787,500.66     |
| 20                                                 | Under/(Over) Recovery of EA Costs (Line 17 - Line 18 - Line 19)                 | \$ (646,515.03)     | \$ (399,855.03)      | \$ 1,398,807.85   |
| <b><u>Environmental Reagent Component (ER)</u></b> |                                                                                 |                     |                      |                   |
| 21                                                 | Amount Recovered in Base Rates (0.0330 ¢/kWh)                                   | \$ -                | \$ -                 | \$ -              |
| 22                                                 | ER Revenue in FPP (per books)                                                   | \$ -                | \$ -                 | \$ -              |
| 23                                                 | Total Actual Lime Costs for Quarter (per books)                                 | \$ -                | \$ -                 | \$ -              |
| 24                                                 | Total Actual Ammonia Costs for Quarter (per books)                              | \$ -                | \$ -                 | \$ -              |
| 25                                                 | Total Actual ER Costs for Quarter (per books)(Line 23+ Line 24)                 | \$ -                | \$ -                 | \$ -              |
| 26                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 10 x Line 25)                | \$ -                | \$ -                 | \$ -              |
| 27                                                 | Under/(Over) Recovery of ER Costs (Line 26 - Line 21 - Line 22)                 | \$ -                | \$ -                 | \$ -              |
| <b><u>System Loss Component (SLA)</u></b>          |                                                                                 |                     |                      |                   |
| 28                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)             | 0.0999              | 0.0999               | 0.0999            |
| 29                                                 | Total Losses Recovered in Base Rates (Line 9 x Line 28)                         | \$ 969,457.03       | \$ 871,054.33        | \$ 859,754.15     |
| 30                                                 | Actual Losses on FPP Sales (Line 1 - Line 3) x (line 10)                        | \$ 1,095,903.78     | \$ 1,042,909.07      | \$ 1,080,867.71   |
| 31                                                 | Under/(Over) Recovery of Losses (Line 30 - Line 29)                             | \$ 126,446.75       | \$ 171,854.74        | \$ 221,113.56     |
| 32                                                 | Net Under/(Over) Recovery of FPP Costs (Line 15 + Line 20 + Line 27 + Line 31)) | \$ 3,041,721.05     | \$ 2,500,516.49      | \$ 5,014,707.60   |
| 33                                                 | Net Under/(Over) Recovery of FPP Costs (Page 5A, Line 32)                       | \$ 3,041,721.05     | \$ 2,500,516.49      | \$ 5,014,707.60   |
| 34                                                 | Net Adjustment for 1st Quarter 2005 (Line 32 - Line 33)                         | \$ -                | \$ -                 | \$ -              |
| 35                                                 | Net Adjustment (Line 34, Column A + B + C) To Page 3 Line 13                    | \$ -                | \$ -                 | \$ -              |

**Schedule 1**  
**Page 5C of 5**

**Duke Energy Ohio**  
**Electric Department**  
**Calculation of Quarterly Reconciliation Adjustment Component for Billing**  
**January 2007 through March 2007**  
**Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary**

| Line                                        | Reconciliation Adjustment (RA) (As Updated)                                   | (A)<br>April 2005 | (B)<br>May 2005   | (C)<br>June 2005  |
|---------------------------------------------|-------------------------------------------------------------------------------|-------------------|-------------------|-------------------|
| <b>Fuel Component (FC)</b>                  |                                                                               |                   |                   |                   |
| 1                                           | Fuel Component (FC)                                                           | \$34,802,205.83   | \$32,281,356.61   | \$38,993,878.99   |
| 2                                           | Ratio Metered Sales/Generation Sales                                          | 0.938933          | 0.938933          | 0.938933          |
| 3                                           | Fuel Cost @Meter Sales Level (Line 1 x Line 2)                                | \$32,878,939.53   | \$30,310,031.01   | \$36,612,452.00   |
| 4                                           | Coal Sales Margin Credits (per books current year contracts only)             | \$ (596,979.51)   | \$ 458,527.23     | \$ (81,257.45)    |
| 5                                           | RSG Make Whole Payments                                                       | \$ (1,085,289.26) | \$ (2,155,065.85) | \$ (2,218,379.50) |
| 6                                           | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                      | \$30,994,690.76   | \$28,613,492.39   | \$34,314,815.05   |
| 7                                           | Total Generation and Purchase Power (per books)                               | 1,700,124,331     | 1,785,444,048     | 2,264,497,089     |
| 8                                           | Losses (kWh) (1-Line 2)*(Line 7)                                              | 103,821,493       | 109,031,712       | 138,286,044       |
| 9                                           | Total Generation After Losses (kWh) (Line 7-Line 8)                           | 1,596,302,838     | 1,676,412,336     | 2,126,211,045     |
| 10                                          | kWh Subject to FPP                                                            | 865,518,017       | 853,013,838       | 953,638,907       |
| 11                                          | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                       | 54.22%            | 50.88%            | 44.85%            |
| 12                                          | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10))                    | \$ 10,669,240.60  | \$ 10,515,101.58  | \$ 11,755,506.81  |
| 13                                          | Amount Recovered via FPP (per books)                                          | \$ 3,776,178.24   | \$ 3,829,247.55   | \$ 4,268,659.78   |
| 14                                          | Total Fuel Costs Recovered (Line 12 + Line 13)                                | \$ 14,445,418.84  | \$ 14,344,349.13  | \$ 16,044,166.57  |
| 15                                          | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)          | \$ 16,805,321.33  | \$ 14,558,544.93  | \$ 15,390,194.55  |
| 16                                          | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                       | \$ 2,359,902.49   | \$ 214,195.80     | \$ (653,972.02)   |
| <b>Emissions Allowance Component (EA)</b>   |                                                                               |                   |                   |                   |
| 17                                          | kWh Subject to FPP (Line 10)                                                  | 865,518,017       | 853,013,838       | 953,638,907       |
| 18                                          | EA Expense Allocated to FPP                                                   | \$ 1,344,119.90   | \$ 1,528,113.90   | \$ 2,174,468.49   |
| 19                                          | EA Expense Recovered in Base Rates (Line 17 x 0.0126 ¢/kWh)                   | \$ 109,055.27     | \$ 107,479.74     | \$ 120,158.80     |
| 20                                          | EA Revenue in FPP (per books)                                                 | \$ 816,943.46     | \$ 828,424.55     | \$ 927,814.41     |
| 21                                          | Under/(Over) Recovery of EA Costs (Line 18 - Line 19 - Line 20)               | \$ 418,121.17     | \$ 590,209.61     | \$ 1,126,495.58   |
| <b>Environmental Reagent Component (ER)</b> |                                                                               |                   |                   |                   |
| 22                                          | Amount Recovered in Base Rates (0.0330 ¢/kWh x Line 10)                       |                   |                   |                   |
| 23                                          | ER Revenue in FPP (per books)                                                 | \$ 131,826.04     | \$ 133,678.69     | \$ 149,716.73     |
| 24                                          | Total Actual Lime Costs for Quarter (per books)                               |                   |                   |                   |
| 25                                          | Total Actual Ammonia Costs for Quarter (per books)                            |                   |                   |                   |
| 26                                          | Total Actual ER Costs for Quarter (per books) (Line 24 + Line 25)             | \$ -              | \$ -              | \$ -              |
| 27                                          | Total Actual ER Costs Allocated to FPP Sales (Line 11 x Line 26)              | \$ -              | \$ -              | \$ -              |
| 28                                          | Under/(Over) Recovery of ER Costs (Line 27 - Line 22 - Line 23)               | \$ (131,826.04)   | \$ (133,678.69)   | \$ (149,716.73)   |
| <b>System Loss Component (SLA)</b>          |                                                                               |                   |                   |                   |
| 29                                          | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)           | 0.0999            | 0.0999            | 0.0999            |
| 30                                          | Total Losses Recovered in Base Rates (Line 10 x Line 29)                      | \$ 864,652.50     | \$ 852,160.82     | \$ 952,685.27     |
| 31                                          | Actual Losses on FPP Sales ((Line 1 - Line 3) x (Line 11))                    | \$ 1,152,319.39   | \$ 1,003,010.47   | \$ 1,067,980.31   |
| 32                                          | Under/(Over) Recovery of Losses (Line 31 - Line 30)                           | \$ 287,666.89     | \$ 150,849.65     | \$ 115,295.04     |
| 33                                          | Net Under/(Over) Recovery of FPP Costs (Line 16 +Line 21 + Line 28 + Line 32) | \$ 2,933,864.51   | \$ 821,576.37     | \$ 438,101.87     |

**Schedule 1**  
**Page 5D of 5**

**Duke Energy Ohio**  
**Electric Department**  
**Calculation of Quarterly Reconciliation Adjustment Component for Billing**  
**January 2007 through March 2007**  
**Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary**

| Line                                        | Reconciliation Adjustment (RA) (As Updated)                                    | (A)<br>April 2005 | (B)<br>May 2005   | (C)<br>June 2005  |
|---------------------------------------------|--------------------------------------------------------------------------------|-------------------|-------------------|-------------------|
| <b>Fuel Component (FC)</b>                  |                                                                                |                   |                   |                   |
| 1                                           | Fuel Component (FC)                                                            | \$ 34,802,205.83  | \$ 32,281,358.81  | \$ 38,993,678.99  |
| 2                                           | Ratio Metered Sales/Generation Sales                                           | 0.938933          | 0.938933          | 0.938933          |
| 3                                           | Fuel Cost @Meter Sales Level (Line 1 x Line 2)                                 | \$ 32,676,939.53  | \$ 30,310,031.01  | \$ 36,612,452.00  |
| 4                                           | Coal Sales Margin Credits (per books current year contracts only)              | \$ (596,979.51)   | \$ 458,527.23     | \$ (81,257.45)    |
| 5                                           | RSG Make Whole Payments                                                        | \$ (1,085,269.26) | \$ (2,155,065.85) | \$ (2,216,379.50) |
| 6                                           | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                       | \$ 30,994,690.76  | \$ 28,613,492.39  | \$ 34,314,815.05  |
| 7                                           | Total Generation and Purchase Power (per books)                                | 1,700,124,331     | 1,785,444,048     | 2,264,497,089     |
| 8                                           | Losses (kWh) (1-Line 2)*(Line 7)                                               | 103,821,493       | 109,031,712       | 138,288,044       |
| 9                                           | Total Generation After Losses (kWh) (Line 7-Line 8)                            | 1,596,302,838     | 1,676,412,336     | 2,126,211,045     |
| 10                                          | kWh Subject to FPP                                                             | 865,518,017       | 853,013,838       | 953,638,907       |
| 11                                          | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                        | 54.22%            | 50.88%            | 44.86%            |
| 12                                          | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                      | \$ 10,669,240.60  | \$ 10,515,101.68  | \$ 11,755,508.81  |
| 13                                          | Amount Recovered via FPP (per books)                                           | \$ 3,776,178.24   | \$ 3,829,247.55   | \$ 4,288,650.76   |
| 14                                          | Total Fuel Costs Recovered (Line 12 + Line 13)                                 | \$ 14,445,418.84  | \$ 14,344,349.13  | \$ 16,044,159.57  |
| 15                                          | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)           | \$ 16,805,321.33  | \$ 14,558,544.93  | \$ 15,390,194.55  |
| 16                                          | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                        | \$ 2,359,902.49   | \$ 214,195.80     | \$ (653,972.02)   |
| <b>Emissions Allowance Component (EA)</b>   |                                                                                |                   |                   |                   |
| 17                                          | kWh Subject to FPP (Line 10)                                                   | 865,518,017       | 853,013,838       | 953,638,907       |
| 18                                          | EA Expense Allocated to FPP                                                    | \$ 1,344,119.90   | \$ 1,528,113.90   | \$ 2,174,488.49   |
| 19                                          | EA Expense Recovered in Base Rates (Line 17 x 0.0126 ¢/kWh)                    | \$ 109,055.27     | \$ 107,479.74     | \$ 120,158.50     |
| 20                                          | EA Revenue in FPP (per books)                                                  | \$ 816,943.46     | \$ 828,424.55     | \$ 927,814.41     |
| 21                                          | Under/(Over) Recovery of EA Costs (Line 18 - Line 19 - Line 20)                | \$ 418,121.17     | \$ 590,209.61     | \$ 1,126,495.58   |
| <b>Environmental Reagent Component (ER)</b> |                                                                                |                   |                   |                   |
| 22                                          | Amount Recovered in Base Rates (0.0330 ¢/kWh x Line 10)                        |                   |                   |                   |
| 23                                          | ER Revenue in FPP (per books)                                                  | \$ 131,828.04     | \$ 133,678.69     | \$ 149,716.73     |
| 24                                          | Total Actual Lime Costs for Quarter (per books)                                |                   |                   |                   |
| 25                                          | Total Actual Ammonia Costs for Quarter (per books)                             |                   |                   |                   |
| 26                                          | Total Actual ER Costs for Quarter (per books) (Line 24 + Line 25)              | \$ -              | \$ -              | \$ -              |
| 27                                          | Total Actual ER Costs Allocated to FPP Sales (Line 11 x Line 26)               | \$ -              | \$ -              | \$ -              |
| 28                                          | Under/(Over) Recovery of ER Costs (Line 27 - Line 22 - Line 23)                | \$ (131,828.04)   | \$ (133,678.69)   | \$ (149,716.73)   |
| <b>System Loss Component (SLA)</b>          |                                                                                |                   |                   |                   |
| 29                                          | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)            | 0.0999            | 0.0999            | 0.0999            |
| 30                                          | Total Losses Recovered in Base Rates (Line 10 x Line 29)                       | \$ 864,652.50     | \$ 852,160.82     | \$ 952,886.27     |
| 31                                          | Actual Losses on FPP Sales ((Line 1 - Line 3) x (line 11))                     | \$ 1,152,319.39   | \$ 1,003,010.47   | \$ 1,087,980.31   |
| 32                                          | Under/(Over) Recovery of Losses (Line 31 - Line 30)                            | \$ 287,666.89     | \$ 150,849.65     | \$ 115,295.04     |
| 33                                          | Net Under/(Over) Recovery of FPP Costs (Line 16 + Line 21 + Line 28 + Line 32) | \$ 2,933,864.51   | \$ 821,576.37     | \$ 438,101.87     |
| 34                                          | Net Under/(Over) Recovery of FPP Costs (Page 5C, Line 33)                      | \$ 2,933,864.51   | \$ 821,576.37     | \$ 438,101.87     |
| 35                                          | Net Adjustment for 2nd Quarter 2005 (Line 33 - Line 34)                        | \$ -              | \$ -              | \$ -              |
| 36                                          | Net Adjustment (Line 35, Column A + B + C) To Page 3 Line 14                   | \$ -              | \$ -              | \$ -              |

**Schedule 1**  
**Page 5E of 5**

**Duke Energy Ohio**  
**Electric Department**  
**Calculation of Quarterly Reconciliation Adjustment Component for Billing**  
**January 2007 through March 2007**  
**Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary**

| Line                                               | Reconciliation Adjustment (RA) (As Updated)                                      | (A)<br>July 2005  | (B)<br>August 2005 | (C)<br>September 2005 |
|----------------------------------------------------|----------------------------------------------------------------------------------|-------------------|--------------------|-----------------------|
| <b>Fuel Component (FC)</b>                         |                                                                                  |                   |                    |                       |
| 1                                                  | Fuel Component (FC)                                                              | \$ 51,123,629.01  | \$ 56,654,289.49   | \$ 44,412,135.83      |
| 2                                                  | Ratio Metered Sales/Generation Sales                                             | 0.938933          | 0.938933           | 0.938933              |
| 3                                                  | Fuel Cost @Meter Sales Level (Line 1 x Line 2)                                   | \$ 48,001,682.36  | \$ 53,194,563.22   | \$ 41,700,019.93      |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)                | \$ (1,221,662.54) | \$ (580,409.07)    | \$ (1,656,693.82)     |
| 5                                                  | RSG Make Whole Payments                                                          | \$ (925,719.41)   | \$ (1,343,670.80)  | \$ (1,217,540.23)     |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                         | \$ 45,854,280.41  | \$ 51,270,483.35   | \$ 38,825,785.88      |
| 7                                                  | Total Generation and Purchase Power (per books)                                  | 2,444,566,085     | 2,486,526,049      | 2,053,534,051         |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                                 | 149,282,316       | 152,455,356        | 125,403,184           |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                              | 2,295,283,749     | 2,344,070,693      | 1,928,130,867         |
| 10                                                 | kWh Subject to FPP                                                               | 1,002,821,249     | 1,037,060,410      | 1,016,950,570         |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                          | 43.69%            | 44.24%             | 52.74%                |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                        | \$ 12,361,777.54  | \$ 12,783,843.67   | \$ 12,535,949.68      |
| 13                                                 | Amount Recovered via FPP (per books)                                             | \$ 6,078,916.71   | \$ 6,292,918.90    | \$ 6,086,200.54       |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                                   | \$ 18,440,694.25  | \$ 19,076,762.57   | \$ 18,622,150.22      |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)             | \$ 20,033,735.11  | \$ 22,682,061.83   | \$ 20,476,719.47      |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                          | \$ 1,593,040.86   | \$ 3,605,299.26    | \$ 1,854,569.25       |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                   |                    |                       |
| 17                                                 | kWh Subject to FPP (Line 10)                                                     | 1,002,821,249     | 1,037,060,410      | 1,016,950,570         |
| 18                                                 | EA Expense Allocated to FPP                                                      | \$ 2,031,142.71   | \$ 2,472,719.24    | \$ 2,025,527.12       |
| 19                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0126 ¢/kWh)                      | \$ 126,355.48     | \$ 130,669.61      | \$ 128,135.77         |
| 20                                                 | EA Revenue in FPP (per books)                                                    | \$ 2,405,768.65   | \$ 2,490,461.33    | \$ 2,408,851.27       |
| 21                                                 | Under/(Over) Recovery of EA Costs (Line 18 - Line 19 - Line 20)                  | \$ (500,981.42)   | \$ (148,411.70)    | \$ (511,259.92)       |
| <b>Environmental Reagent Component (ER)</b>        |                                                                                  |                   |                    |                       |
| 22                                                 | Amount Recovered in Base Rates (0.0330 ¢/kWh x Line 10)                          | \$ -              | \$ -               | \$ -                  |
| 23                                                 | ER Revenue in FPP (per books)                                                    | \$ 77,803.58      | \$ 80,542.58       | \$ 77,898.81          |
| 24                                                 | Total Actual Lime Costs for Quarter (per books)                                  | \$ -              | \$ -               | \$ -                  |
| 25                                                 | Total Actual Ammonia Costs for Quarter (per books)                               | \$ -              | \$ -               | \$ -                  |
| 26                                                 | Total Actual ER Costs for Quarter (per books) (Line 24 + Line 25)                | \$ -              | \$ -               | \$ -                  |
| 27                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 11 x Line 26)                 | \$ -              | \$ -               | \$ -                  |
| 28                                                 | Under/(Over) Recovery of ER Costs (Line 27 - Line 22 - Line 23)                  | \$ (77,803.58)    | \$ (80,542.58)     | \$ (77,898.81)        |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                   |                    |                       |
| 29                                                 | RA Amount from 4th Quarter Filing (spread evenly)                                | \$ 1,407,789.33   | \$ 1,407,789.33    | \$ 1,407,789.34       |
| 30                                                 | Actual RA recovery through FPP                                                   | \$ 1,476,220.60   | \$ 1,528,189.46    | \$ 1,477,989.42       |
| 31                                                 | Under/(Over) Recovery of RA (Line 29 - Line 30)                                  | \$ (68,431.27)    | \$ (120,400.13)    | \$ (70,200.08)        |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                   |                    |                       |
| 32                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)              | 0.0999            | 0.0999             | 0.0999                |
| 33                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 32)                         | \$ 1,001,818.43   | \$ 1,036,023.35    | \$ 1,015,933.62       |
| 34                                                 | Actual SLA recovery through FPP                                                  | \$ 198,803.88     | \$ 205,595.53      | \$ 198,841.85         |
| 35                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (line 11))                       | \$ 1,363,987.23   | \$ 1,530,574.05    | \$ 1,430,369.93       |
| 36                                                 | Under/(Over) Recovery of Losses (Line 35 - Line 34 - Line 33)                    | \$ 183,584.92     | \$ 288,955.17      | \$ 215,594.48         |
| 37                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 21+Line 28+Line 31+Line 36) | \$ 1,109,389.51   | \$ 3,544,900.02    | \$ 1,410,806.90       |

**Schedule 1**  
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**Duke Energy Ohio**  
**Electric Department**  
**Calculation of Quarterly Reconciliation Adjustment Component for Billing**  
**January 2007 through March 2007**  
**Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary**

| Line                                               | Reconciliation Adjustment (RA) (As Updated)                                      | (A)<br>July 2005  | (B)<br>August 2005 | (C)<br>September 2005 |
|----------------------------------------------------|----------------------------------------------------------------------------------|-------------------|--------------------|-----------------------|
| <b>Fuel Component (FC)</b>                         |                                                                                  |                   |                    |                       |
| 1                                                  | Fuel Component (FC)                                                              | \$ 51,123,829.01  | \$ 56,654,269.49   | \$ 44,412,135.83      |
| 2                                                  | Ratio Metered Sales/Generation Sales                                             | 0.938933          | 0.938933           | 0.938933              |
| 3                                                  | Fuel Cost @Meter Sales Level (Line 1 x Line 2)                                   | \$ 48,001,862.38  | \$ 53,194,563.22   | \$ 41,700,019.93      |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)                | \$ (1,221,662.54) | \$ (580,409.07)    | \$ (1,656,693.82)     |
| 5                                                  | RSG Make Whole Payments                                                          | \$ (925,719.41)   | \$ (1,402,900.46)  | \$ (1,217,540.23)     |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                         | \$ 45,854,280.41  | \$ 51,211,253.69   | \$ 38,825,785.88      |
| 7                                                  | Total Generation and Purchase Power (per books)                                  | 2,444,566,065     | 2,496,526,049      | 2,053,534,051         |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                                 | 149,282,316       | 152,455,356        | 125,403,164           |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                              | 2,295,283,749     | 2,344,070,693      | 1,928,130,887         |
| 10                                                 | kWh Subject to FPP                                                               | 1,002,821,249     | 1,037,060,410      | 1,016,950,570         |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                          | 43.89%            | 44.24%             | 52.74%                |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                        | \$ 12,361,777.54  | \$ 12,783,843.67   | \$ 12,535,949.68      |
| 13                                                 | Amount Recovered via FPP (per books)                                             | \$ 6,078,916.71   | \$ 6,292,918.90    | \$ 6,086,200.64       |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                                   | \$ 18,440,694.25  | \$ 19,076,762.57   | \$ 18,622,150.22      |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)             | \$ 20,033,735.11  | \$ 22,655,858.63   | \$ 20,476,719.47      |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                          | \$ 1,593,040.86   | \$ 3,579,096.06    | \$ 1,854,569.25       |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                   |                    |                       |
| 17                                                 | kWh Subject to FPP (Line 10)                                                     | 1,002,821,249     | 1,037,060,410      | 1,016,950,570         |
| 18                                                 | EA Expense Allocated to FPP                                                      | \$ 2,031,142.71   | \$ 2,472,719.24    | \$ 2,025,527.12       |
| 19                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0126 ¢/kWh)                      | \$ 126,355.48     | \$ 130,669.61      | \$ 128,135.77         |
| 20                                                 | EA Revenue in FPP (per books)                                                    | \$ 2,405,768.65   | \$ 2,490,481.33    | \$ 2,408,651.27       |
| 21                                                 | Under/(Over) Recovery of EA Costs (Line 18 - Line 19 - Line 20)                  | \$ (500,981.42)   | \$ (148,411.70)    | \$ (511,259.92)       |
| <b>Environmental Reagent Component (ER)</b>        |                                                                                  |                   |                    |                       |
| 22                                                 | Amount Recovered in Base Rates (0.0330 ¢/kWh x Line 10)                          | \$ -              | \$ -               | \$ -                  |
| 23                                                 | ER Revenue in FPP (per books)                                                    | \$ 77,803.58      | \$ 80,542.58       | \$ 77,896.81          |
| 24                                                 | Total Actual Lime Costs for Quarter (per books)                                  | \$ -              | \$ -               | \$ -                  |
| 25                                                 | Total Actual Ammonia Costs for Quarter (per books)                               | \$ -              | \$ -               | \$ -                  |
| 26                                                 | Total Actual ER Costs for Quarter (per books) (Line 24 + Line 25)                | \$ -              | \$ -               | \$ -                  |
| 27                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 11 x Line 26)                 | \$ -              | \$ -               | \$ -                  |
| 28                                                 | Under/(Over) Recovery of ER Costs (Line 27 - Line 22 - Line 23)                  | \$ (77,803.58)    | \$ (80,542.58)     | \$ (77,896.81)        |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                   |                    |                       |
| 29                                                 | RA Amount from 4th Quarter Filing (spread evenly)                                | \$ 1,407,789.33   | \$ 1,407,789.33    | \$ 1,407,789.34       |
| 30                                                 | Actual RA recovery through FPP                                                   | \$ 1,476,220.60   | \$ 1,528,189.46    | \$ 1,477,989.42       |
| 31                                                 | Under/(Over) Recovery of RA (Line 29 - Line 30)                                  | \$ (68,431.27)    | \$ (120,400.13)    | \$ (70,200.08)        |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                   |                    |                       |
| 32                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)              | 0.0999            | 0.0999             | 0.0999                |
| 33                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 32)                         | \$ 1,001,818.43   | \$ 1,036,023.35    | \$ 1,016,933.82       |
| 34                                                 | Actual SLA recovery through FPP                                                  | \$ 198,603.88     | \$ 205,595.53      | \$ 198,841.85         |
| 35                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (line 11))                       | \$ 1,363,987.23   | \$ 1,530,574.05    | \$ 1,430,369.93       |
| 36                                                 | Under/(Over) Recovery of Losses (Line 35 - Line 34 - Line 33)                    | \$ 183,564.92     | \$ 288,955.17      | \$ 215,594.46         |
| 37                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 21+Line 28+Line 31+Line 36) | \$ 1,109,389.51   | \$ 3,518,696.82    | \$ 1,410,806.90       |
| 38                                                 | Net Under/(Over) Recovery of FPP Costs (Page 5E, Line 37)                        | \$ 1,109,389.51   | \$ 3,544,900.02    | \$ 1,410,808.90       |
| 39                                                 | Net Adjustment for 2nd Quarter 2005 (Line 37 - Line 38)                          | \$ -              | \$ (26,203.20)     | \$ -                  |
| 40                                                 | Net Adjustment (Line 39, Column A + B + C) To Page 3 Line 15                     | \$ (26,203.20)    |                    |                       |

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**Duke Energy Ohio**  
**Electric Department**  
**Calculation of Quarterly Reconciliation Adjustment Component for Billing**  
**January 2007 through March 2007**  
**Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary**

| Line                                               | Reconciliation Adjustment (RA) (As Updated)                                      | (A)<br>October 2005 | (B)<br>November 2005 | (C)<br>December 2005 |
|----------------------------------------------------|----------------------------------------------------------------------------------|---------------------|----------------------|----------------------|
| <b>Fuel Component (FC)</b>                         |                                                                                  |                     |                      |                      |
| 1                                                  | Fuel Component (FC)                                                              | \$ 35,229,075.36    | \$ 33,909,947.88     | \$ 45,550,340.01     |
| 2                                                  | Ratio Metered Sales/Generation Sales                                             | 0.938933            | 0.938933             | 0.938933             |
| 3                                                  | Fuel Cost @Meter Sales Level (Line 1 x Line 2)                                   | \$ 33,077,741.41    | \$ 31,839,169.07     | \$ 42,768,717.40     |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)                | \$ (1,768,507.85)   | \$ (2,260,797.84)    | \$ (3,109,443.54)    |
| 5                                                  | RSG Make Whole Payments                                                          | \$ (837,209.35)     | \$ (753,920.81)      | \$ (863,692.23)      |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                         | \$ 30,672,024.11    | \$ 28,824,450.82     | \$ 38,995,581.63     |
| 7                                                  | Total Generation and Purchase Power (per books)                                  | 1,902,350,251       | 1,813,538,577        | 2,216,872,481        |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                                 | 110,084,123         | 110,747,360          | 135,377,752          |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                              | 1,692,266,128       | 1,702,791,217        | 2,081,494,729        |
| 10                                                 | kWh Subject to FPP                                                               | 924,155,524         | 860,802,285          | 925,531,826          |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                          | 54.61%              | 50.55%               | 44.46%               |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                        | \$ 11,392,065.14    | \$ 10,611,109.77     | \$ 11,409,030.82     |
| 13                                                 | Amount Recovered via FPP (per books)                                             | \$ 5,356,769.18     | \$ 5,012,134.16      | \$ 5,367,275.33      |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                                   | \$ 16,748,834.32    | \$ 15,623,243.93     | \$ 16,776,306.15     |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)             | \$ 16,749,992.37    | \$ 14,570,759.79     | \$ 17,337,435.59     |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                          | \$ 1,158.05         | \$ (1,062,484.14)    | \$ 561,129.44        |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                     |                      |                      |
| 17                                                 | kWh Subject to FPP (Line 10)                                                     | 924,155,524         | 860,802,285          | 925,531,826          |
| 18                                                 | EA Expense Allocated to FPP                                                      | \$ 1,833,408.57     | \$ 1,846,811.20      | \$ 2,099,013.70      |
| 19                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0126 ¢/kWh)                      | \$ 116,443.60       | \$ 108,451.09        | \$ 116,617.01        |
| 20                                                 | EA Revenue in FPP (per books)                                                    | \$ 1,817,047.66     | \$ 1,700,145.43      | \$ 1,820,611.41      |
| 21                                                 | Under/(Over) Recovery of EA Costs (Line 18 - Line 19 - Line 20)                  | \$ (100,082.69)     | \$ 38,204.68         | \$ 181,785.28        |
| <b>Environmental Reagent Component (ER)</b>        |                                                                                  |                     |                      |                      |
| 22                                                 | Amount Recovered in Base Rates (0.0330 ¢/kWh x Line 10)                          | \$ -                | \$ -                 | \$ -                 |
| 23                                                 | ER Revenue in FPP (per books)                                                    | \$ 140,856.41       | \$ 131,794.22        | \$ 141,132.67        |
| 24                                                 | Total Actual Line Costs for Quarter (per books)                                  | \$ -                | \$ -                 | \$ -                 |
| 25                                                 | Total Actual Ammonia Costs for Quarter (per books)                               | \$ -                | \$ -                 | \$ -                 |
| 26                                                 | Total Actual ER Costs for Quarter (per books)( Line 24 + Line 25)                | \$ -                | \$ -                 | \$ -                 |
| 27                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 11 x Line 26)                 | \$ -                | \$ -                 | \$ -                 |
| 28                                                 | Under/(Over) Recovery of ER Costs (Line 27 - Line 22 - Line 23)                  | \$ (140,856.41)     | \$ (131,794.22)      | \$ (141,132.67)      |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                     |                      |                      |
| 29                                                 | RA Amount from 4th Quarter Filing (spread evenly)                                | \$ 5,379,812.38     | \$ 5,379,812.38      | \$ 5,379,812.39      |
| 30                                                 | Actual RA recovery through FPP                                                   | \$ 6,603,348.38     | \$ 6,178,513.00      | \$ 6,616,299.44      |
| 31                                                 | Under/(Over) Recovery of RA (Line 29 - Line 30)                                  | \$ (1,223,536.00)   | \$ (798,700.62)      | \$ (1,236,487.05)    |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                     |                      |                      |
| 32                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)              | 0.0999              | 0.0999               | 0.0999               |
| 33                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 32)                         | \$ 923,231.37       | \$ 859,941.46        | \$ 924,606.29        |
| 34                                                 | Actual SLA recovery through FPP                                                  | \$ 167,619.12       | \$ 156,835.12        | \$ 167,947.87        |
| 35                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (line 11))                       | \$ 1,174,843.47     | \$ 1,046,778.68      | \$ 1,236,709.41      |
| 36                                                 | Under/(Over) Recovery of Losses (Line 35 - Line 34 - Line 33)                    | \$ 83,992.98        | \$ 30,002.08         | \$ 144,155.25        |
| 37                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 21+Line 28+Line 31+Line 36) | \$ (1,379,324.07)   | \$ (1,914,772.22)    | \$ (510,549.75)      |

**Schedule 1**  
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**Duke Energy Ohio**  
**Electric Department**  
**Calculation of Quarterly Reconciliation Adjustment Component for Billing**  
**January 2007 through March 2007**  
**Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary**

| Line                                               | Reconciliation Adjustment (RA) (As Updated)                                      | (A)<br>October 2005 | (B)<br>November 2005 | (C)<br>December 2005 |
|----------------------------------------------------|----------------------------------------------------------------------------------|---------------------|----------------------|----------------------|
| <b>Fuel Component (FC)</b>                         |                                                                                  |                     |                      |                      |
| 1                                                  | Fuel Component (FC)                                                              | \$ 35,229,075.36    | \$ 33,909,947.86     | \$ 45,550,340.01     |
| 2                                                  | Ratio Metered Sales/Generation Sales                                             | 0.938933            | 0.938933             | 0.938933             |
| 3                                                  | Fuel Cost @Meter Sales Level (Line 1 x Line 2)                                   | \$ 33,077,741.41    | \$ 31,839,169.07     | \$ 42,768,717.40     |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)                | \$ (1,768,507.66)   | \$ (2,260,797.64)    | \$ (3,109,443.54)    |
| 5                                                  | RSG Make Whole Payments                                                          | \$ (637,209.65)     | \$ (753,920.81)      | \$ (663,892.23)      |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                         | \$ 30,672,024.11    | \$ 28,824,450.62     | \$ 38,995,581.63     |
| 7                                                  | Total Generation and Purchase Power (per books)                                  | 1,802,350,251       | 1,813,538,577        | 2,216,872,481        |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                                 | 110,064,123         | 110,747,360          | 135,377,752          |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                              | 1,692,286,128       | 1,702,791,217        | 2,081,494,729        |
| 10                                                 | kWh Subject to FPP                                                               | 924,155,524         | 860,802,285          | 925,531,826          |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                          | 54.61%              | 50.55%               | 44.48%               |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                        | \$ 11,392,065.14    | \$ 10,611,109.77     | \$ 11,409,030.82     |
| 13                                                 | Amount Recovered via FPP (per books)                                             | \$ 5,356,769.18     | \$ 5,012,134.18      | \$ 5,367,275.33      |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                                   | \$ 16,748,834.32    | \$ 15,623,243.95     | \$ 16,776,306.15     |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)             | \$ 16,749,992.37    | \$ 14,570,759.79     | \$ 17,337,435.59     |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                          | \$ 1,158.05         | \$ (1,052,484.14)    | \$ 561,129.44        |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                     |                      |                      |
| 17                                                 | kWh Subject to FPP (Line 10)                                                     | 924,155,524         | 860,802,285          | 925,531,826          |
| 18                                                 | EA Expense Allocated to FPP                                                      | \$1,833,408.57      | \$1,846,811.20       | \$2,089,013.70       |
| 19                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0126 ¢/kWh)                      | \$ 116,443.60       | \$ 108,481.09        | \$ 118,817.01        |
| 20                                                 | EA Revenue in FPP (per books)                                                    | \$ 1,817,047.66     | \$ 1,700,145.43      | \$ 1,820,811.41      |
| 21                                                 | Under/(Over) Recovery of EA Costs (Line 18 - Line 19 - Line 20)                  | \$ (100,082.69)     | \$ 38,204.68         | \$ 161,765.28        |
| <b>Environmental Reagent Component (ER)</b>        |                                                                                  |                     |                      |                      |
| 22                                                 | Amount Recovered in Base Rates (0.0330 ¢/kWh x Line 10)                          | \$ -                | \$ -                 | \$ -                 |
| 23                                                 | ER Revenue in FPP (per books)                                                    | \$ 140,856.41       | \$ 131,794.22        | \$ 141,132.67        |
| 24                                                 | Total Actual Line Costs for Quarter (per books)                                  | \$ -                | \$ -                 | \$ -                 |
| 25                                                 | Total Actual Ammonia Costs for Quarter (per books)                               | \$ -                | \$ -                 | \$ -                 |
| 26                                                 | Total Actual ER Costs for Quarter (per books) (Line 24 + Line 25)                | \$ -                | \$ -                 | \$ -                 |
| 27                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 11 x Line 26)                 | \$ -                | \$ -                 | \$ -                 |
| 28                                                 | Under/(Over) Recovery of ER Costs (Line 27 - Line 22 - Line 23)                  | \$ (140,856.41)     | \$ (131,794.22)      | \$ (141,132.67)      |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                     |                      |                      |
| 29                                                 | RA Amount from 4th Quarter Filing (spread evenly)                                | \$ 5,379,812.38     | \$ 5,379,812.38      | \$ 5,379,812.39      |
| 30                                                 | Actual RA recovery through FPP                                                   | \$ 6,603,348.38     | \$ 6,178,513.00      | \$ 6,616,289.44      |
| 31                                                 | Under/(Over) Recovery of RA (Line 29 - Line 30)                                  | \$ (1,223,536.00)   | \$ (798,700.62)      | \$ (1,236,487.05)    |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                     |                      |                      |
| 32                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)              | 0.0999              | 0.0999               | 0.0999               |
| 33                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 32)                         | \$ 923,231.37       | \$ 859,941.48        | \$ 924,806.29        |
| 34                                                 | Actual SLA recovery through FPP                                                  | \$ 187,619.12       | \$ 156,835.12        | \$ 187,947.87        |
| 35                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (line 11))                       | \$ 1,174,843.47     | \$ 1,046,778.68      | \$ 1,236,709.41      |
| 36                                                 | Under/(Over) Recovery of Losses (Line 35 - Line 34 - Line 33)                    | \$ 83,992.98        | \$ 30,002.08         | \$ 144,155.25        |
| 37                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 21+Line 28+Line 31+Line 36) | \$ (1,379,324.07)   | \$ (1,914,772.22)    | \$ (610,549.75)      |
| 38                                                 | Net Under/(Over) Recovery of FPP Costs (Page 5G, Line 37)                        | \$ (1,379,324.07)   | \$ (1,914,772.22)    | \$ (610,549.75)      |
| 39                                                 | Net Adjustment for 2nd Quarter 2005 (Line 37 - Line 38)                          | \$ -                | \$ -                 | \$ -                 |
| 40                                                 | Net Adjustment (Line 39, Column A + B + C) To Page 3 Line 16                     | \$ -                | \$ -                 | \$ -                 |

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Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary

| Line                                               | Reconciliation Adjustment (RA) (As Updated)                                      | January 2006      | Residential<br>January 2006 | Non-Residential<br>January 2006 | Voltage<br>Reduction<br>January 2006 |
|----------------------------------------------------|----------------------------------------------------------------------------------|-------------------|-----------------------------|---------------------------------|--------------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                                  |                   |                             |                                 |                                      |
| 1                                                  | Net Includable Fuel                                                              | \$ 36,236,235.13  | \$ 36,236,235.13            | \$ 36,236,235.13                | \$ 36,236,235.13                     |
| 2                                                  | Ratio Metered Sales/Generation Sales                                             | 0.938933          | 0.938933                    | 0.938933                        | 0.938933                             |
| 3                                                  | Fuel Cost @Meter Sales Level (Line 1 x Line 2)                                   | \$ 34,023,396.96  | \$ 34,023,396.96            | \$ 34,023,396.96                | \$ 34,023,396.96                     |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)                | \$ 148,153.80     | \$ 148,153.80               | \$ 148,153.80                   | \$ 148,153.80                        |
| 5                                                  | RSG Make Whole Payments                                                          | \$ (387,270.34)   | \$ (387,270.34)             | \$ (387,270.34)                 | \$ (387,270.34)                      |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                         | \$ 33,784,280.42  | \$ 33,784,280.42            | \$ 33,784,280.42                | \$ 33,784,280.42                     |
| 7                                                  | Total Generation and Purchase Power (per books)                                  | 1,793,289,436     | 1,793,289,436               | 1,793,289,436                   | 1,793,289,436                        |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                                 | 109,510,806       | 109,510,806                 | 109,510,806                     | 109,510,806                          |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                              | 1,683,778,630     | 1,683,778,630               | 1,683,778,630                   | 1,683,778,630                        |
| 10                                                 | kWh Subject to FPP                                                               | 1,365,598,013     | 272,638,491                 | 802,789,257                     | 290,181,285                          |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                          | 81.10%            | 16.19%                      | 47.68%                          | 17.23%                               |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                        | \$ 16,833,615.75  | \$ 3,380,814.68             | \$ 9,895,983.17                 | \$ 3,578,817.91                      |
| 13                                                 | Amount Recovered via FPP (per books)                                             | \$ 12,616,428.83  | \$ 2,558,665.28             | \$ 7,320,268.62                 | \$ 2,637,494.05                      |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                                   | \$ 29,350,044.59  | \$ 5,939,479.94             | \$ 17,216,252.69                | \$ 6,216,311.96                      |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)             | \$ 27,399,051.42  | \$ 5,469,675.00             | \$ 16,108,344.80                | \$ 5,821,031.52                      |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                          | \$ (1,950,893.17) | \$ (449,804.94)             | \$ (1,107,807.79)               | \$ (393,280.44)                      |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                   |                             |                                 |                                      |
| 17                                                 | kWh Subject to FPP (Line 10)                                                     | 1,365,598,013     | 272,638,491                 | 802,789,257                     | 290,181,285                          |
| 18                                                 | EA Expense Allocated to FPP                                                      | \$ 1,279,804.37   | \$ 255,511.67               | \$ 762,369.01                   | \$ 271,933.69                        |
| 19                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0126 ¢/kWh)                      | \$ 172,064.22     | \$ 34,352.45                | \$ 101,161.46                   | \$ 36,580.32                         |
| 20                                                 | EA Revenue in FPP (per books)                                                    | \$ 3,107,979.81   | \$ 635,323.93               | \$ 1,817,760.27                 | \$ 654,895.41                        |
| 21                                                 | Under/(Over) Recovery of EA Costs (Line 18 - Line 19 - Line 20)                  | \$ (2,000,239.46) | \$ (414,184.71)             | \$ (1,168,552.71)               | \$ (418,522.04)                      |
| <b>Environmental Reagent Component (ER)</b>        |                                                                                  |                   |                             |                                 |                                      |
| 22                                                 | Amount Recovered in Base Rates (0.0030 ¢/kWh x Line 10)                          | \$ -              | \$ -                        | \$ -                            | \$ -                                 |
| 23                                                 | ER Revenue in FPP (per books)                                                    | \$ 80,173.10      | \$ 16,387.44                | \$ 48,767.02                    | \$ 17,038.64                         |
| 24                                                 | Total Actual Line Costs for Quarter (per books)                                  | \$ -              | \$ -                        | \$ -                            | \$ -                                 |
| 25                                                 | Total Actual Ammonia Costs for Quarter (per books)                               | \$ -              | \$ -                        | \$ -                            | \$ -                                 |
| 26                                                 | Total Actual ER Costs for Quarter (per books) (Line 24 + Line 25)                | \$ -              | \$ -                        | \$ -                            | \$ -                                 |
| 27                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 11 x Line 26)                 | \$ -              | \$ -                        | \$ -                            | \$ -                                 |
| 28                                                 | Under/(Over) Recovery of ER Costs (Line 27 - Line 22 - Line 23)                  | \$ (80,173.10)    | \$ (16,387.44)              | \$ (48,767.02)                  | \$ (17,038.64)                       |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                   |                             |                                 |                                      |
| 29                                                 | RA Amount from 1st Quarter Filing (spread evenly)                                | \$ 3,496,882.63   | \$ -                        | \$ 2,588,244.48                 | \$ 908,438.15                        |
| 30                                                 | Actual RA recovery through FPP                                                   | \$ 3,741,504.71   | \$ -                        | \$ 2,760,639.27                 | \$ 990,862.44                        |
| 31                                                 | Under/(Over) Recovery of RA (Line 29 - Line 30)                                  | \$ (244,622.08)   | \$ -                        | \$ (162,394.79)                 | \$ (82,424.29)                       |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                   |                             |                                 |                                      |
| 32                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)              | 0.0099 / 0.0882   | 0.0099                      | 0.0099                          | 0.0882                               |
| 33                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 32)                         | \$ 1,330,274.58   | \$ 272,385.85               | \$ 801,985.47                   | \$ 255,922.24                        |
| 34                                                 | Actual SLA recovery through FPP                                                  | \$ 570,203.84     | \$ 129,937.44               | \$ 371,674.75                   | \$ 88,691.45                         |
| 35                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (line 11))                       | \$ 1,794,811.78   | \$ 358,258.50               | \$ 1,055,081.24                 | \$ 381,272.02                        |
| 36                                                 | Under/(Over) Recovery of Losses (Line 35 - Line 34 - Line 33)                    | \$ (105,866.44)   | \$ (44,044.79)              | \$ (119,578.98)                 | \$ 56,788.33                         |
| 37                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 21+Line 28+Line 31+Line 36) | \$ (4,382,091.26) | \$ (924,381.88)             | \$ (2,802,202.29)               | \$ (855,507.08)                      |

Duke Energy Ohio  
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Calculation of Quarterly Reconciliation Adjustment Component for Billing  
January 2007 through March 2007  
Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary

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| Line                                               | Reconciliation Adjustment (RA) (As Updated)                                      | January 2006      | Residential<br>January 2006 | Non-Residential<br>January 2006 | Voltage<br>Reduction<br>January 2006 |
|----------------------------------------------------|----------------------------------------------------------------------------------|-------------------|-----------------------------|---------------------------------|--------------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                                  |                   |                             |                                 |                                      |
| 1                                                  | Not Includable Fuel                                                              | \$ 36,223,658.70  | \$ 36,223,658.70            | \$ 36,223,658.70                | \$ 36,223,658.70                     |
| 2                                                  | Ratio Metered Sales/Generation Sales                                             | 0.938933          | 0.938933                    | 0.938933                        | 0.938933                             |
| 3                                                  | Fuel Cost @ Meter Sales Level (Line 1 x Line 2)                                  | \$ 34,011,586.68  | \$ 34,011,586.68            | \$ 34,011,586.68                | \$ 34,011,586.68                     |
| 4                                                  | Cost Sales Margin Credits (per books current year contracts only)                | \$ 148,153.80     | \$ 148,153.80               | \$ 148,153.80                   | \$ 148,153.80                        |
| 5                                                  | RSG Make Whole Payments                                                          | \$ (387,270.34)   | \$ (387,270.34)             | \$ (387,270.34)                 | \$ (387,270.34)                      |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                         | \$ 33,772,470.12  | \$ 33,772,470.12            | \$ 33,772,470.12                | \$ 33,772,470.12                     |
| 7                                                  | Total Generation and Purchased Power (per books)                                 | 1,793,289,438     | 1,793,289,438               | 1,793,289,438                   | 1,793,289,438                        |
| 8                                                  | Losses (kWh) (1-Line 2) x (Line 7)                                               | 109,510,806       | 109,510,806                 | 109,510,806                     | 109,510,806                          |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                              | 1,683,778,630     | 1,683,778,630               | 1,683,778,630                   | 1,683,778,630                        |
| 10                                                 | kWh Subject to FPP                                                               | 1,365,689,013     | 272,638,491                 | 802,789,257                     | 280,161,265                          |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                          | 81.10%            | 18.19%                      | 47.68%                          | 17.23%                               |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                        | \$ 16,833,815.76  | \$ 3,360,814.66             | \$ 9,665,983.17                 | \$ 3,878,317.91                      |
| 13                                                 | Amount Recovered via FPP (per books)                                             | \$ 12,516,428.83  | \$ 2,558,685.26             | \$ 7,320,269.52                 | \$ 2,837,494.05                      |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                                   | \$ 29,350,244.59  | \$ 5,919,479.94             | \$ 17,218,252.69                | \$ 6,214,311.96                      |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)             | \$ 27,389,473.27  | \$ 5,487,762.91             | \$ 16,102,713.75                | \$ 5,618,998.81                      |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                          | \$ (1,960,571.32) | \$ (451,717.03)             | \$ (1,113,538.94)               | \$ (395,316.35)                      |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                   |                             |                                 |                                      |
| 17                                                 | kWh Subject to FPP (Line 10)                                                     | 1,365,689,013     | 272,638,491                 | 802,789,257                     | 280,161,265                          |
| 18                                                 | EA Expense Allocated to FPP                                                      | \$ 1,279,804.37   | \$ 255,511.67               | \$ 782,359.01                   | \$ 271,933.69                        |
| 19                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0126 ¢/kWh)                      | \$ 172,064.22     | \$ 34,352.46                | \$ 101,181.45                   | \$ 36,580.32                         |
| 20                                                 | EA Revenue in FPP (per books)                                                    | \$ 3,107,879.61   | \$ 835,323.93               | \$ 1,817,780.27                 | \$ 654,895.41                        |
| 21                                                 | Under/(Over) Recovery of EA Costs (Line 18 - Line 19 - Line 20)                  | \$ (2,090,239.45) | \$ (414,164.71)             | \$ (1,166,552.71)               | \$ (419,522.04)                      |
| <b>Environmental Reagent Component (ER)</b>        |                                                                                  |                   |                             |                                 |                                      |
| 22                                                 | Amount Recovered in Base Rates (0.0330 ¢/kWh x Line 10)                          | \$ -              | \$ -                        | \$ -                            | \$ -                                 |
| 23                                                 | ER Revenue in FPP (per books)                                                    | \$ 80,173.10      | \$ 16,367.44                | \$ 46,767.02                    | \$ 17,038.64                         |
| 24                                                 | Total Actual Lime Costs for Quarter (per books)                                  | \$ -              | \$ -                        | \$ -                            | \$ -                                 |
| 25                                                 | Total Actual Ammonia Costs for Quarter (per books)                               | \$ -              | \$ -                        | \$ -                            | \$ -                                 |
| 26                                                 | Total Actual ER Costs for Quarter (per books) (Line 24 + Line 25)                | \$ -              | \$ -                        | \$ -                            | \$ -                                 |
| 27                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 11 x Line 26)                 | \$ -              | \$ -                        | \$ -                            | \$ -                                 |
| 28                                                 | Under/(Over) Recovery of ER Costs (Line 27 - Line 22 - Line 23)                  | \$ (80,173.10)    | \$ (16,367.44)              | \$ (46,767.02)                  | \$ (17,038.64)                       |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                   |                             |                                 |                                      |
| 29                                                 | RA Amount from 1st Quarter Filing (spread evenly)                                | \$ 3,496,882.63   | \$ -                        | \$ 2,588,244.48                 | \$ 908,438.15                        |
| 30                                                 | Actual RA recovery through FPP                                                   | \$ 3,741,501.71   | \$ -                        | \$ 2,750,839.27                 | \$ 990,882.44                        |
| 31                                                 | Under/(Over) Recovery of RA (Line 29 - Line 30)                                  | \$ (244,619.08)   | \$ -                        | \$ (162,594.79)                 | \$ (82,444.29)                       |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                   |                             |                                 |                                      |
| 32                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)              | 0.0898 / 0.0882   | 0.0999                      | 0.0998                          | 0.0882                               |
| 33                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 32)                         | \$ 1,330,274.66   | \$ 272,388.85               | \$ 801,888.47                   | \$ 266,922.24                        |
| 34                                                 | Actual SLA recovery through FPP                                                  | \$ 570,203.64     | \$ 129,937.44               | \$ 371,674.75                   | \$ 88,591.45                         |
| 35                                                 | Actual Losses on FPP Sales (Line 1 - Line 3) x (Line 11)                         | \$ 1,793,988.81   | \$ 358,134.14               | \$ 1,054,715.00                 | \$ 381,139.87                        |
| 36                                                 | Under/(Over) Recovery of Losses (Line 35 - Line 34 - Line 33)                    | \$ (108,489.39)   | \$ (44,169.16)              | \$ (119,946.22)                 | \$ 66,825.66                         |
| 37                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 21+Line 28+Line 31+Line 36) | \$ (4,392,292.35) | \$ (928,418.33)             | \$ (2,608,199.88)               | \$ (857,974.34)                      |
| 38                                                 | Net Under/(Over) Recovery of FPP Costs (Page 5J, Line 37)                        | \$ (4,382,091.25) | \$ (924,361.88)             | \$ (2,602,202.20)               | \$ (856,507.08)                      |
| 39                                                 | Net Adjustment for January 2006 (Line 37 - Line 39) To Page 3 Line 1             | \$ (10,201.10)    | \$ (2,036.45)               | \$ (5,997.39)                   | \$ (2,157.28)                        |

**Duke Energy Ohio  
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| Line                                               | Reconciliation Adjustment (RA) (As Updated)                                      | February 2008     | Residential<br>February 2008 | Non-Residential<br>February 2008 | Voltage<br>Reduction<br>February 2008 |
|----------------------------------------------------|----------------------------------------------------------------------------------|-------------------|------------------------------|----------------------------------|---------------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                                  |                   |                              |                                  |                                       |
| 1                                                  | Net Includable Fuel                                                              | \$ 34,340,749.86  | \$ 34,340,749.86             | \$ 34,340,749.86                 | \$ 34,340,749.86                      |
| 2                                                  | Ratio Metered Sales/Generation Sales                                             | 0.938933          | 0.938933                     | 0.938933                         | 0.938933                              |
| 3                                                  | Fuel Cost @ Meter Sales Level (Line 1 x Line 2)                                  | \$ 32,243,663.29  | \$ 32,243,663.29             | \$ 32,243,663.29                 | \$ 32,243,663.29                      |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)                | \$ 751,276.20     | \$ 751,276.20                | \$ 751,276.20                    | \$ 751,276.20                         |
| 5                                                  | RSG Make Whole Payments                                                          | \$ (194,176.06)   | \$ (194,176.06)              | \$ (194,176.06)                  | \$ (194,176.06)                       |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                         | \$ 32,800,763.52  | \$ 32,800,763.52             | \$ 32,800,763.52                 | \$ 32,800,763.52                      |
| 7                                                  | Total Generation and Purchase Power (per books)                                  | 1,691,835,759     | 1,691,835,759                | 1,691,835,759                    | 1,691,835,759                         |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                                 | 103,315,334       | 103,315,334                  | 103,315,334                      | 103,315,334                           |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                              | 1,588,520,425     | 1,588,520,425                | 1,588,520,425                    | 1,588,520,425                         |
| 10                                                 | kWh Subject to FPP                                                               | 1,691,500,488     | 595,983,694                  | 744,482,004                      | 251,034,728                           |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                          | 100.10%           | 37.52%                       | 46.87%                           | 16.90%                                |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 \$/kWh x Line 10)                       | \$ 19,818,428.49  | \$ 7,348,691.00              | \$ 8,177,230.40                  | \$ 3,094,505.09                       |
| 13                                                 | Amount Recovered via FPP (per books)                                             | \$ 14,533,993.03  | \$ 5,480,308.25              | \$ 6,775,184.68                  | \$ 2,278,600.12                       |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                                   | \$ 34,152,419.52  | \$ 12,829,000.25             | \$ 15,952,415.08                 | \$ 5,373,005.21                       |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)             | \$ 32,863,084.97  | \$ 12,306,848.47             | \$ 15,373,717.80                 | \$ 5,192,520.64                       |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 14 - Line 15)                          | \$ (1,250,334.65) | \$ (520,152.78)              | \$ (578,867.20)                  | \$ (160,484.67)                       |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                   |                              |                                  |                                       |
| 17                                                 | kWh Subject to FPP (Line 10)                                                     | 1,591,500,488     | 595,983,694                  | 744,482,004                      | 251,034,728                           |
| 18                                                 | EA Expense Allocated to FPP                                                      | \$ 3,327,309.89   | \$ 1,246,008.06              | \$ 1,560,469.85                  | \$ 524,831.97                         |
| 19                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0126 \$/kWh)                     | \$ 200,629.06     | \$ 75,093.83                 | \$ 93,804.74                     | \$ 31,630.37                          |
| 20                                                 | EA Revenue in FPP (per books)                                                    | \$ 3,608,938.20   | \$ 1,360,776.28              | \$ 1,682,405.47                  | \$ 566,766.45                         |
| 21                                                 | Under/(Over) Recovery of EA Costs (Line 18 - Line 19 - Line 20)                  | \$ (482,157.36)   | \$ (189,852.17)              | \$ (219,740.36)                  | \$ (72,554.65)                        |
| <b>Environmental Reagent Component (ER)</b>        |                                                                                  |                   |                              |                                  |                                       |
| 22                                                 | Amount Recovered in Base Rates (0.0330 \$/kWh x Line 10)                         | \$ -              | \$ -                         | \$ -                             | \$ -                                  |
| 23                                                 | ER Revenue in FPP (per books)                                                    | \$ 53,060.92      | \$ 35,050.80                 | \$ 43,284.64                     | \$ 14,719.48                          |
| 24                                                 | Total Actual Lime Costs for Quarter (per books)                                  | \$ -              | \$ -                         | \$ -                             | \$ -                                  |
| 25                                                 | Total Actual Ammonia Costs for Quarter (per books)                               | \$ -              | \$ -                         | \$ -                             | \$ -                                  |
| 26                                                 | Total Actual ER Costs for Quarter (per books) (Line 24 + Line 25)                | \$ -              | \$ -                         | \$ -                             | \$ -                                  |
| 27                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 11 x Line 26)                 | \$ -              | \$ -                         | \$ -                             | \$ -                                  |
| 28                                                 | Under/(Over) Recovery of ER Costs (Line 27 - Line 22 - Line 23)                  | \$ (53,060.92)    | \$ (35,050.80)               | \$ (43,284.64)                   | \$ (14,719.48)                        |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                   |                              |                                  |                                       |
| 29                                                 | RA Amount from 1st Quarter Filing (spread evenly)                                | \$ 3,498,682.63   | \$ -                         | \$ 2,588,244.48                  | \$ 908,438.15                         |
| 30                                                 | Actual RA recovery through FPP                                                   | \$ 3,401,814.47   | \$ -                         | \$ 2,545,820.06                  | \$ 855,994.41                         |
| 31                                                 | Under/(Over) Recovery of RA (Line 29 - Line 30)                                  | \$ 96,868.16      | \$ -                         | \$ 42,424.42                     | \$ 52,443.74                          |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                   |                              |                                  |                                       |
| 32                                                 | Losses in Base Rates (from Case No. 02-1454-EL-AJR) (cents per kWh)              | 0.0999 / 0.0882   | 0.0999                       | 0.0999                           | 0.0882                                |
| 33                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 32)                         | \$ 1,560,537.92   | \$ 595,367.71                | \$ 743,737.59                    | \$ 221,412.63                         |
| 34                                                 | Actual SLA recovery through FPP                                                  | \$ 681,562.39     | \$ 278,308.08                | \$ 343,998.95                    | \$ 89,285.35                          |
| 35                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (Line 11))                       | \$ 2,101,071.03   | \$ 786,828.88                | \$ 982,904.48                    | \$ 331,339.67                         |
| 36                                                 | Under/(Over) Recovery of Losses (Line 35 - Line 34 - Line 33)                    | \$ (141,029.27)   | \$ (86,858.91)               | \$ (104,852.05)                  | \$ 50,871.69                          |
| 37                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 21+Line 28+Line 31+Line 36) | \$ (1,910,713.06) | \$ (631,940.66)              | \$ (904,129.83)                  | \$ (174,643.47)                       |

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| Line                                               | Reconciliation Adjustment (RA) (As Updated)                                      | February 2006     | Residential<br>February 2006 | Non-Residential<br>February 2006 | Voltage<br>Reduction<br>February 2006 |
|----------------------------------------------------|----------------------------------------------------------------------------------|-------------------|------------------------------|----------------------------------|---------------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                                  |                   |                              |                                  |                                       |
| 1                                                  | Net Includable Fuel                                                              | \$ 34,979,677.75  | \$ 34,979,677.75             | \$ 34,979,677.75                 | \$ 34,979,677.75                      |
| 2                                                  | Ratio Metered Sales/Generation Sales                                             | 0.938933          | 0.938933                     | 0.938933                         | 0.938933                              |
| 3                                                  | Fuel Cost @ Meter Sales Level (Line 1 x Line 2)                                  | \$ 32,843,573.77  | \$ 32,843,573.77             | \$ 32,843,573.77                 | \$ 32,843,573.77                      |
| 4                                                  | Cost Sales Margin Credits (per books current year contracts only)                | \$ 751,276.29     | \$ 751,276.29                | \$ 751,276.29                    | \$ 751,276.29                         |
| 5                                                  | RSG Make Whole Payments                                                          | \$ (194,178.06)   | \$ (194,178.06)              | \$ (194,178.06)                  | \$ (194,178.06)                       |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                         | \$ 33,400,674.00  | \$ 33,400,674.00             | \$ 33,400,674.00                 | \$ 33,400,674.00                      |
| 7                                                  | Total Generation and Purchase Power (per books)                                  | 1,710,456,358     | 1,710,456,358                | 1,710,456,358                    | 1,710,456,358                         |
| 8                                                  | Losses (kWh) (1-Line 2) x (Line 7)                                               | 104,452,438       | 104,452,438                  | 104,452,438                      | 104,452,438                           |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                              | 1,606,003,920     | 1,606,003,920                | 1,606,003,920                    | 1,606,003,920                         |
| 10                                                 | kWh Subject to FPP                                                               | 1,591,500,486     | 595,983,694                  | 744,482,064                      | 261,034,728                           |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                          | 99.10%            | 37.11%                       | 46.38%                           | 15.83%                                |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                        | \$ 19,618,425.48  | \$ 7,348,691.00              | \$ 9,177,230.40                  | \$ 3,094,505.09                       |
| 13                                                 | Amount Recovered via FPP (per books)                                             | \$ 14,533,993.03  | \$ 5,480,308.25              | \$ 8,775,184.68                  | \$ 2,278,500.12                       |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                                   | \$ 34,152,418.52  | \$ 12,828,999.25             | \$ 15,952,415.08                 | \$ 5,373,005.21                       |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)             | \$ 33,100,087.93  | \$ 12,394,990.12             | \$ 15,484,662.47                 | \$ 5,220,625.36                       |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                          | \$ (1,052,351.59) | \$ (432,009.13)              | \$ (487,862.69)                  | \$ (162,479.86)                       |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                   |                              |                                  |                                       |
| 17                                                 | kWh Subject to FPP (Line 10)                                                     | 1,591,500,486     | 595,983,694                  | 744,482,064                      | 261,034,728                           |
| 18                                                 | EA Expense Allocated to FPP                                                      | \$ 3,368,193.88   | \$ 1,281,682.74              | \$ 1,676,062.61                  | \$ 531,438.62                         |
| 19                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0126 ¢/kWh)                      | \$ 200,629.08     | \$ 75,093.95                 | \$ 93,804.74                     | \$ 31,930.37                          |
| 20                                                 | EA Revenue in FPP (per books)                                                    | \$ 3,608,908.20   | \$ 1,360,776.26              | \$ 1,682,403.47                  | \$ 565,756.45                         |
| 21                                                 | Under/(Over) Recovery of EA Costs (Line 18 - Line 19 - Line 20)                  | \$ (440,273.38)   | \$ (174,177.49)              | \$ (200,147.60)                  | \$ (65,948.30)                        |
| <b>Environmental Reagent Component (ER)</b>        |                                                                                  |                   |                              |                                  |                                       |
| 22                                                 | Amount Recovered in Base Rates (0.0330 ¢/kWh x Line 10)                          | \$ -              | \$ -                         | \$ -                             | \$ -                                  |
| 23                                                 | ER Revenue in FPP (per books)                                                    | \$ 93,080.92      | \$ 35,058.80                 | \$ 43,284.84                     | \$ 14,719.48                          |
| 24                                                 | Total Actual Lime Costs for Quarter (per books)                                  | \$ -              | \$ -                         | \$ -                             | \$ -                                  |
| 25                                                 | Total Actual Ammonia Costs for Quarter (per books)                               | \$ -              | \$ -                         | \$ -                             | \$ -                                  |
| 26                                                 | Total Actual ER Costs for Quarter (per books) (Line 24 + Line 25)                | \$ -              | \$ -                         | \$ -                             | \$ -                                  |
| 27                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 11 x Line 26)                 | \$ -              | \$ -                         | \$ -                             | \$ -                                  |
| 28                                                 | Under/(Over) Recovery of ER Costs (Line 27 - Line 22 - Line 23)                  | \$ (93,080.92)    | \$ (35,058.80)               | \$ (43,284.84)                   | \$ (14,719.48)                        |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                   |                              |                                  |                                       |
| 29                                                 | RA Amount from 1st Quarter Filing (spread evenly)                                | \$ 3,498,682.03   | \$ -                         | \$ 2,589,244.48                  | \$ 908,438.15                         |
| 30                                                 | Actual RA recovery through FPP                                                   | \$ 3,401,814.47   | \$ -                         | \$ 2,545,820.06                  | \$ 855,994.41                         |
| 31                                                 | Under/(Over) Recovery of RA (Line 29 - Line 30)                                  | \$ 94,868.16      | \$ -                         | \$ 42,424.42                     | \$ 52,443.74                          |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                   |                              |                                  |                                       |
| 32                                                 | Losses in Base Rates (from Case No. 92-1484-EL-AIR) (cents per kWh)              | 0.0899 / 0.0882   | 0.0899                       | 0.0899                           | 0.0882                                |
| 33                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 32)                         | \$ 1,590,537.92   | \$ 595,387.71                | \$ 743,737.53                    | \$ 221,412.63                         |
| 34                                                 | Actual SLA recovery through FPP                                                  | \$ 661,502.38     | \$ 278,308.09                | \$ 343,996.95                    | \$ 59,235.55                          |
| 35                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (line 11))                       | \$ 2,118,579.04   | \$ 792,708.19                | \$ 990,297.81                    | \$ 333,973.04                         |
| 36                                                 | Under/(Over) Recovery of Losses (Line 35 - Line 34 - Line 33)                    | \$ (128,221.28)   | \$ (85,087.60)               | \$ (97,438.72)                   | \$ 59,205.00                          |
| 37                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 21+Line 28+Line 31+Line 36) | \$ (1,816,038.99) | \$ (722,231.02)              | \$ (786,309.13)                  | \$ (127,498.84)                       |
| 38                                                 | Net Under/(Over) Recovery of FPP Costs (Page 5K, Line 37)                        | \$ (1,810,713.98) | \$ (831,940.66)              | \$ (904,129.83)                  | \$ (174,643.47)                       |
| 39                                                 | Net Adjustment for February 2006 (Line 37 - Line 38) To Page 3 Line 2            | \$ 294,674.97     | \$ 109,709.64                | \$ 157,620.70                    | \$ 47,144.63                          |

Duke Energy Ohio  
Electric Department  
**Calculation of Quarterly Reconciliation Adjustment Component for Billing**  
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| Line                                               | Reconciliation Adjustment (RA) (As Updated)                                      | March 2006        | Residential<br>March 2006 | Non-Residential<br>March 2006 | Voltage<br>Reduction<br>March 2006 |
|----------------------------------------------------|----------------------------------------------------------------------------------|-------------------|---------------------------|-------------------------------|------------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                                  |                   |                           |                               |                                    |
| 1                                                  | Net Includable Fuel                                                              | \$ 35,979,978.87  | \$ 35,979,978.87          | \$ 35,979,978.87              | \$ 35,979,978.87                   |
| 2                                                  | Ratio Metered Sales/Generation Sales                                             | 0.938933          | 0.938933                  | 0.938933                      | 0.938933                           |
| 3                                                  | Fuel Cost @Meter Sales Level (Line 1 x Line 2)                                   | \$ 33,782,507.83  | \$ 33,782,507.83          | \$ 33,782,507.83              | \$ 33,782,507.83                   |
| 4                                                  | Cost Sales Margin Credits (per books current year contracts only)                | \$ (1,217,499.39) | \$ (1,217,499.39)         | \$ (1,217,499.39)             | \$ (1,217,499.39)                  |
| 5                                                  | RSG Make Whole Payments                                                          | \$ (70,121.69)    | \$ (70,121.69)            | \$ (70,121.69)                | \$ (70,121.69)                     |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                         | \$ 32,494,886.55  | \$ 32,494,886.55          | \$ 32,494,886.55              | \$ 32,494,886.55                   |
| 7                                                  | Total Generation and Purchase Power (per books)                                  | 1,741,294,817     | 1,741,294,817             | 1,741,294,817                 | 1,741,294,817                      |
| 8                                                  | Losses (kWh) (1-Line 2)/(Line 7)                                                 | 108,335,638       | 108,335,638               | 108,335,638                   | 108,335,638                        |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                              | 1,634,958,979     | 1,634,958,979             | 1,634,958,979                 | 1,634,958,979                      |
| 10                                                 | kWh Subject to FPP                                                               | 1,597,586,441     | 578,924,095               | 752,413,890                   | 266,248,656                        |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                          | 97.71%            | 35.41%                    | 46.02%                        | 16.28%                             |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 \$/kWh x Line 10)                       | \$ 19,853,448.09  | \$ 7,198,397.32           | \$ 9,275,003.58               | \$ 3,282,047.18                    |
| 13                                                 | Amount Recovered via FPP (per books)                                             | \$ 14,535,049.03  | \$ 5,291,837.20           | \$ 6,824,900.19               | \$ 2,418,311.87                    |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                                   | \$ 34,228,497.09  | \$ 12,428,234.52          | \$ 16,099,903.72              | \$ 5,700,358.85                    |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)             | \$ 31,750,763.66  | \$ 11,505,438.33          | \$ 14,954,148.78              | \$ 5,290,167.53                    |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                          | \$ (2,477,743.44) | \$ (921,795.19)           | \$ (1,145,756.93)             | \$ (410,191.32)                    |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                   |                           |                               |                                    |
| 17                                                 | kWh Subject to FPP (Line 10)                                                     | 1,597,586,441     | 578,924,095               | 752,413,890                   | 266,248,656                        |
| 18                                                 | EA Expense Allocated to FPP                                                      | \$ 3,584,093.00   | \$ 1,268,782.80           | \$ 1,687,996.70               | \$ 597,313.50                      |
| 19                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0126 \$/kWh)                     | \$ 201,295.89     | \$ 72,044.44              | \$ 94,804.12                  | \$ 33,547.33                       |
| 20                                                 | EA Revenue in FPP (per books)                                                    | \$ 3,809,201.10   | \$ 1,313,978.38           | \$ 1,694,750.76               | \$ 600,471.96                      |
| 21                                                 | Under/(Over) Recovery of EA Costs (Line 18 - Line 19 - Line 20)                  | \$ (226,403.89)   | \$ (88,140.02)            | \$ (101,558.18)               | \$ (38,705.79)                     |
| <b>Environmental Reagent Component (ER)</b>        |                                                                                  |                   |                           |                               |                                    |
| 22                                                 | Amount Recovered in Base Rates (0.0330 \$/kWh x Line 10)                         | \$ -              | \$ -                      | \$ -                          | \$ -                               |
| 23                                                 | ER Revenue in FPP (per books)                                                    | \$ 93,076.12      | \$ 33,861.18              | \$ 43,802.25                  | \$ 15,822.69                       |
| 24                                                 | Total Actual Line Costs for Quarter (per books)                                  | \$ -              | \$ -                      | \$ -                          | \$ -                               |
| 25                                                 | Total Actual Ammonia Costs for Quarter (per books)                               | \$ -              | \$ -                      | \$ -                          | \$ -                               |
| 26                                                 | Total Actual ER Costs for Quarter (per books) (Line 24 + Line 25)                | \$ -              | \$ -                      | \$ -                          | \$ -                               |
| 27                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 11 x Line 26)                 | \$ -              | \$ -                      | \$ -                          | \$ -                               |
| 28                                                 | Under/(Over) Recovery of ER Costs (Line 27 - Line 22 - Line 23)                  | \$ (93,076.12)    | \$ (33,861.18)            | \$ (43,802.25)                | \$ (15,822.69)                     |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                   |                           |                               |                                    |
| 29                                                 | RA Amount from 1st Quarter Filing (spread evenly)                                | \$ 3,498,682.54   | \$ -                      | \$ 2,588,244.48               | \$ 908,438.16                      |
| 30                                                 | Actual RA recovery through FPP                                                   | \$ 3,473,020.26   | \$ -                      | \$ 2,564,500.98               | \$ 908,519.28                      |
| 31                                                 | Under/(Over) Recovery of RA (Line 29 - Line 30)                                  | \$ 25,662.28      | \$ -                      | \$ 23,743.51                  | \$ (81.13)                         |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                   |                           |                               |                                    |
| 32                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)              | 0.0999/0.882      | 0.0999                    | 0.0999                        | 0.0882                             |
| 33                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 32)                         | \$ 1,584,837.76   | \$ 578,345.17             | \$ 751,681.28                 | \$ 234,531.31                      |
| 34                                                 | Actual SLA recovery through FPP                                                  | \$ 878,151.41     | \$ 288,736.90             | \$ 345,523.18                 | \$ 82,591.32                       |
| 35                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (Line 11))                       | \$ 2,146,855.82   | \$ 778,018.28             | \$ 1,011,198.11               | \$ 357,990.48                      |
| 36                                                 | Under/(Over) Recovery of Losses (Line 35 - Line 34 - Line 33)                    | \$ (66,133.35)    | \$ (89,083.81)            | \$ (87,048.35)                | \$ 59,976.81                       |
| 37                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 21+Line 28+Line 31+Line 36) | \$ (2,859,884.52) | \$ (1,112,850.20)         | \$ (1,354,220.20)             | \$ (402,524.12)                    |

Duke Energy Ohio  
Electric Department  
Calculation of Quarterly Reconciliation Adjustment Component for Billing  
January 2007 through March 2007  
Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary

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| Line                                                | Reconciliation Adjustment (RA) (As Updated)                                      | March 2006        | Residential<br>March 2006 | Non-Residential<br>March 2006 | Voltage<br>Reduction<br>March 2006 |
|-----------------------------------------------------|----------------------------------------------------------------------------------|-------------------|---------------------------|-------------------------------|------------------------------------|
| <b>Fuel Component (FC)</b>                          |                                                                                  |                   |                           |                               |                                    |
| 1                                                   | Net Includable Fuel                                                              | \$ 36,084,179.37  | \$ 36,084,179.37          | \$ 36,084,179.37              | \$ 36,084,179.37                   |
| 2                                                   | Ratio Metered Sales/Generation Sales                                             | 0.938933          | 0.938933                  | 0.938933                      | 0.938933                           |
| 3                                                   | Fuel Cost @ Meter Sales Level (Line 1 x Line 2)                                  | \$ 33,880,828.79  | \$ 33,880,828.79          | \$ 33,880,828.79              | \$ 33,880,828.79                   |
| 4                                                   | Coal Sales Margin Credits (per books current year contracts only)                | \$ (1,217,499.39) | \$ (1,217,499.39)         | \$ (1,217,499.39)             | \$ (1,217,499.39)                  |
| 5                                                   | RSG Make Whole Payments                                                          | \$ (70,121.69)    | \$ (70,121.69)            | \$ (70,121.69)                | \$ (70,121.69)                     |
| 6                                                   | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                         | \$ 32,593,006.71  | \$ 32,593,006.71          | \$ 32,593,006.71              | \$ 32,593,006.71                   |
| 7                                                   | Total Generation and Purchase Power (per books)                                  | 1,745,772.920     | 1,745,772.920             | 1,745,772.920                 | 1,745,772.920                      |
| 8                                                   | Losses (kWh) (1-Line 2) x (Line 7)                                               | 106,609.115       | 106,609.115               | 106,609.115                   | 106,609.115                        |
| 9                                                   | Total Generation After Losses (kWh) (Line 7-Line 8)                              | 1,639,163.805     | 1,639,163.805             | 1,639,163.805                 | 1,639,163.805                      |
| 10                                                  | kWh Subject to FPP                                                               | 1,507,586.441     | 578,924.095               | 752,413.690                   | 286,248.656                        |
| 11                                                  | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                          | 97.48%            | 35.32%                    | 45.90%                        | 18.24%                             |
| 12                                                  | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                        | \$ 19,089,448.08  | \$ 7,138,397.32           | \$ 9,275,003.56               | \$ 3,282,047.18                    |
| 13                                                  | Amount Recovered via FPP (per books)                                             | \$ 14,535,049.03  | \$ 5,291,837.20           | \$ 6,824,900.16               | \$ 2,418,311.67                    |
| 14                                                  | Total Fuel Costs Recovered (Line 12 + Line 13)                                   | \$ 34,228,497.09  | \$ 12,428,234.52          | \$ 16,099,903.72              | \$ 5,700,358.85                    |
| 15                                                  | Total Actual Fuel Costs Attributable to FPP Sales (Line 5 x Line 11)             | \$ 31,786,143.38  | \$ 11,511,649.82          | \$ 14,890,189.62              | \$ 5,293,104.13                    |
| 16                                                  | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                          | \$ (2,463,353.73) | \$ (910,384.90)           | \$ (1,139,714.10)             | \$ (407,264.72)                    |
| <b>Emissions Allowance Component (EA)</b>           |                                                                                  |                   |                           |                               |                                    |
| 17                                                  | kWh Subject to FPP (Line 10)                                                     | 1,507,586.441     | 578,924.095               | 752,413.690                   | 286,248.656                        |
| 18                                                  | EA Expense Allocated to FPP                                                      | \$ 3,817,323.55   | \$ 1,310,824.70           | \$ 1,703,647.28               | \$ 602,851.59                      |
| 19                                                  | EA Expense Recovered in Base Rates (Line 17 x 0.0126 ¢/kWh)                      | \$ 201,295.89     | \$ 72,944.44              | \$ 94,804.12                  | \$ 33,547.33                       |
| 20                                                  | EA Revenue in FPP (per books)                                                    | \$ 3,609,201.10   | \$ 1,313,978.38           | \$ 1,654,750.76               | \$ 600,471.90                      |
| 21                                                  | Under/(Over) Recovery of EA Costs (Line 18 - Line 19 - Line 20)                  | \$ (183,173.44)   | \$ (76,058.12)            | \$ (55,907.62)                | \$ (31,187.70)                     |
| <b>Environmental Reagent Component (ER)</b>         |                                                                                  |                   |                           |                               |                                    |
| 22                                                  | Amount Recovered in Base Rates (0.0330 ¢/kWh x Line 10)                          | \$ -              | \$ -                      | \$ -                          | \$ -                               |
| 23                                                  | ER Revenue in FPP (per books)                                                    | \$ 93,076.12      | \$ 33,851.18              | \$ 43,602.25                  | \$ 15,622.69                       |
| 24                                                  | Total Actual Lime Costs for Quarter (per books)                                  | \$ -              | \$ -                      | \$ -                          | \$ -                               |
| 25                                                  | Total Actual Ammonia Costs for Quarter (per books)                               | \$ -              | \$ -                      | \$ -                          | \$ -                               |
| 26                                                  | Total Actual ER Costs for Quarter (per books) (Line 24 + Line 25)                | \$ -              | \$ -                      | \$ -                          | \$ -                               |
| 27                                                  | Total Actual ER Costs Allocated to FPP Sales (Line 11 x Line 26)                 | \$ -              | \$ -                      | \$ -                          | \$ -                               |
| 28                                                  | Under/(Over) Recovery of ER Costs (Line 27 - Line 22 - Line 23)                  | \$ (93,076.12)    | \$ (33,851.18)            | \$ (43,602.25)                | \$ (15,622.69)                     |
| <b>Reconciliation Adjustment: Amortization (RA)</b> |                                                                                  |                   |                           |                               |                                    |
| 29                                                  | RA Amount from 1st Quarter Filing (spread evenly)                                | \$ 3,496,682.84   | \$ -                      | \$ 2,588,244.49               | \$ 908,438.16                      |
| 30                                                  | Actual RA recovery through FPP                                                   | \$ 3,473,020.26   | \$ -                      | \$ 2,564,500.98               | \$ 908,519.28                      |
| 31                                                  | Under/(Over) Recovery of RA (Line 29 - Line 30)                                  | \$ 23,662.58      | \$ -                      | \$ 23,743.51                  | \$ (81.13)                         |
| <b>System Loss Component (SLA)</b>                  |                                                                                  |                   |                           |                               |                                    |
| 32                                                  | Losses in Base Rates (from Case No. 02-1484-EL-AIR) (cents per kWh)              | 0.0999/0.082      | 0.0899                    | 0.0969                        | 0.0882                             |
| 33                                                  | Total Losses Recovered in Base Rates (Line 10 x Line 32)                         | \$ 1,564,837.78   | \$ 578,345.17             | \$ 761,001.28                 | \$ 234,831.31                      |
| 34                                                  | Actual SLA recovery through FPP                                                  | \$ 678,161.41     | \$ 268,736.90             | \$ 346,523.18                 | \$ 62,591.33                       |
| 35                                                  | Actual Losses on FPP Sales ((Line 1 - Line 3) x (line 11))                       | \$ 2,147,882.34   | \$ 778,294.76             | \$ 1,011,430.63               | \$ 367,856.04                      |
| 36                                                  | Under/(Over) Recovery of Losses (Line 35 - Line 34 - Line 33)                    | \$ (95,406.83)    | \$ (68,787.31)            | \$ (88,753.83)                | \$ 60,134.30                       |
| 37                                                  | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 21+Line 28+Line 31+Line 36) | \$ (2,821,347.74) | \$ (1,085,121.51)         | \$ (1,332,234.29)             | \$ (383,981.94)                    |
| 38                                                  | Net Under/(Over) Recovery of FPP Costs (Page 5M, Line 37)                        | \$ (2,888,094.52) | \$ (1,112,850.20)         | \$ (1,354,220.20)             | \$ (402,824.12)                    |
| 39                                                  | Net Adjustment for March 2006 (Line 37 - Line 38) To Page 3 Line 3               | \$ 48,348.78      | \$ 17,728.69              | \$ 21,985.91                  | \$ 6,832.18                        |

**Duke Energy Ohio  
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| Line                                               | Reconciliation Adjustment (RA) (As Updated)                              | April 2006        | Residential<br>April 2006 | Non-Residential<br>April 2006 | Voltage<br>Reduction<br>April 2006 |
|----------------------------------------------------|--------------------------------------------------------------------------|-------------------|---------------------------|-------------------------------|------------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                          |                   |                           |                               |                                    |
| 1                                                  | Net Includable Fuel                                                      | \$ 32,331,823.03  | \$ 32,331,823.03          | \$ 32,331,823.03              | \$ 32,331,823.03                   |
| 2                                                  | Ratio Metered Sales/Generation Sales                                     | 0.938933          | 0.938933                  | 0.938933                      | 0.938933                           |
| 3                                                  | Fuel Cost @ Meter Sales Level (Line 1 x Line 2)                          | \$ 30,357,415.59  | \$ 30,357,415.59          | \$ 30,357,415.59              | \$ 30,357,415.59                   |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)        | \$ (434,562.85)   | \$ (434,562.85)           | \$ (434,562.85)               | \$ (434,562.85)                    |
| 5                                                  | RSG Make Whole Payments                                                  | \$ (39,582.21)    | \$ (39,582.21)            | \$ (39,582.21)                | \$ (39,582.21)                     |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                 | \$ 29,883,270.53  | \$ 29,883,270.53          | \$ 29,883,270.53              | \$ 29,883,270.53                   |
| 7                                                  | Total Generation and Purchase Power (per books)                          | 1,560,479,302     | 1,560,479,302             | 1,560,479,302                 | 1,560,479,302                      |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                         | 95,293,790        | 95,293,790                | 95,293,790                    | 95,293,790                         |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                      | 1,465,185,512     | 1,465,185,512             | 1,465,185,512                 | 1,465,185,512                      |
| 10                                                 | kWh Subject to FPP                                                       | 1,460,495,968     | 488,706,185               | 727,236,189                   | 264,553,594                        |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                  | 101.04%           | 33.35%                    | 49.83%                        | 18.06%                             |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                | \$ 19,250,073.80  | \$ 8,024,281.14           | \$ 8,964,040.50               | \$ 3,261,152.10                    |
| 13                                                 | Amount Recovered via FPP (per books)                                     | \$ 17,571,159.55  | \$ 5,827,136.23           | \$ 8,606,355.18               | \$ 3,137,668.14                    |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                           | \$ 36,821,233.35  | \$ 13,851,417.37          | \$ 17,570,395.68              | \$ 6,398,820.30                    |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)     | \$ 30,194,056.54  | \$ 8,966,070.72           | \$ 14,831,067.16              | \$ 5,385,918.86                    |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                  | \$ (5,627,176.81) | \$ (1,886,346.65)         | \$ (2,738,928.52)             | \$ (1,001,901.64)                  |
| <b>Emissions Allowance Component (EA)</b>          |                                                                          |                   |                           |                               |                                    |
| 17                                                 | kWh Subject to FPP (Line 10)                                             | 1,460,495,968     | 488,706,185               | 727,236,189                   | 264,553,594                        |
| 18                                                 | EA Expense Allocated to FPP                                              | \$ 3,975,345.92   | \$ 1,312,246.83           | \$ 1,952,734.41               | \$ 710,364.68                      |
| 19                                                 | EA Sales Margin Allocated to FPP                                         | \$ -              | \$ -                      | \$ -                          | \$ -                               |
| 20                                                 | Net EA Cost (Line 18 + Line 19)                                          | \$ 3,975,345.92   | \$ 1,312,246.83           | \$ 1,952,734.41               | \$ 710,364.68                      |
| 21                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0128 ¢/kWh)              | \$ 186,542.49     | \$ 61,576.98              | \$ 91,031.78                  | \$ 33,333.76                       |
| 22                                                 | EA Revenue in FPP (per books)                                            | \$ 1,465,183.83   | \$ 486,314.41             | \$ 717,958.43                 | \$ 261,920.99                      |
| 23                                                 | Under/(Over) Recovery of EA Costs (Line 20 - Line 21 - Line 22)          | \$ 2,322,809.80   | \$ 764,365.44             | \$ 1,143,144.22               | \$ 415,109.94                      |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                          |                   |                           |                               |                                    |
| 24                                                 | RA Amount from 2nd Quarter Filing (spread evenly)                        | \$ (3,124,965.00) | \$ -                      | \$ (2,364,348.52)             | \$ (760,616.48)                    |
| 25                                                 | Actual RA recovery through FPP                                           | \$ (2,989,143.22) | \$ -                      | \$ (2,100,459.16)             | \$ (788,684.06)                    |
| 26                                                 | Under/(Over) Recovery of RA (Line 24 - Line 25)                          | \$ (135,821.78)   | \$ -                      | \$ (173,889.36)               | \$ 38,067.58                       |
| <b>System Loss Component (SLA)</b>                 |                                                                          |                   |                           |                               |                                    |
| 27                                                 | Losses in Base Rates (from Case No. 92-1484-EL-AIR) (cents per kWh)      | 0.0999 / 0.0882   | 0.0999                    | 0.0989                        | 0.0862                             |
| 28                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 27)                 | \$ 1,448,082.70   | \$ 488,217.48             | \$ 726,508.95                 | \$ 233,336.27                      |
| 29                                                 | Actual SLA recovery through FPP                                          | \$ 908,959.73     | \$ 330,188.89             | \$ 487,784.92                 | \$ 90,985.92                       |
| 30                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (Line 11))               | \$ 1,994,941.27   | \$ 658,464.88             | \$ 979,898.41                 | \$ 358,577.98                      |
| 31                                                 | Under/(Over) Recovery of Losses (Line 30 - Line 28 - Line 29)            | \$ (362,081.16)   | \$ (169,941.49)           | \$ (234,395.46)               | \$ 32,266.79                       |
| 32                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 23+Line 26+Line 31) | \$ (3,802,470.15) | \$ (1,260,932.70)         | \$ (2,005,069.12)             | \$ (516,468.33)                    |

Duke Energy Ohio  
Electric DepartmentCalculation of Quarterly Reconciliation Adjustment Component for Billing  
January 2007 through March 2007

## Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary

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| Line                                               | Reconciliation Adjustment (RA) (As Updated)                              | April 2006        | Residential<br>April 2006 | Non-Residential<br>April 2006 | Voltage<br>Reduction<br>April 2006 |
|----------------------------------------------------|--------------------------------------------------------------------------|-------------------|---------------------------|-------------------------------|------------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                          |                   |                           |                               |                                    |
| 1                                                  | Net Includable Fuel                                                      | \$ 32,045,558.59  | \$ 32,045,558.59          | \$ 32,045,558.59              | \$ 32,045,558.59                   |
| 2                                                  | Ratio Metered Sales/Generation Sales                                     | 0.938933          | 0.938933                  | 0.938933                      | 0.938933                           |
| 3                                                  | Fuel Cost @ Meter Sales Level (Line 1 x Line 2)                          | \$ 30,851,990.39  | \$ 30,851,990.39          | \$ 30,851,990.39              | \$ 30,851,990.39                   |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)        | \$ (434,582.85)   | \$ (434,582.85)           | \$ (434,582.85)               | \$ (434,582.85)                    |
| 5                                                  | RSG Make Whole Payments                                                  | \$ (39,582.21)    | \$ (39,582.21)            | \$ (39,582.21)                | \$ (39,582.21)                     |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                 | \$ 30,177,845.33  | \$ 30,177,845.33          | \$ 30,177,845.33              | \$ 30,177,845.33                   |
| 7                                                  | Total Generation and Purchase Power (per books)                          | 1,582,567,790     | 1,582,567,790             | 1,582,567,790                 | 1,582,567,790                      |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                         | 95,421,327        | 95,421,327                | 95,421,327                    | 95,421,327                         |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                      | 1,487,146,463     | 1,487,146,463             | 1,487,146,463                 | 1,487,146,463                      |
| 10                                                 | kWh Subject to FPP                                                       | 1,480,495,968     | 488,706,185               | 727,236,189                   | 264,553,594                        |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                  | 100.81%           | 33.31%                    | 49.57%                        | 18.03%                             |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                | \$ 18,250,073.80  | \$ 6,024,281.14           | \$ 8,984,040.50               | \$ 3,261,162.18                    |
| 13                                                 | Amount Recovered via FPP (per books)                                     | \$ 17,571,159.55  | \$ 5,827,136.23           | \$ 8,608,355.18               | \$ 3,137,668.14                    |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                           | \$ 35,821,233.35  | \$ 11,851,417.37          | \$ 17,570,985.58              | \$ 6,398,820.30                    |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)     | \$ 30,452,463.72  | \$ 10,052,240.28          | \$ 14,959,157.93              | \$ 5,441,085.51                    |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                  | \$ (5,368,789.83) | \$ (1,799,177.09)         | \$ (2,611,837.75)             | \$ (957,764.79)                    |
| <b>Emissions Allowance Component (EA)</b>          |                                                                          |                   |                           |                               |                                    |
| 17                                                 | kWh Subject to FPP (Line 10)                                             | 1,480,495,968     | 488,706,185               | 727,236,189                   | 264,553,594                        |
| 18                                                 | EA Expense Allocated to FPP                                              | \$ 3,998,648.00   | \$ 1,319,245.66           | \$ 1,983,149.11               | \$ 714,153.33                      |
| 19                                                 | EA Sales Margin Allocated to FPP                                         | \$ -              | \$ -                      | \$ -                          | \$ -                               |
| 20                                                 | Net EA Cost (Line 18 + Line 19)                                          | \$ 3,998,648.00   | \$ 1,319,245.66           | \$ 1,983,149.11               | \$ 714,153.33                      |
| 21                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0126 ¢/kWh)              | \$ 186,542.49     | \$ 61,576.98              | \$ 91,831.76                  | \$ 33,333.76                       |
| 22                                                 | EA Revenue in FPP (per books)                                            | \$ 1,408,103.83   | \$ 488,314.41             | \$ 717,958.43                 | \$ 281,920.99                      |
| 23                                                 | Under/(Over) Recovery of EA Costs (Line 20 - Line 21 - Line 22)          | \$ 2,343,811.68   | \$ 771,354.17             | \$ 1,153,558.92               | \$ 418,898.59                      |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                          |                   |                           |                               |                                    |
| 24                                                 | RA Amount from 2nd Quarter Filing (spread evenly)                        | \$ (3,124,965.00) | \$ -                      | \$ (2,364,348.52)             | \$ (760,916.48)                    |
| 25                                                 | Actual RA recovery through FPP                                           | \$ (2,889,143.22) | \$ -                      | \$ (2,190,459.16)             | \$ (798,684.06)                    |
| 26                                                 | Under/(Over) Recovery of RA (Line 24 - Line 25)                          | \$ (135,821.78)   | \$ -                      | \$ (173,889.36)               | \$ 38,067.58                       |
| <b>System Loss Component (SLA)</b>                 |                                                                          |                   |                           |                               |                                    |
| 27                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)      | 0.0899 / 0.0882   | 0.0999                    | 0.0899                        | 0.0882                             |
| 28                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 27)                 | \$ 1,448,082.70   | \$ 488,217.48             | \$ 726,508.06                 | \$ 233,338.27                      |
| 29                                                 | Actual SLA recovery through FPP                                          | \$ 908,959.73     | \$ 330,188.89             | \$ 487,784.92                 | \$ 90,985.92                       |
| 30                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (line 11))               | \$ 2,011,707.66   | \$ 684,058.90             | \$ 988,210.77                 | \$ 359,438.99                      |
| 31                                                 | Under/(Over) Recovery of Losses (Line 30 - Line 28 - Line 29)            | \$ (345,314.77)   | \$ (154,349.47)           | \$ (228,083.10)               | \$ 35,117.80                       |
| 32                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 23+Line 26+Line 31) | \$ (3,506,084.50) | \$ (1,182,172.39)         | \$ (1,858,251.29)             | \$ (466,070.82)                    |
| 33                                                 | Net Under/(Over) Recovery of FPP Costs (Page 50, Line 32)                | \$ (3,802,470.16) | \$ (1,280,932.70)         | \$ (2,005,069.12)             | \$ (516,468.33)                    |
| 34                                                 | Net Adjustment for April 2006 (Line 32 - Line 33) To Page 3 Line 4       | \$ 296,376.66     | \$ 98,760.31              | \$ 148,817.83                 | \$ 50,797.51                       |

Duke Energy Ohio  
Electric Department  
Calculation of Quarterly Reconciliation Adjustment Component for Billing  
January 2007 through March 2007  
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| Line                                               | Reconciliation Adjustment (RA) (As Updated)                              | May 2006          | Residential<br>May 2006 | Non-Residential<br>May 2006 | Voltage<br>Reduction<br>May 2006 |
|----------------------------------------------------|--------------------------------------------------------------------------|-------------------|-------------------------|-----------------------------|----------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                          |                   |                         |                             |                                  |
| 1                                                  | Net Includable Fuel                                                      | \$ 42,088,822.47  | \$ 42,088,822.47        | \$ 42,088,822.47            | \$ 42,088,822.47                 |
| 2                                                  | Ratio Metered Sales/Generation Sales                                     | 0.938933          | 0.938933                | 0.938933                    | 0.938933                         |
| 3                                                  | Fuel Cost @Meter Sales Level (Line 1 x Line 2)                           | \$ 39,518,584.35  | \$ 39,518,584.35        | \$ 39,518,584.35            | \$ 39,518,584.35                 |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)        | \$ (1,549,996.83) | \$ (1,549,996.83)       | \$ (1,549,996.83)           | \$ (1,549,996.83)                |
| 5                                                  | RSG Make Whole Payments                                                  | \$ (18,888.55)    | \$ (18,888.55)          | \$ (18,888.55)              | \$ (18,888.55)                   |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                 | \$ 37,949,698.97  | \$ 37,949,698.97        | \$ 37,949,698.97            | \$ 37,949,698.97                 |
| 7                                                  | Total Generation and Purchase Power (per books)                          | 1,703,979,555     | 1,703,979,555           | 1,703,979,555               | 1,703,979,555                    |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                         | 104,056,919       | 104,056,919             | 104,056,919                 | 104,056,919                      |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                      | 1,599,922,636     | 1,599,922,636           | 1,599,922,636               | 1,599,922,636                    |
| 10                                                 | kWh Subject to FPP                                                       | 1,454,814,220     | 407,883,689             | 759,454,030                 | 287,375,891                      |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                  | 90.93%            | 25.60%                  | 47.47%                      | 17.98%                           |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                | \$ 17,933,494.89  | \$ 5,029,215.06         | \$ 9,361,799.89             | \$ 3,542,480.14                  |
| 13                                                 | Amount Recovered via FPP (per books)                                     | \$ 17,255,920.47  | \$ 4,859,304.97         | \$ 9,002,912.84             | \$ 3,393,702.60                  |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                           | \$ 35,189,415.36  | \$ 9,888,520.03         | \$ 18,364,712.53            | \$ 6,936,182.80                  |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)     | \$ 34,607,681.27  | \$ 9,677,173.24         | \$ 18,014,722.10            | \$ 6,815,765.93                  |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                  | \$ (681,754.08)   | \$ (211,346.79)         | \$ (349,980.43)             | \$ (120,416.87)                  |
| <b>Emissions Allowance Component (EA)</b>          |                                                                          |                   |                         |                             |                                  |
| 17                                                 | kWh Subject to FPP (Line 10)                                             | 1,454,814,220     | 407,883,689             | 759,454,030                 | 287,375,891                      |
| 18                                                 | EA Expense Allocated to FPP                                              | \$ 6,071,611.13   | \$ 1,422,239.24         | \$ 2,647,474.55             | \$ 1,001,797.34                  |
| 19                                                 | EA Sales Margin Allocated to FPP                                         | \$ (139,715.24)   | \$ (39,181.32)          | \$ (72,935.37)              | \$ (27,598.65)                   |
| 20                                                 | Net EA Cost (Line 18 + Line 19)                                          | \$ 4,931,795.89   | \$ 1,383,057.92         | \$ 2,574,539.18             | \$ 974,198.79                    |
| 21                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0128 ¢/kWh)              | \$ 183,308.60     | \$ 51,405.95            | \$ 96,891.31                | \$ 36,209.34                     |
| 22                                                 | EA Revenue in FPP (per books)                                            | \$ 1,439,876.10   | \$ 406,642.27           | \$ 751,040.02               | \$ 283,293.31                    |
| 23                                                 | Under/(Over) Recovery of EA Costs (Line 20 - Line 21 - Line 22)          | \$ 3,309,613.19   | \$ 926,106.70           | \$ 1,727,807.85             | \$ 654,695.64                    |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                          |                   |                         |                             |                                  |
| 24                                                 | RA Amount from 2nd Quarter Filing (spread evenly)                        | \$ (3,124,985.00) | \$ -                    | \$ (2,364,348.52)           | \$ (780,616.48)                  |
| 25                                                 | Actual RA recovery through FPP                                           | \$ (3,155,240.49) | \$ -                    | \$ (2,281,389.81)           | \$ (863,850.68)                  |
| 26                                                 | Under/(Over) Recovery of RA (Line 24 - Line 25)                          | \$ 30,255.49      | \$ -                    | \$ (72,958.71)              | \$ 103,240.40                    |
| <b>System Loss Component (SLA)</b>                 |                                                                          |                   |                         |                             |                                  |
| 27                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)      | 0.0999 / 0.0882   | 0.0999                  | 0.0999                      | 0.0882                           |
| 28                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 27)                 | \$ 1,419,736.46   | \$ 407,575.72           | \$ 758,885.38               | \$ 253,485.38                    |
| 29                                                 | Actual SLA recovery through FPP                                          | \$ 884,018.81     | \$ 275,347.69           | \$ 510,260.73               | \$ 98,410.39                     |
| 30                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (line 11))               | \$ 2,337,117.62   | \$ 856,410.72           | \$ 1,220,092.04             | \$ 481,614.70                    |
| 31                                                 | Under/(Over) Recovery of Losses (Line 30 - Line 28 - Line 29)            | \$ 33,382.26      | \$ (27,512.60)          | \$ (48,864.07)              | \$ 108,739.01                    |
| 32                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 23+Line 26+Line 31) | \$ 2,890,502.84   | \$ 687,250.22           | \$ 1,265,994.44             | \$ 747,258.18                    |

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Calculation of Quarterly Reconciliation Adjustment Component for Billing  
January 2007 through March 2007  
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| Line                                               | Reconciliation Adjustment (RA) (As Updated)                              | May 2006          | Residential<br>May 2006 | Non-Residential<br>May 2006 | Voltage<br>Reduction<br>May 2006 |
|----------------------------------------------------|--------------------------------------------------------------------------|-------------------|-------------------------|-----------------------------|----------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                          |                   |                         |                             |                                  |
| 1                                                  | Net Includable Fuel                                                      | \$ 42,165,798.87  | \$ 42,165,798.87        | \$ 42,165,798.87            | \$ 42,165,798.87                 |
| 2                                                  | Ratio Metered Sales/Generation Sales                                     | 0.938933          | 0.938933                | 0.938933                    | 0.938933                         |
| 3                                                  | Fuel Cost @Meter Sales Level (Line 1 x Line 2)                           | \$ 39,590,860.03  | \$ 39,590,860.03        | \$ 39,590,860.03            | \$ 39,590,860.03                 |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)        | \$ (1,549,996.83) | \$ (1,549,996.83)       | \$ (1,549,996.83)           | \$ (1,549,996.83)                |
| 5                                                  | RSG Make Whole Payments                                                  | \$ (18,888.55)    | \$ (18,888.55)          | \$ (18,888.55)              | \$ (18,888.55)                   |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                 | \$ 38,021,974.65  | \$ 38,021,974.65        | \$ 38,021,974.65            | \$ 38,021,974.65                 |
| 7                                                  | Total Generation and Purchase Power (per books)                          | 1,705,181,251     | 1,705,181,251           | 1,705,181,251               | 1,705,181,251                    |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                         | 104,130,303       | 104,130,303             | 104,130,303                 | 104,130,303                      |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                      | 1,601,050,948     | 1,601,050,948           | 1,601,050,948               | 1,601,050,948                    |
| 10                                                 | kWh Subject to FPP                                                       | 1,454,814,220     | 407,983,699             | 759,454,830                 | 287,376,691                      |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                  | 90.87%            | 25.48%                  | 47.44%                      | 17.95%                           |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                | \$ 17,833,494.89  | \$ 5,029,215.08         | \$ 9,361,789.69             | \$ 3,542,480.14                  |
| 13                                                 | Amount Recovered via FPP (per books)                                     | \$ 17,265,920.47  | \$ 4,659,304.97         | \$ 9,002,912.84             | \$ 3,393,702.60                  |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                           | \$ 35,189,415.36  | \$ 9,688,520.03         | \$ 18,364,712.53            | \$ 6,936,182.80                  |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)     | \$ 34,550,568.38  | \$ 9,687,999.14         | \$ 18,037,824.78            | \$ 6,824,944.44                  |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                  | \$ (838,847.00)   | \$ (200,620.89)         | \$ (327,087.75)             | \$ (111,238.38)                  |
| <b>Emissions Allowance Component (EA)</b>          |                                                                          |                   |                         |                             |                                  |
| 17                                                 | kWh Subject to FPP (Line 10)                                             | 1,454,814,220     | 407,983,699             | 759,454,830                 | 287,376,691                      |
| 18                                                 | EA Expense Allocated to FPP                                              | \$ 5,080,337.23   | \$ 1,424,714.40         | \$ 2,652,082.03             | \$ 1,003,540.80                  |
| 19                                                 | EA Sales Margin Allocated to FPP                                         | \$ (140,211.00)   | \$ (39,320.35)          | \$ (73,184.17)              | \$ (27,896.45)                   |
| 20                                                 | Net EA Cost (Line 18 + Line 19)                                          | \$ 4,940,126.23   | \$ 1,385,394.05         | \$ 2,578,897.86             | \$ 975,644.32                    |
| 21                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0126 ¢/kWh)              | \$ 183,306.60     | \$ 51,405.95            | \$ 95,691.31                | \$ 36,209.34                     |
| 22                                                 | EA Revenue in FPP (per books)                                            | \$ 1,439,876.10   | \$ 405,542.27           | \$ 751,040.02               | \$ 283,293.81                    |
| 23                                                 | Under/(Over) Recovery of EA Costs (Line 20 - Line 21 - Line 22)          | \$ 3,316,949.53   | \$ 928,445.83           | \$ 1,732,156.53             | \$ 656,341.17                    |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                          |                   |                         |                             |                                  |
| 24                                                 | RA Amount from 2nd Quarter Filing (spread evenly)                        | \$ (3,124,985.00) | \$ -                    | \$ (2,384,348.52)           | \$ (760,616.46)                  |
| 25                                                 | Actual RA recovery through FPP                                           | \$ (3,155,248.49) | \$ -                    | \$ (2,291,389.81)           | \$ (863,858.68)                  |
| 26                                                 | Under/(Over) Recovery of RA (Line 24 - Line 25)                          | \$ 30,263.49      | \$ -                    | \$ (72,958.91)              | \$ 103,240.30                    |
| <b>System Loss Component (SLA)</b>                 |                                                                          |                   |                         |                             |                                  |
| 27                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)      | 0.0999 / 0.0882   | 0.0999                  | 0.0999                      | 0.0882                           |
| 28                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 27)                 | \$ 1,419,739.46   | \$ 407,675.72           | \$ 758,695.38               | \$ 263,465.38                    |
| 29                                                 | Actual SLA recovery through FPP                                          | \$ 884,018.81     | \$ 275,347.89           | \$ 510,280.73               | \$ 98,410.39                     |
| 30                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (Line 11))               | \$ 2,339,846.92   | \$ 656,094.42           | \$ 1,221,550.98             | \$ 482,201.51                    |
| 31                                                 | Under/(Over) Recovery of Losses (Line 30 - Line 28 - Line 29)            | \$ 96,097.65      | \$ (28,828.99)          | \$ (47,405.12)              | \$ 110,325.76                    |
| 32                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 23+Line 26+Line 31) | \$ 2,744,460.67   | \$ 701,085.85           | \$ 1,284,704.75             | \$ 758,668.97                    |
| 33                                                 | Net Under/(Over) Recovery of FPP Costs (Page 5Q, Line 32)                | \$ 2,890,502.84   | \$ 687,260.22           | \$ 1,265,984.44             | \$ 747,258.18                    |
| 34                                                 | Net Adjustment for May 2006 (Line 32 - Line 33) To Page 3 Line 5         | \$ 65,988.83      | \$ 13,845.73            | \$ 26,710.31                | \$ 11,410.79                     |

Duke Energy Ohio  
Electric Department  
Calculation of Quarterly Reconciliation Adjustment Component for Billing  
January 2007 through March 2007

Schedule 1  
Page 58 of 5

Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary

| Line                                               | Reconciliation Adjustment (RA) (As Updated)                                      | June 2006         | Residential<br>June 2006 | Non-Residential<br>June 2006 | Voltage<br>Reduction<br>June 2006 |
|----------------------------------------------------|----------------------------------------------------------------------------------|-------------------|--------------------------|------------------------------|-----------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                                  |                   |                          |                              |                                   |
| 1                                                  | Net Includable Fuel                                                              | \$ 41,888,863.68  | \$ 41,888,863.68         | \$ 41,888,863.68             | \$ 41,888,863.68                  |
| 2                                                  | Ratio Metered Sales/Generation Sales                                             | 0.938933          | 0.938933                 | 0.938933                     | 0.938933                          |
| 3                                                  | Fuel Cost @Meter Sales Level (Line 1 x Line 2)                                   | \$ 39,330,836.44  | \$ 39,330,836.44         | \$ 39,330,836.44             | \$ 39,330,836.44                  |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)                | \$ 485,108.42     | \$ 485,108.42            | \$ 485,108.42                | \$ 485,108.42                     |
| 5                                                  | RSG Make Whole Payments                                                          | \$ -              | \$ -                     | \$ -                         | \$ -                              |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                         | \$ 39,815,944.86  | \$ 39,815,944.86         | \$ 39,815,944.86             | \$ 39,815,944.86                  |
| 7                                                  | Total Generation and Purchase Power (per books)                                  | 1,886,880,555     | 1,886,880,555            | 1,886,880,555                | 1,886,880,555                     |
| 8                                                  | Losses (kWh) (1-Line 2)/(Line 7)                                                 | 115,226,135       | 115,226,135              | 115,226,135                  | 115,226,135                       |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                              | 1,771,654,420     | 1,771,654,420            | 1,771,654,420                | 1,771,654,420                     |
| 10                                                 | kWh Subject to FPP                                                               | 1,682,783,977     | 531,999,148              | 840,984,433                  | 289,780,398                       |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                          | 93.86%            | 30.03%                   | 47.47%                       | 10.30%                            |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                        | \$ 20,497,138.09  | \$ 6,557,853.47          | \$ 10,368,938.38             | \$ 3,572,246.24                   |
| 13                                                 | Amount Recovered via FPP (per books)                                             | \$ 19,744,808.34  | \$ 6,320,677.23          | \$ 9,952,080.33              | \$ 3,472,050.78                   |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                                   | \$ 40,241,946.43  | \$ 12,878,530.70         | \$ 20,319,018.71             | \$ 7,044,297.02                   |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)             | \$ 37,571,246.85  | \$ 11,958,728.24         | \$ 18,900,629.03             | \$ 6,613,888.58                   |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                          | \$ (2,870,700.58) | \$ (921,602.46)          | \$ (1,418,380.68)            | \$ (530,408.44)                   |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                   |                          |                              |                                   |
| 17                                                 | kWh Subject to FPP (Line 10)                                                     | 1,682,783,977     | 531,999,148              | 840,984,433                  | 289,780,398                       |
| 18                                                 | EA Expense Allocated to FPP                                                      | \$ 4,884,488.88   | \$ 1,492,379.13          | \$ 2,358,181.49              | \$ 812,928.28                     |
| 19                                                 | EA Sales Margin Allocated to FPP                                                 | \$ (4,285,131.37) | \$ (1,371,005.85)        | \$ (2,187,311.98)            | \$ (748,813.74)                   |
| 20                                                 | Net EA Cost (Line 18 + Line 19)                                                  | \$ 599,357.51     | \$ 121,373.28            | \$ 191,869.51                | \$ 66,114.52                      |
| 21                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0126 ¢/kWh)                      | \$ 209,510.78     | \$ 67,031.89             | \$ 105,985.30                | \$ 36,513.59                      |
| 22                                                 | EA Revenue in FPP (per books)                                                    | \$ 1,647,558.18   | \$ 527,503.79            | \$ 830,221.38                | \$ 289,834.03                     |
| 23                                                 | Under/(Over) Recovery of EA Costs (Line 20 - Line 21 - Line 22)                  | \$ (1,477,712.45) | \$ (473,162.20)          | \$ (744,317.15)              | \$ (280,233.10)                   |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                   |                          |                              |                                   |
| 24                                                 | RA Amount from 2nd Quarter Filing (spread evenly)                                | \$ (3,124,984.88) | \$ -                     | \$ (2,384,348.51)            | \$ (760,818.48)                   |
| 25                                                 | Actual RA recovery through FPP                                                   | \$ (3,416,788.53) | \$ -                     | \$ (2,532,988.37)            | \$ (883,800.16)                   |
| 26                                                 | Under/(Over) Recovery of RA (Line 24 - Line 25)                                  | \$ 291,803.64     | \$ -                     | \$ 168,818.88                | \$ 123,183.88                     |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                   |                          |                              |                                   |
| 27                                                 | Losses in Base Rates (from Case No. 92-1464-EL-A/R) (cents per kWh)              | 0.0999 / 0.0882   | 0.0999                   | 0.0999                       | 0.0882                            |
| 28                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 27)                         | \$ 1,627,215.72   | \$ 531,487.15            | \$ 840,153.44                | \$ 255,595.13                     |
| 29                                                 | Actual SLA recovery through FPP                                                  | \$ 1,022,894.20   | \$ 358,154.90            | \$ 564,066.98                | \$ 100,682.32                     |
| 30                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (Line 11))                       | \$ 2,400,984.37   | \$ 768,175.58            | \$ 1,214,295.53              | \$ 418,483.26                     |
| 31                                                 | Under/(Over) Recovery of Losses (Line 30 - Line 28 - Line 29)                    | \$ (249,145.55)   | \$ (121,448.47)          | \$ (189,914.89)              | \$ 62,215.81                      |
| 32                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 26+Line 33+Line 36+Line 41) | \$ (4,306,755.04) | \$ (1,518,511.13)        | \$ (2,184,001.88)            | \$ (805,242.05)                   |

**Duke Energy Ohio  
Electric Department**  
**Calculation of Quarterly Reconciliation Adjustment Component for Billing**  
**January 2007 through March 2007**  
**Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary**

**Schedule 1**  
**Page 5T of 5**

| Line                                               | Reconciliation Adjustment (RA) (As Updated)                                      | June 2006         | Residential<br>June 2006 | Non-Residential<br>June 2006 | Voltage<br>Reduction<br>June 2006 |
|----------------------------------------------------|----------------------------------------------------------------------------------|-------------------|--------------------------|------------------------------|-----------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                                  |                   |                          |                              |                                   |
| 1                                                  | Net Includable Fuel                                                              | \$ 42,298,583.54  | \$ 42,298,583.54         | \$ 42,298,583.54             | \$ 42,298,583.54                  |
| 2                                                  | Ratio Metered Sales/Generation Sales                                             | 0.938933          | 0.938933                 | 0.938933                     | 0.938933                          |
| 3                                                  | Fuel Cost @Meter Sales Level (Line 1 x Line 2)                                   | \$ 39,713,658.07  | \$ 39,713,658.07         | \$ 39,713,658.07             | \$ 39,713,658.07                  |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)                | \$ 485,108.42     | \$ 485,108.42            | \$ 485,108.42                | \$ 485,108.42                     |
| 5                                                  | RSG Make Whole Payments                                                          | \$ -              | \$ -                     | \$ -                         | \$ -                              |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                         | \$ 40,198,766.48  | \$ 40,198,766.48         | \$ 40,198,766.48             | \$ 40,198,766.48                  |
| 7                                                  | Total Generation and Purchase Power (per books)                                  | 1,890,717,495     | 1,890,717,495            | 1,890,717,495                | 1,890,717,495                     |
| 8                                                  | Losses (kWh) (1-Line 2) (Line 7)                                                 | 115,480,445       | 115,480,445              | 115,480,445                  | 115,480,445                       |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                              | 1,775,237,050     | 1,775,237,050            | 1,775,237,050                | 1,775,237,050                     |
| 10                                                 | kWh Subject to FPP                                                               | 1,682,783,977     | 531,999,146              | 840,994,433                  | 289,790,398                       |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                          | 93.66%            | 29.97%                   | 47.37%                       | 16.32%                            |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                        | \$ 20,497,128.09  | \$ 6,567,953.47          | \$ 10,366,938.38             | \$ 3,572,248.24                   |
| 13                                                 | Amount Recovered via FPP (per books)                                             | \$ 18,744,808.34  | \$ 6,320,877.23          | \$ 9,952,080.33              | \$ 3,472,050.78                   |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                                   | \$ 40,241,946.43  | \$ 12,878,830.70         | \$ 20,319,018.71             | \$ 7,044,299.02                   |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)             | \$ 37,850,164.70  | \$ 12,947,570.32         | \$ 19,042,155.89             | \$ 6,580,438.89                   |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                          | \$ (2,591,781.73) | \$ (831,060.38)          | \$ (1,278,883.02)            | \$ (483,856.33)                   |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                   |                          |                              |                                   |
| 17                                                 | kWh Subject to FPP (Line 10)                                                     | 1,682,783,977     | 531,999,146              | 840,994,433                  | 289,790,398                       |
| 18                                                 | EA Expense Allocated to FPP                                                      | \$ 4,774,403.00   | \$ 1,627,545.68          | \$ 2,414,773.30              | \$ 832,084.12                     |
| 19                                                 | EA Sales Margin Allocated to FPP                                                 | \$ (4,309,665.00) | \$ (1,377,895.22)        | \$ (2,176,293.15)            | \$ (760,568.83)                   |
| 20                                                 | Net EA Cost (Line 18 + Line 19)                                                  | \$ 464,738.01     | \$ 149,650.37            | \$ 238,570.15                | \$ 81,517.49                      |
| 21                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0128 ¢/kWh)                      | \$ 209,510.78     | \$ 67,031.89             | \$ 103,965.30                | \$ 38,513.59                      |
| 22                                                 | EA Revenue in FPP (per books)                                                    | \$ 1,847,559.18   | \$ 627,503.79            | \$ 830,221.36                | \$ 289,834.03                     |
| 23                                                 | Under/(Over) Recovery of EA Costs (Line 20 - Line 21 - Line 22)                  | \$ (1,388,331.95) | \$ (444,885.31)          | \$ (669,616.51)              | \$ (244,830.13)                   |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                   |                          |                              |                                   |
| 24                                                 | RA Amount from 2nd Quarter Filing (spread evenly)                                | \$ (3,124,864.99) | \$ -                     | \$ (2,384,348.51)            | \$ (760,610.48)                   |
| 25                                                 | Actual RA recovery through FPP                                                   | \$ (3,410,768.53) | \$ -                     | \$ (2,532,968.37)            | \$ (883,800.16)                   |
| 26                                                 | Under/(Over) Recovery of RA (Line 24 - Line 25)                                  | \$ 291,803.54     | \$ -                     | \$ 168,618.86                | \$ 123,183.66                     |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                   |                          |                              |                                   |
| 27                                                 | Losses in Base Rates (from Case No. 92-1484-EL-AIR) (cents per kWh)              | 0.0999 / 0.0882   | 0.0999                   | 0.0999                       | 0.0882                            |
| 28                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 27)                         | \$ 1,827,215.72   | \$ 531,487.15            | \$ 840,153.44                | \$ 255,595.13                     |
| 29                                                 | Actual SLA recovery through FPP                                                  | \$ 1,022,894.20   | \$ 358,154.90            | \$ 564,056.98                | \$ 190,882.32                     |
| 30                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (Line 11))                       | \$ 2,419,186.00   | \$ 774,102.76            | \$ 1,223,531.80              | \$ 421,533.44                     |
| 31                                                 | Under/(Over) Recovery of Losses (Line 30 - Line 28 - Line 29)                    | \$ (230,941.92)   | \$ (115,519.29)          | \$ (160,678.02)              | \$ 65,255.99                      |
| 32                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 20+Line 33+Line 36+Line 41) | \$ (3,920,252.06) | \$ (1,391,464.98)        | \$ (1,838,538.29)            | \$ (540,248.79)                   |
| 33                                                 | Net Under/(Over) Recovery of FPP Costs (Page 5S, Line 32)                        | \$ (4,305,755.04) | \$ (1,510,511.15)        | \$ (2,184,001.86)            | \$ (605,242.05)                   |
| 34                                                 | Net Adjustment for June 2006 (Line 32 - Line 33) To Page 3 Line 6                | \$ 385,502.98     | \$ 125,046.15            | \$ 195,463.57                | \$ 64,093.26                      |

FILE



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PUCO

March 1, 2007

The Public Utilities Commission of Ohio  
Attention: Docketing Division  
180 East Broad Street  
13<sup>th</sup> Floor  
Columbus, OH 43215-3793

RE: In the Matter of The Application of Duke Energy )  
Ohio to Modify its Fuel, Economy Purchased ) Case No. 06-1068-EL-UNC  
Power Component of its Market-Based Standard )  
Service Offer for the Summary Report Period of )  
March 30, 2007 to June 28, 2007 )

Docketing Division:

Enclosed for filing are fifteen (15) copies of the following attachments containing the Facts, Data, and Other Information pertinent to Duke Energy Ohio, Inc. fuel, economy purchased power, and emission allowance component of its market-based standard service offer (FPP), pursuant to the Commission's Entry in Case No. 06-1068-EL-UNC, dated August 28, 2006:

- (a) Attachment I – Statement of Fuel Procurement Policies and Practices;
- (b) Attachment II – Narrative statement and applicable quarterly FPP forms supporting the proposed calculation of the fuel, economy purchased power, and emission allowance component of its market-based standard service offer for the base period of April through June 2007. The FPP component will be applied to bills rendered during the quarter ending June 2007.

Please time-stamp the enclosed extra copy and return for our file. Thank you for your timely assistance in this regard.

Very truly yours,

Lisa D. Steinkuhl

Enclosures

Tariff memos/PUCO FPP filing/doc

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 AW Date Processed 3-1-07

## ATTACHMENT I

### STATEMENT OF FUEL PROCUREMENT PRACTICES AND POLICIES

Duke Energy's ("Company") Commercial Asset Management Service (CAM) group is responsible for managing the power, fuel and emission allowance positions for the Company's operating units, including the Company's Ohio generation portfolio to achieve economical power supply for the Ohio customers.

CAMS is responsible for establishing and implementing the multi-commodity risk management strategy for power, fuel and emission allowances. CAMS reviews the optimal contract mix on an ongoing basis as market conditions change; the optimal contract mix varies as market and operating conditions change during the time horizon being evaluated. Fuel purchases are made through a combination of long-term and spot market purchases.

CAMS fuel procurement and transportation services include issuing solicitations, evaluating proposals for fuel and transportation contracts, selecting and qualifying suppliers and shippers, contract negotiation, administration and enforcement, and ongoing transportation maintenance and operations support. CAMS is responsible for complying with fuel procurement regulations.

CAMS evaluates its fuel and transportation services practices on a continuing basis and updates them as needed. This continuous self-evaluation ensures that CAMS follows the best available practices as they relate to the changing business environment of the Company and the industry, the effect of state and/or federal legislation, the orders or rules of any state commission, or any other event that may impact the Company's procurement and use of fuel.

A balancing of short-term and long-term contracts is an effective way to achieve critical portfolio goals such as:

- Effective management of market price risk
- Assurance of adequate supply from reliable suppliers
- Competitive pricing
- Market intelligence
- Continuing evaluation of suppliers
- Flexibility in responding to changing market or economic conditions
- Efficient delivery of shipments.

CAMS makes every effort to purchase according to the operating requirements for the power generation equipment for which it purchases fuel. Further, the cost of complying with environmental regulations regarding emissions is factored into purchasing decisions.

Coal quality specifications may include moisture, ash, calorific value, sulfur, volatility, grindability, hydrogen, chlorine, ultimate analysis, mineral ash analysis, fusion temperature, etc. These parameters assure that the coal will be compatible with equipment operation and environmental regulations. Quality price adjustments will be made for deliveries not within contract specifications.

## ATTACHMENT I

### STATEMENT OF FUEL PROCUREMENT PRACTICES AND POLICIES

For longer term commitments, suppliers are generally evaluated on the basis of delivered cost, busbar evaluation of coal quality, uncommitted proven reserves, reputation, credit strength, proximity to transportation, and willingness to extend commercial terms. Additional evaluation is done, as needed, concerning by-product handling, disposal, and various environmental limits at the station sites. For short-term purchases, the evaluation focuses primarily on evaluated cost relative to the market.

## ATTACHMENT II

### DUKE ENERGY OHIO (DUKE)

#### NARRATIVE STATEMENT SUPPORTING ITS PROPOSED FPP COMPONENT

Pursuant to the Commission's Entry on Rehearing in Case No. 03-93-EL-ATA issued on November 23, 2004, Duke has calculated a proposed Quarterly Fuel, Economy Purchased Power and Emission Allowance Component (FPP Component) of its market-based standard service offer for the three-month projected period of April through June 2007.

The proposed FPP Rates are segregated into three types of customers, Residential, Non-Residential and Voltage Reduction customers. Depending on the type of customer, the appropriate rate will be applied to all bills, excluding consumers taking generation service from Certified Retail Electric Service providers, rendered on and after March 30, 2007, and will coincide with the billing of Cycle 1 of the April 2007 revenue month and remain in effect through June 2007.

The methodology for calculating the proposed FPP Component of 1.3128 cents per kilowatt-hour for Residential, 1.3388 cents per kilowatt-hour for Non-Residential and 1.3520 cents per kilowatt-hour for Voltage Reduction type customers is consistent with the Commission's Entry on Rehearing and is composed of the following components:

#### FUEL COMPONENT (FC)

The base period of April through June 2007 was utilized to calculate the proposed fuel and economy purchased power component (FC). The proposed FC is composed of three months projected includable fuel cost and economy purchased power data. The total FC calculated portion of the FPP Component is 2.1133 cents per kilowatt-hour for all types of customers. From this number, the Company has subtracted a baseline rate of 1.2327 cents per kilowatt-hour that is already included in rates as established in Case No. 99-103-EL-EFC. Based upon this information, the proposed FC should be established at 0.8806 cents per kilowatt-hour for all customers subject to the FPP. This proposed FC is supported by the attached calculations on Page 1 of 5 of Schedule 1.

#### EMISSION ALLOWANCES (EA)

The base period of April through June 2007 was utilized to calculate the emission allowance component (EA) for all types of customers. The proposed EA is composed of three months projected includable emission allowance data. The total EA calculated portion of the FPP Component is 0.1098 cents per kilowatt-hour for all types of customers. From this number, the Company has subtracted a baseline rate of 0.0126 cents per kilowatt-hour that is already included in rates as established in Case No. 99-103-EL-EFC. Based upon this information, the proposed EA should be established at 0.0972 cents per kilowatt-hour. This proposed EA is supported by the attached calculations on Page 2 of 5 of Schedule 1.

## ATTACHMENT II

### ENVIRONMENTAL REAGENT (ER)

In accordance with PUCO Order in Case No. 05-806-EL-UNC, the Environmental Reagent (ER) component of Rider FPP should be eliminated from the calculation of the FPP Rate. It was also ordered that any monies collected under the ER component to date should be refunded. As of June 2006 all the monies collected have been refunded.

### RECONCILIATION ADJUSTMENT (RA)

The proposed RA component is based on the reconciliation of actual fuel, economy purchased power, emission allowance costs, and system loss adjustment to the FPP Component revenues for the three month period ending December 2006. The RA amount for the three month period ending December, 2006 included in this filing is \$5,078,060.12 for Residential type customers and \$7,904,571.74 for Non-Residential type customers and \$3,004,116.47 for Voltage Reduction type customers. In addition to these RA amounts is (\$641,511.35) for Residential type customers and (\$822,640.56) for Non-Residential type customers and (\$269,675.85) for Voltage Reduction type customers which represents an updated adjustment to the 3<sup>rd</sup> quarter 2006 RA amount filed in the 1<sup>st</sup> Quarter 2007 filing and is supported by the attached calculations on Page 5U thru Z of 5 of Schedule 1. In addition to these RA amounts is \$2,423.02 for Residential type customers and \$3,605.68 for Non-Residential type customers and \$1,311.69 for Voltage Reduction type customers which represents an updated adjustment to the 2<sup>nd</sup> quarter 2006 RA amount filed in the 4th Quarter 2006 filing and is supported by the attached calculations on Page 5O thru T of 5 of Schedule 1. In addition to these RA amounts is (\$11,372.88) for Residential type customers and (\$18,922.71) for Non-Residential type customers and (\$5,282.29) for Voltage Reduction type customers which represents an updated adjustment to the 1<sup>st</sup> quarter 2006 RA amount filed in the 3<sup>rd</sup> Quarter 2006 filing and is supported by the attached calculations on Page 5I thru N of 5 of Schedule 1. The total RA, including the previous quarter adjustments, reflects the refund adjustment for the monies collected through the ER component for 2005 and the 1<sup>st</sup> and 2<sup>nd</sup> quarter 2006 as ordered by PUCO in Case No. 05-806-EL-UNC. With all of these adjustments, the RA component for Residential customers is 0.2911 cents per kilowatt-hour, the RA component for the Non-Residential customers is 0.3171 cents per kilowatt-hour and the RA component for Voltage Reduction customers is 0.3518 cents per kilowatt-hour. The total proposed RA is supported by the attached calculations on Page 3 of 5 of Schedule 1.

### SYSTEM LOSS ADJUSTMENT (SLA)

The proposed SLA Component is based on the estimated system loss fuel cost to be incurred during the three month period ending June 2007. The total SLA calculated portion of the FPP Component is 0.1447 cents per kilowatt-hour for Residential and Non-Residential type customers, and 0.0662 cents per kilowatt-hour for Voltage Reduction type customers. From the number for Residential and Non-Residential type customers, the Company has subtracted a baseline rate of 0.1051 cents per kilowatt-hour that is already included in rates. From the number for Voltage Reduction type customers, the

## ATTACHMENT II

Company has subtracted a baseline rate of 0.0481 cents per kilowatt-hour that is already included in rates. Both rates are increased by 0.0043 cents per kilowatt-hour which represents a Synchronization Adjustment. Based upon this information, the proposed SLA should be established at 0.0439 cents per kilowatt-hour for Residential and Non-Residential type customers and at 0.0224 cents per kilowatt-hour for Voltage Reduction type customers. The proposed SLA is supported by the attached calculations on Page 4 of 5 of Schedule 1.

### FUEL, ECONOMY PURCHASED POWER AND EMISSION ALLOWANCE COMPONENT

Based on the aforementioned projected includable fuel and economy purchased power cost data (FC) summarized on Page 1 of Schedule 1, the Emission Allowance Component (EA) on Page 2 of Schedule 1, the Reconciliation Adjustment (RA) on Page 3 of Schedule 1, and the System Loss Adjustment (SLA) on Page 4 of Schedule 1, the Company proposes that a FPP Component of 1.3128 cents per kilowatt-hour be established for Residential type customers, 1.3388 cents per kilowatt-hour be established for Non-Residential type customers and 1.3520 cents per kilowatt-hour be established for Voltage Reduction type customers. These rates should be effective with bills rendered on and after March 30, 2007, to all consumers other than consumers taking generation service from Certified Retail Electric Suppliers. This will coincide with Cycle 1 billing for the April 2007 revenue month.

**Duke Energy Americas  
Non-Regulated Generation  
Duke Energy Ohio FPP  
Q2 2007 Workpapers**

**Duke Energy Ohio  
Electric Department**  
Calculation of Quarterly Fuel and Economy Purchased Power Component for Billing During  
April 2007 through June 2007

| Line | Description                                                                            | (A)<br>Includable<br>Fuel Cost<br>\$ | (B)<br>Other Includable<br>MISO Costs<br>From Page 1A<br>\$ | (C)<br>Total<br>Includable<br>Costs<br>\$ | (D)<br>Includable<br>Energy<br>(kWh) | (E)<br>FPP Rate<br>Components<br>(Col. C ÷ Col. D) |
|------|----------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------|-------------------------------------------|--------------------------------------|----------------------------------------------------|
|      | <b>Fuel &amp; Economy Purchased Power<br/>Cost Expense (FC) - by Month (Projected)</b> |                                      |                                                             |                                           |                                      |                                                    |
| 1    | April 2007                                                                             | \$ 35,343,602.05                     | \$ (1,739,262.59)                                           | \$ 33,604,339.46                          | 1,646,575,010                        |                                                    |
| 2    | May 2007                                                                               | \$ 36,915,608.94                     | \$ (1,739,262.59)                                           | \$ 35,177,346.35                          | 1,585,200,747                        |                                                    |
| 3    | June 2007                                                                              | \$ 44,879,314.87                     | \$ (1,739,262.59)                                           | \$ 43,140,052.28                          | 2,064,349,107                        |                                                    |
| 4    | Total Fuel & Economy Purchased Power Cost Expense                                      | \$ 117,138,525.86                    | \$ (5,217,787.77)                                           | \$ 111,921,738.09                         | 5,266,124,864                        | 2.1133 \$/kWh                                      |
| 6    | Less: Baseline EPC Rate from Case No. 99-103-EL-EPC <sup>(a)</sup>                     |                                      |                                                             |                                           |                                      | 1.2327 \$/kWh                                      |
| 8    | Total FC Portion to be Included in FPP                                                 |                                      |                                                             |                                           |                                      | 0.8808 \$/kWh                                      |
| 7    | Emission Allowances Adjustment (EA) From Page 2                                        |                                      |                                                             |                                           |                                      | 0.0972 \$/kWh                                      |
| 8    | Total FPP Rate before RA and SLA                                                       |                                      |                                                             |                                           |                                      | 0.9778 \$/kWh                                      |
|      |                                                                                        | FPP Rate                             |                                                             |                                           |                                      |                                                    |
|      |                                                                                        | Residential                          | Non-Residential                                             | Voltage Reduction <sup>(b)</sup>          |                                      |                                                    |
| 9    | Total FPP Rate before RA and SLA (Line 8)                                              | 0.9778                               | 0.9778                                                      | 0.9778                                    | \$/kWh                               |                                                    |
| 10   | Reconciliation Adjustment (RA) From Page 3                                             | 0.2811                               | 0.3171                                                      | 0.3518                                    | \$/kWh                               |                                                    |
| 11   | System Loss Adjustment (SLA) From Page 4                                               | 0.0439                               | 0.0438                                                      | 0.0224                                    | \$/kWh                               |                                                    |
| 12   | Total FPP Rate                                                                         | 1.3128                               | 1.3388                                                      | 1.3520                                    | \$/kWh                               |                                                    |

Notes: <sup>(a)</sup> Reflects only the FC component and excludes EA costs.

<sup>(b)</sup> Rate for Customers taking service at 69 kV or greater.

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**Duke Energy Ohio  
Electric Department  
Calculation of Quarterly Fuel and Economy Purchased Power Component for Billing During  
April 2007 through June 2007**

| Other Includable MISO Costs<br>(a)         | April 2007<br>(b)     | May 2007<br>(c)       | June 2007<br>(d)      | Total For<br>Period<br>(e) |
|--------------------------------------------|-----------------------|-----------------------|-----------------------|----------------------------|
| FTR (Hourly, Monthly, Yearly, Transaction) | \$ (575,243)          | \$ (575,243)          | \$ (575,243)          | \$ (1,725,729)             |
| Financial                                  |                       |                       |                       |                            |
| Day-Ahead                                  | \$ 10,892             | \$ 10,892             | \$ 10,892             | \$ 32,676                  |
| Real-Time                                  | \$ (4,979)            | \$ (4,979)            | \$ (4,979)            | \$ (14,937)                |
| Physical (DA, RT, Index)                   | \$ (11,159)           | \$ (11,159)           | \$ (11,159)           | \$ (33,477)                |
| Congestion                                 |                       |                       |                       |                            |
| Day-Ahead                                  | \$ -                  | \$ -                  | \$ -                  | \$ -                       |
| Real-Time                                  | \$ -                  | \$ -                  | \$ -                  | \$ -                       |
| Losses                                     |                       |                       |                       |                            |
| Day-Ahead                                  | \$ -                  | \$ -                  | \$ -                  | \$ -                       |
| Real-Time                                  | \$ (1,158,773)        | \$ (1,158,773)        | \$ (1,158,773)        | \$ (3,476,319)             |
| Revenue Sufficiency Guarantee (MKWHL)      |                       |                       |                       |                            |
| Day-Ahead                                  | \$ -                  | \$ -                  | \$ -                  | \$ -                       |
| Real-Time                                  | \$ -                  | \$ -                  | \$ -                  | \$ -                       |
| <b>Total Other Includable MISO Costs</b>   | <b>\$ (1,739,262)</b> | <b>\$ (1,739,262)</b> | <b>\$ (1,739,262)</b> | <b>\$ (5,217,786)</b>      |

Duke Energy Ohio  
Electric Department  
Calculation of Quarterly Emission Allowances Component for Billing During  
April 2007 through June 2007

Case No. 07-723-EL-UNC  
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| Line                                                   | Description                                                                           | (1)<br>Includable<br>Emission Allowances<br>\$ | (2)<br>Includable<br>Energy<br>(kWh) | (3)<br>EA Rate<br>Components<br>(Col. 1 + Col. 2) |
|--------------------------------------------------------|---------------------------------------------------------------------------------------|------------------------------------------------|--------------------------------------|---------------------------------------------------|
| <u>Emission Allowances (EA) - by Month (Projected)</u> |                                                                                       |                                                |                                      |                                                   |
| 1                                                      | April 2007                                                                            | \$ 1,664,626.71                                | 1,372,504,441                        |                                                   |
| 2                                                      | May 2007                                                                              | \$ 1,677,955.26                                | 1,442,757,352                        |                                                   |
| 3                                                      | June 2007                                                                             | \$ 1,581,626.29                                | 1,669,118,573                        |                                                   |
| 4                                                      | EA Auction Proceeds Credits                                                           | \$ -                                           |                                      |                                                   |
| 5                                                      | Total Emission Allowance Expense                                                      | <u>\$ 4,924,208.26</u>                         | <u>4,484,380,366</u>                 | 0.1098 ¢/kWh                                      |
| 6                                                      | Less: Baseline EA Rate from Case No. 99-103-EL-EFC <sup>(c)</sup>                     |                                                |                                      | <u>0.0126 ¢/kWh</u>                               |
| 7                                                      | Quarterly Emission Allowance Rate (Rate will never be less than -0-) To Page 1 Line 7 |                                                |                                      | <u>0.0972 ¢/kWh</u>                               |

Notes: <sup>(c)</sup> Reflects only the EA costs.

Duke Energy Ohio  
Electric Department  
Calculation of Quarterly Fuel and Economy Purchased Power Component for Billing  
Reconciliation Adjustment  
Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary  
April 2007 through June 2007

| Line | Reconciliation Adjustment (RA)                                                 | Total             | Residential     | Non-Residential | Voltage Reduction   |
|------|--------------------------------------------------------------------------------|-------------------|-----------------|-----------------|---------------------|
| 1    | January 2006 (See Page 5J Line 39)                                             | \$ (8,376.43)     | \$ (554.63)     | \$ (6,231.53)   | \$ (590.27)         |
| 2    | February 2006 (See Page 5L Line 39)                                            | \$ (19,515.91)    | \$ (7,308.17)   | \$ (9,129.65)   | \$ (3,078.09)       |
| 3    | March 2006 (See Page 5N Line 39)                                               | \$ (9,685.54)     | \$ (3,510.08)   | \$ (4,661.53)   | \$ (1,613.93)       |
| 4    | April 2006 (See Page 5P Line 34)                                               | \$ 7,340.39       | \$ 2,423.02     | \$ 3,505.68     | \$ 1,311.69         |
| 5    | May 2006 (See Page 5R Line 34)                                                 | \$ -              | \$ -            | \$ -            | \$ -                |
| 6    | June 2006 (See Page 5T Line 34)                                                | \$ -              | \$ -            | \$ -            | \$ -                |
| 7    | July 2006 (See Page 5V Line 34)                                                | \$ (1,555,412.28) | \$ (586,793.91) | \$ (746,140.61) | \$ (242,472.76)     |
| 8    | August 2006 (See Page 5X Line 34)                                              | \$ (273,022.08)   | \$ (107,211.05) | \$ (125,080.64) | \$ (40,750.40)      |
| 9    | September 2006 (See Page 5Z Line 34)                                           | \$ 94,606.61      | \$ 32,488.61    | \$ 48,580.69    | \$ 13,547.31        |
| 10   | October 2006 (See Page 3A Line 32)                                             | \$ 6,972,204.90   | \$ 1,985,713.18 | \$ 3,834,640.79 | \$ 1,371,850.93     |
| 11   | November 2006 (See Page 3B Line 32)                                            | \$ 5,083,218.83   | \$ 1,645,547.85 | \$ 2,432,037.69 | \$ 985,633.29       |
| 12   | December 2006 (See Page 3C Line 32)                                            | \$ 3,951,324.80   | \$ 1,466,799.29 | \$ 1,837,893.26 | \$ 646,632.25       |
| 13   | Total 2006 Adjustments                                                         | \$ 14,224,663.08  | \$ 4,427,598.81 | \$ 7,068,614.15 | \$ 2,730,470.02     |
| 14   | Projected Retail Energy (kWh)                                                  | 4,526,351,000     | 1,520,888,000   | 2,228,176,000   | 776,187,000         |
| 15   | 2006 Adjustments RA Rate (Line 13/Line 14)                                     |                   | <u>0.2911</u>   | <u>0.3171</u>   | <u>0.3518</u> ¢/kWh |
| 16   | 1st Quarter 2005 Adjustments (See Page 5B)                                     | \$ -              |                 |                 |                     |
| 17   | 2nd Quarter 2005 Adjustments (See Page 5D)                                     | \$ -              |                 |                 |                     |
| 18   | 3rd Quarter 2005 Adjustments (See Page 5F)                                     | \$ -              |                 |                 |                     |
| 19   | 4th Quarter 2005 Adjustments (See Page 5H)                                     | \$ -              |                 |                 |                     |
| 20   | Total 2005 Adjustments to Be Recovered (Line 16 + Line 17 + Line 18 + Line 19) | \$ -              |                 |                 |                     |
| 21   | Projected Retail Energy excluding residential (kWh)                            | 3,004,363,000     |                 |                 |                     |
| 22   | 2005 Adjustments RA Rate (Line 20/Line 21)                                     | <u>0.0000</u>     | <u>0.0000</u>   | <u>0.0000</u>   | <u>0.0000</u> ¢/kWh |
| 23   | Total RA Rate (Line 15 + Line 22) To Page 1 Line 10                            |                   | <u>0.2911</u>   | <u>0.3171</u>   | <u>0.3518</u> ¢/kWh |

**Duke Energy Ohio  
Electric Department  
Calculation of Quarterly Reconciliation Adjustment Component for Billing  
April 2007 through June 2007  
Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary**

| Line                                               | Reconciliation Adjustment (RA)                                           | October 2006     | Residential<br>October 2006 | Non-Residential<br>October 2006 | Voltage<br>Reduction<br>October 2006 |
|----------------------------------------------------|--------------------------------------------------------------------------|------------------|-----------------------------|---------------------------------|--------------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                          |                  |                             |                                 |                                      |
| 1                                                  | Net Includable Fuel                                                      | \$ 36,585,870.35 | \$ 36,585,870.35            | \$ 36,585,870.35                | \$ 36,585,870.35                     |
| 2                                                  | Ratio Metered Sales/Generation Sales                                     | 0.938933         | 0.938933                    | 0.938933                        | 0.938933                             |
| 3                                                  | Fuel Cost @ Meter Sales Level (Line 1 x Line 2)                          | \$ 34,351,681.01 | \$ 34,351,681.01            | \$ 34,351,681.01                | \$ 34,351,681.01                     |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)        | \$ 1,375,392.00  | \$ 1,375,392.00             | \$ 1,375,392.00                 | \$ 1,375,392.00                      |
| 5                                                  | RSG Make Whole Payments                                                  | \$ (158,483.94)  | \$ (158,483.94)             | \$ (158,483.94)                 | \$ (158,483.94)                      |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                 | \$ 35,568,589.07 | \$ 35,568,589.07            | \$ 35,568,589.07                | \$ 35,568,589.07                     |
| 7                                                  | Total Generation and Purchase Power (per books)                          | 1,894,486,387    | 1,894,486,387               | 1,894,486,387                   | 1,894,486,387                        |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                         | 103,477,200      | 103,477,200                 | 103,477,200                     | 103,477,200                          |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                      | 1,591,009,187    | 1,591,009,187               | 1,591,009,187                   | 1,591,009,187                        |
| 10                                                 | kWh Subject to FPP                                                       | 1,509,392,909    | 446,531,747                 | 778,330,299                     | 284,530,863                          |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                  | 94.87%           | 28.07%                      | 48.92%                          | 17.88%                               |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10))               | \$ 18,608,288.39 | \$ 5,504,396.84             | \$ 9,594,477.59                 | \$ 3,507,411.96                      |
| 13                                                 | Amount Recovered via FPP (per books)                                     | \$ 8,132,043.72  | \$ 2,414,525.50             | \$ 4,187,007.81                 | \$ 1,530,510.61                      |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                           | \$ 26,739,330.11 | \$ 7,918,922.34             | \$ 13,781,485.20                | \$ 5,037,922.57                      |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)     | \$ 33,743,920.45 | \$ 9,984,102.95             | \$ 17,400,153.77                | \$ 6,356,663.73                      |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                  | \$ 7,005,590.34  | \$ 2,065,180.61             | \$ 3,618,668.57                 | \$ 1,321,741.16                      |
| <b>Emissions Allowance Component (EA)</b>          |                                                                          |                  |                             |                                 |                                      |
| 17                                                 | kWh Subject to FPP (Line 10)                                             | 1,509,392,909    | 446,531,747                 | 778,330,299                     | 284,530,863                          |
| 18                                                 | EA Expense Allocated to FPP                                              | \$ 4,876,902.56  | \$ 1,442,760.07             | \$ 2,814,813.08                 | \$ 919,328.41                        |
| 19                                                 | EA Sales Margin Allocated to FPP                                         | \$ (638,088.00)  | \$ (188,177.30)             | \$ (328,003.77)                 | \$ (119,906.93)                      |
| 20                                                 | Net EA Cost (Line 18 + Line 19)                                          | \$ 4,240,814.56  | \$ 1,254,582.77             | \$ 2,486,809.31                 | \$ 799,422.48                        |
| 21                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0126 ¢/kWh)              | \$ 190,183.51    | \$ 56,263.00                | \$ 98,069.62                    | \$ 35,850.89                         |
| 22                                                 | EA Revenue in FPP (per books)                                            | \$ 4,365,383.86  | \$ 1,296,228.41             | \$ 2,247,671.43                 | \$ 821,483.02                        |
| 23                                                 | Under/(Over) Recovery of EA Costs (Line 20 - Line 21 - Line 22)          | \$ (314,752.81)  | \$ (97,909.64)              | \$ (158,931.74)                 | \$ (67,911.43)                       |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                          |                  |                             |                                 |                                      |
| 24                                                 | RA Amount from 4th Quarter Filing (spread evenly)                        | \$ (272,414.71)  | \$ (579,894.56)             | \$ 41,448.00                    | \$ 286,031.85                        |
| 25                                                 | Actual RA recovery through FPP                                           | \$ (156,240.77)  | \$ (478,133.70)             | \$ 41,684.81                    | \$ 280,208.12                        |
| 26                                                 | Under/(Over) Recovery of RA (Line 24 - Line 25)                          | \$ (116,173.94)  | \$ (101,760.86)             | \$ (236.81)                     | \$ (14,178.27)                       |
| <b>System Loss Component (SLA)</b>                 |                                                                          |                  |                             |                                 |                                      |
| 27                                                 | Losses in Base Rates (from Case No. 92-1494-EL-AIR) (cents per kWh)      | 0.0999 / 0.0882  | 0.0999                      | 0.0999                          | 0.0882                               |
| 28                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 27)                 | \$ 1,474,593.41  | \$ 446,056.22               | \$ 777,551.97                   | \$ 250,956.22                        |
| 29                                                 | Actual SLA recovery through FPP                                          | \$ 247,440.71    | \$ 80,848.66                | \$ 140,272.89                   | \$ 26,319.36                         |
| 30                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (line 11))               | \$ 2,118,575.43  | \$ 827,138.95               | \$ 1,082,065.43                 | \$ 399,473.05                        |
| 31                                                 | Under/(Over) Recovery of Losses (Line 30 - Line 28 - Line 29)            | \$ 397,541.31    | \$ 100,203.07               | \$ 175,140.77                   | \$ 122,197.47                        |
| 32                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 23+Line 26+Line 31) | \$ 6,972,204.90  | \$ 1,965,713.18             | \$ 3,834,840.79                 | \$ 1,371,850.93                      |

Duke Energy Ohio  
Electric Department  
Calculation of Quarterly Reconciliation Adjustment Component for Billing  
April 2007 through June 2007  
Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary

| Line                                               | Reconciliation Adjustment (RA)                                           | November 2006    | Residential<br>November 2006 | Non-Residential<br>November 2006 | Voltage<br>Reduction<br>November 2006 |
|----------------------------------------------------|--------------------------------------------------------------------------|------------------|------------------------------|----------------------------------|---------------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                          |                  |                              |                                  |                                       |
| 1                                                  | Net Includable Fuel                                                      | \$ 35,058,002.01 | \$ 35,058,002.01             | \$ 35,058,002.01                 | \$ 35,058,002.01                      |
| 2                                                  | Ratio Metered Sales/Generation Sales                                     | 0.938933         | 0.938933                     | 0.938933                         | 0.938933                              |
| 3                                                  | Fuel Cost @Meter Sales Level (Line 1 x Line 2)                           | \$ 32,917,115.00 | \$ 32,917,115.00             | \$ 32,917,115.00                 | \$ 32,917,115.00                      |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)        | \$ 844,921.00    | \$ 844,921.00                | \$ 844,921.00                    | \$ 844,921.00                         |
| 5                                                  | RSG Make Whole Payments                                                  | \$ (79,549.91)   | \$ (79,549.91)               | \$ (79,549.91)                   | \$ (79,549.91)                        |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                 | \$ 33,682,486.09 | \$ 33,682,486.09             | \$ 33,682,486.09                 | \$ 33,682,486.09                      |
| 7                                                  | Total Generation and Purchase Power (per books)                          | 1,687,011,745    | 1,687,011,745                | 1,687,011,745                    | 1,687,011,745                         |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                         | 103,020,748      | 103,020,748                  | 103,020,748                      | 103,020,748                           |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                      | 1,583,990,999    | 1,583,990,999                | 1,583,990,999                    | 1,583,990,999                         |
| 10                                                 | kWh Subject to FPP                                                       | 1,509,119,073    | 497,648,941                  | 736,484,092                      | 274,988,040                           |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                  | 95.28%           | 31.42%                       | 46.60%                           | 17.36%                                |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                | \$ 18,602,910.81 | \$ 6,134,493.84              | \$ 9,078,839.40                  | \$ 3,389,777.57                       |
| 13                                                 | Amount Recovered via FPP (per books)                                     | \$ 8,213,061.79  | \$ 2,693,086.92              | \$ 4,032,622.05                  | \$ 1,487,472.82                       |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                           | \$ 26,815,972.60 | \$ 8,827,580.76              | \$ 13,111,461.45                 | \$ 4,877,250.39                       |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)     | \$ 32,092,672.75 | \$ 10,683,037.13             | \$ 15,662,356.03                 | \$ 5,847,279.69                       |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                  | \$ 5,276,700.15  | \$ 1,755,476.37              | \$ 2,551,194.58                  | \$ 970,029.20                         |
| <b>Emissions Allowance Component (EA)</b>          |                                                                          |                  |                              |                                  |                                       |
| 17                                                 | kWh Subject to FPP (Line 10)                                             | 1,509,119,073    | 497,648,941                  | 736,484,092                      | 274,988,040                           |
| 18                                                 | EA Expense Allocated to FPP                                              | \$ 4,368,944.00  | \$ 1,449,936.77              | \$ 2,146,807.69                  | \$ 801,200.64                         |
| 19                                                 | EA Sales Margin Allocated to FPP                                         | \$ (273,340.00)  | \$ (90,196.57)               | \$ (133,398.08)                  | \$ (49,607.35)                        |
| 20                                                 | Net EA Cost (Line 18 + Line 19)                                          | \$ 4,123,604.00  | \$ 1,359,799.20              | \$ 2,012,411.61                  | \$ 751,393.19                         |
| 21                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0126 ¢/kWh)              | \$ 190,149.00    | \$ 62,703.51                 | \$ 92,797.00                     | \$ 34,646.49                          |
| 22                                                 | EA Revenue in FPP (per books)                                            | \$ 4,408,686.89  | \$ 1,445,763.39              | \$ 2,164,740.42                  | \$ 796,383.02                         |
| 23                                                 | Under/(Over) Recovery of EA Costs (Line 20 - Line 21 - Line 22)          | \$ (475,431.83)  | \$ (148,667.70)              | \$ (245,125.81)                  | \$ (81,838.32)                        |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                          |                  |                              |                                  |                                       |
| 24                                                 | RA Amount from 3rd Quarter Filing (spread evenly)                        | \$ (272,414.71)  | \$ (579,894.56)              | \$ 41,448.00                     | \$ 268,031.85                         |
| 25                                                 | Actual RA recovery through FPP                                           | \$ (220,816.06)  | \$ (533,291.56)              | \$ 40,148.79                     | \$ 272,328.71                         |
| 26                                                 | Under/(Over) Recovery of RA (Line 24 - Line 25)                          | \$ (51,598.65)   | \$ (48,603.00)               | \$ 1,301.21                      | \$ (5,703.14)                         |
| <b>System Loss Component (SLA)</b>                 |                                                                          |                  |                              |                                  |                                       |
| 27                                                 | Losses in Base Rates (from Case No. 92-1484-EL-AIR) (cents per kWh)      | 0.0099 / 0.0882  | 0.0999                       | 0.0999                           | 0.0882                                |
| 28                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 27)                 | \$ 1,475,436.35  | \$ 497,149.29                | \$ 735,747.61                    | \$ 242,539.45                         |
| 29                                                 | Actual SLA recovery through FPP                                          | \$ 250,851.84    | \$ 90,175.43                 | \$ 136,097.14                    | \$ 25,579.27                          |
| 30                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (Line 11))               | \$ 2,039,837.15  | \$ 672,686.70                | \$ 995,512.46                    | \$ 371,657.99                         |
| 31                                                 | Under/(Over) Recovery of Losses (Line 30 - Line 28 - Line 29)            | \$ 313,548.96    | \$ 85,341.98                 | \$ 124,667.71                    | \$ 103,536.27                         |
| 32                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 23+Line 26+Line 31) | \$ 5,063,218.63  | \$ 1,645,547.65              | \$ 2,432,037.89                  | \$ 985,833.29                         |

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Duke Energy Ohio  
Electric Department  
Calculation of Quarterly Reconciliation Adjustment Component for Billing  
April 2007 through June 2007  
Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary

| Line                                               | Reconciliation Adjustment (RA)                                                   | December 2006     | Residential<br>December 2006 | Non-Residential<br>December 2006 | Voltage<br>Reduction<br>December 2006 |
|----------------------------------------------------|----------------------------------------------------------------------------------|-------------------|------------------------------|----------------------------------|---------------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                                  |                   |                              |                                  |                                       |
| 1                                                  | Net Includable Fuel                                                              | \$ 39,971,219.18  | \$ 39,971,219.18             | \$ 39,971,219.18                 | \$ 39,971,219.18                      |
| 2                                                  | Ratio Metered Sales/Generation Sales                                             | 0.938933          | 0.938933                     | 0.938933                         | 0.938933                              |
| 3                                                  | Fuel Cost @ Meter Sales Level (Line 1 x Line 2)                                  | \$ 37,530,298.74  | \$ 37,530,298.74             | \$ 37,530,298.74                 | \$ 37,530,298.74                      |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)                | \$ 1,809,530.29   | \$ 1,809,530.29              | \$ 1,809,530.29                  | \$ 1,809,530.29                       |
| 5                                                  | RSG Make Whole Payments                                                          | \$ (125,876.09)   | \$ (125,876.09)              | \$ (125,876.09)                  | \$ (125,876.09)                       |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                         | \$ 39,214,150.94  | \$ 39,214,150.94             | \$ 39,214,150.94                 | \$ 39,214,150.94                      |
| 7                                                  | Total Generation and Purchase Power (per books)                                  | 1,837,419,516     | 1,837,419,516                | 1,837,419,516                    | 1,837,419,516                         |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                                 | 112,205,898       | 112,205,898                  | 112,205,898                      | 112,205,898                           |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                              | 1,725,213,618     | 1,725,213,618                | 1,725,213,618                    | 1,725,213,618                         |
| 10                                                 | kWh Subject to FPP                                                               | 1,689,501,133     | 618,768,151                  | 808,115,996                      | 262,596,988                           |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                          | 97.93%            | 35.87%                       | 46.84%                           | 15.22%                                |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 \$/kWh x Line 10)                       | \$ 20,828,480.47  | \$ 7,627,801.54              | \$ 9,861,645.88                  | \$ 3,237,033.05                       |
| 13                                                 | Amount Recovered via FPP (per books)                                             | \$ 9,118,185.42   | \$ 3,347,737.12              | \$ 4,348,986.03                  | \$ 1,420,462.27                       |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                                   | \$ 29,946,665.89  | \$ 10,975,538.66             | \$ 14,311,611.91                 | \$ 4,657,495.32                       |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)             | \$ 38,402,416.01  | \$ 14,066,115.94             | \$ 18,387,908.30                 | \$ 5,988,333.77                       |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                          | \$ 8,457,772.12   | \$ 3,090,577.28              | \$ 4,056,296.39                  | \$ 1,310,898.45                       |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                   |                              |                                  |                                       |
| 17                                                 | kWh Subject to FPP (Line 10)                                                     | 1,689,501,133     | 618,768,151                  | 808,115,996                      | 262,596,988                           |
| 18                                                 | EA Expense Allocated to FPP                                                      | \$ 4,835,105.23   | \$ 1,897,830.23              | \$ 2,217,048.56                  | \$ 720,428.44                         |
| 19                                                 | EA Sales Margin Allocated to FPP                                                 | \$ (4,572,089.64) | \$ (1,674,550.42)            | \$ (2,188,906.13)                | \$ (710,633.99)                       |
| 20                                                 | Net EA Cost (Line 18 + Line 19)                                                  | \$ 263,015.59     | \$ 223,279.81                | \$ 30,142.43                     | \$ 7,794.45                           |
| 21                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0128 \$/kWh)                     | \$ 212,877.14     | \$ 77,687.31                 | \$ 101,822.82                    | \$ 33,087.21                          |
| 22                                                 | EA Revenue in FPP (per books)                                                    | \$ 4,804,787.51   | \$ 1,797,220.75              | \$ 2,335,150.85                  | \$ 782,415.81                         |
| 23                                                 | Under/(Over) Recovery of EA Costs (Line 20 - Line 21 - Line 22)                  | \$ (5,044,648.98) | \$ (1,852,106.25)            | \$ (2,456,832.04)                | \$ (785,708.87)                       |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                   |                              |                                  |                                       |
| 24                                                 | RA Amount from 3rd Quarter Filing (spread evenly)                                | \$ (272,414.72)   | \$ (579,894.56)              | \$ 41,448.00                     | \$ 268,031.84                         |
| 25                                                 | Actual RA recovery through FPP                                                   | \$ (358,584.41)   | \$ (862,931.89)              | \$ 43,307.17                     | \$ 260,080.31                         |
| 26                                                 | Under/(Over) Recovery of RA (Line 24 - Line 25)                                  | \$ 87,148.69      | \$ 83,037.33                 | \$ (1,859.17)                    | \$ 5,971.53                           |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                   |                              |                                  |                                       |
| 27                                                 | Losses in Base Rates (from Case No. 02-1464-EL-AIR) (cents per kWh)              | 0.0999 / 0.0882   | 0.0999                       | 0.0999                           | 0.0882                                |
| 28                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 27)                         | \$ 1,657,087.78   | \$ 618,169.38                | \$ 807,307.88                    | \$ 231,810.54                         |
| 29                                                 | Actual SLA recovery through FPP                                                  | \$ 282,256.82     | \$ 112,068.59                | \$ 145,732.11                    | \$ 24,428.92                          |
| 30                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (line 11))                       | \$ 2,390,395.95   | \$ 875,558.88                | \$ 1,143,328.07                  | \$ 371,508.40                         |
| 31                                                 | Under/(Over) Recovery of Losses (Line 30 - Line 28 - Line 29)                    | \$ 461,051.95     | \$ 145,292.93                | \$ 180,288.08                    | \$ 115,470.94                         |
| 32                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 26+Line 33+Line 36+Line 41) | \$ 3,951,324.80   | \$ 1,466,799.29              | \$ 1,837,893.26                  | \$ 846,632.26                         |

**Duke Energy Ohio  
Electric Department**  
**Calculation of Quarterly Voltage-Adjusted System Loss Adjustment**  
**April 2007 through June 2007**

| Line                                                      | Description                                                  | Total Losses        |                     |                                        |                                 |
|-----------------------------------------------------------|--------------------------------------------------------------|---------------------|---------------------|----------------------------------------|---------------------------------|
|                                                           |                                                              | Distribution<br>(A) | Transmission<br>(B) | Voltage Adjusted<br>Methodology<br>(C) | No Voltage<br>Adjustment<br>(D) |
| <u>Calculation of Base Rate Recovery of Losses</u>        |                                                              |                     |                     |                                        |                                 |
| 1                                                         | FC Rate Basis for SLA (\$/kWh)                               | 1.5353              | 1.5353              | 1.5353                                 | 1.5353                          |
| 2                                                         | Energy Loss Factors from 92-1464-EL-AIR                      | 6.847%              | 3.134%              | 5.743%                                 | 6.504%                          |
| 3                                                         | Losses in MBSSO (\$/kWh) (Line 1 * Line 2)                   | 0.1051              | 0.0481              | 0.0882                                 | 0.0999                          |
| 4                                                         | Current FC Rate (\$/kWh) (Per Filing)                        | 2.1133              | 2.1133              | 2.1133                                 | 2.1133                          |
| 5                                                         | Projected Sales at Meter (kWh) <sup>(a)</sup>                | 3,749,184           | 776,187             | 4,525,351                              | 4,525,351                       |
| 6                                                         | Energy Loss Factors from 92-1464-EL-AIR (Line 2)             | 6.847%              | 3.134%              | 5.743%                                 | 6.504%                          |
| 7                                                         | Energy Sales at the Busbar (kWh) (Line 5 * (1 + Line 6))     | 4,005,860           | 800,509             | 4,785,240                              | 4,819,674                       |
| 8                                                         | Energy Losses (kWh) (Line 7 - Line 5)                        | 256,696             | 24,322              | 259,889                                | 294,323                         |
| 9                                                         | Value of Losses (Line 8 * Line 4)                            | 5,424.76            | 514.00              | 5,492.23                               | 6,219.93                        |
| 10                                                        | Average Losses Rate (\$/kWh) (Line 9 + Line 5)               | 0.1447              | 0.0662              | 0.1214                                 | 0.1374                          |
| 11                                                        | Losses in MBSSO (\$/kWh) (Line 3)                            | 0.1051              | 0.0481              | 0.0882                                 | 0.0999                          |
| 12                                                        | System Loss Adjustment (\$/kWh) (Line 10 - Line 11)          | 0.0396              | 0.0181              | 0.0332                                 | 0.0375                          |
| 13                                                        | Synchronization Adj. (\$/kWh) (Line 12, Column D - Column C) | 0.0043              | 0.0043              | 0.0043                                 | -                               |
| 14                                                        | Adjusted SLA (\$/kWh) (Line 12 + Line 13)                    | 0.0439              | 0.0224              | 0.0375                                 | 0.0375                          |
| Total SLA Rate (Line 14, Columns A & B) To Page 1 Line 11 |                                                              |                     |                     |                                        |                                 |

Notes: <sup>(a)</sup> Projected Sales at Meter for 2nd quarter 2007 were provided by the Load Forecasting Department.

**Duke Energy Ohio**  
**Electric Department**  
**Calculation of Quarterly Reconciliation Adjustment Component for Billing**  
**April 2007 through June 2007**  
**Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary**

| Line                                               | Reconciliation Adjustment (RA) (As Updated)                                    | (A)<br>January 2005 | (B)<br>February 2005 | (C)<br>March 2005 |
|----------------------------------------------------|--------------------------------------------------------------------------------|---------------------|----------------------|-------------------|
| <b><u>Fuel Component (FC)</u></b>                  |                                                                                |                     |                      |                   |
| 1                                                  | Net Includable Fuel                                                            | \$ 40,291,703.44    | \$ 38,268,961.38     | \$ 39,793,551.55  |
| 2                                                  | Ratio Metered Sales/Generation Sales                                           | 0.938933            | 0.938933             | 0.938933          |
| 3                                                  | Fuel Cost @ Meter Sales Level (Line 1 x Line 2)                                | \$ 37,831,209.99    | \$ 34,052,246.83     | \$ 37,354,089.41  |
| 4                                                  | Coal Sales Credits (per books)                                                 | \$ -                | \$ 719,378.38        | \$ 941,611.76     |
| 5                                                  | Net Fuel Cost (Line 3 - Line 4)                                                | \$ 37,831,209.99    | \$ 33,332,868.47     | \$ 36,412,477.65  |
| 6                                                  | Total Generation and Purchase Power (per books)                                | 2,320,459,996       | 1,971,872,000        | 2,060,368,999     |
| 7                                                  | Losses (kWh) (1 - Line 2) x (Line 6)                                           | 141,703,531         | 120,416,307          | 125,820,554       |
| 8                                                  | Total Generation After Losses (kWh) (Line 6 - Line 7)                          | 2,178,756,465       | 1,851,455,693        | 1,934,548,445     |
| 9                                                  | kWh Billed @ meter per books                                                   | 970,427,454         | 871,926,259          | 860,614,768       |
| 10                                                 | Ratio of FPP Sales to Total Generation (Line 9/Line 8)                         | 44.54%              | 47.09%               | 44.49%            |
| 11                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 9)                       | \$ 11,962,459.23    | \$ 10,748,234.99     | \$ 10,608,798.25  |
| 12                                                 | Amount Recovered via FPP (per books)                                           | \$ 1,325,772.37     | \$ 2,219,695.99      | \$ 2,194,326.87   |
| 13                                                 | Total Fuel Costs Recovered (Line 11 + Line 12)                                 | \$ 13,288,231.60    | \$ 12,967,930.98     | \$ 12,803,125.12  |
| 14                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 5 x Line 10)           | \$ 16,850,020.93    | \$ 15,696,447.76     | \$ 16,199,911.31  |
| 15                                                 | Under/(Over) Recovery of Fuel Costs (Line 14 - Line 13)                        | \$ 3,561,789.33     | \$ 2,728,516.78      | \$ 3,396,786.19   |
| <b><u>Emissions Allowance Component (EA)</u></b>   |                                                                                |                     |                      |                   |
| 16                                                 | kWh Subject to FPP (Line 9)                                                    | 970,427,454         | 871,926,259          | 860,614,768       |
| 17                                                 | EA Expense Allocated to FPP                                                    | \$ (48,447.61)      | \$ 506,612.81        | \$ 2,292,745.96   |
| 18                                                 | EA Expense Recovered in Base Rates (Line 16 x 0.0126 ¢/kWh)                    | \$ 122,273.86       | \$ 109,862.71        | \$ 108,437.46     |
| 19                                                 | EA Revenue in FPP (per books)                                                  | \$ 475,793.56       | \$ 796,805.13        | \$ 787,500.65     |
| 20                                                 | Under/(Over) Recovery of EA Costs (Line 17 - Line 18 - Line 19)                | \$ (648,515.03)     | \$ (399,855.03)      | \$ 1,396,807.85   |
| <b><u>Environmental Reagent Component (ER)</u></b> |                                                                                |                     |                      |                   |
| 21                                                 | Amount Recovered in Base Rates (0.0330 ¢/kWh)                                  | \$ -                | \$ -                 | \$ -              |
| 22                                                 | ER Revenue in FPP (per books)                                                  | \$ -                | \$ -                 | \$ -              |
| 23                                                 | Total Actual Line Costs for Quarter (per books)                                | \$ -                | \$ -                 | \$ -              |
| 24                                                 | Total Actual Ammonia Costs for Quarter (per books)                             | \$ -                | \$ -                 | \$ -              |
| 25                                                 | Total Actual ER Costs for Quarter (per books) (Line 23 + Line 24)              | \$ -                | \$ -                 | \$ -              |
| 26                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 10 x Line 25)               | \$ -                | \$ -                 | \$ -              |
| 27                                                 | Under/(Over) Recovery of ER Costs (Line 26 - Line 21 - Line 22)                | \$ -                | \$ -                 | \$ -              |
| <b><u>System Loss Component (SLA)</u></b>          |                                                                                |                     |                      |                   |
| 28                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)            | 0.0999              | 0.0999               | 0.0999            |
| 29                                                 | Total Losses Recovered in Base Rates (Line 9 x Line 28)                        | \$ 969,457.03       | \$ 871,054.33        | \$ 859,754.15     |
| 30                                                 | Actual Losses on FPP Sales (Line 1 - Line 3) x (line 10)                       | \$ 1,095,903.78     | \$ 1,042,909.07      | \$ 1,080,867.71   |
| 31                                                 | Under/(Over) Recovery of Losses (Line 30 - Line 29)                            | \$ 126,446.75       | \$ 171,854.74        | \$ 221,113.56     |
| 32                                                 | Net Under/(Over) Recovery of FPP Costs (Line 15 + Line 20 + Line 27 + Line 31) | \$ 3,041,721.05     | \$ 2,500,516.49      | \$ 5,014,707.60   |

**Duke Energy Ohio  
Electric Department**

**Calculation of Quarterly Reconciliation Adjustment Component for Billing**

April 2007 through June 2007

**Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary**

| Line                                               | Reconciliation Adjustment (RA) (As Updated)                                    | (A)<br>January 2005 | (B)<br>February 2005 | (C)<br>March 2005 |
|----------------------------------------------------|--------------------------------------------------------------------------------|---------------------|----------------------|-------------------|
| <b><u>Fuel Component (FC)</u></b>                  |                                                                                |                     |                      |                   |
| 1                                                  | Net Includable Fuel                                                            | \$ 40,291,703.44    | \$ 36,266,951.36     | \$ 39,783,551.55  |
| 2                                                  | Ratio Metered Sales/Generation Sales                                           | 0.938933            | 0.938933             | 0.938933          |
| 3                                                  | Fuel Cost @ Meter Sales Level (Line 1 x Line 2)                                | \$ 37,831,209.99    | \$ 34,052,246.83     | \$ 37,354,089.41  |
| 4                                                  | Coal Sales Credits (per books)                                                 | \$ -                | \$ 719,378.36        | \$ 941,611.78     |
| 5                                                  | Net Fuel Cost (Line 3 - Line 4)                                                | \$ 37,831,209.99    | \$ 33,332,868.47     | \$ 36,412,477.65  |
| 6                                                  | Total Generation and Purchase Power (per books)                                | 2,320,459,998       | 1,971,872,000        | 2,060,368,999     |
| 7                                                  | Losses (kWh) (1 - Line 2) x (Line 6)                                           | 141,703,531         | 120,416,307          | 125,820,554       |
| 8                                                  | Total Generation After Losses (kWh) (Line 6 - Line 7)                          | 2,178,756,465       | 1,851,455,693        | 1,934,548,445     |
| 9                                                  | kWh Billed @ meter per books                                                   | 970,427,454         | 871,926,259          | 860,614,768       |
| 10                                                 | Ratio of FPP Sales to Total Generation (Line 9/Line 8)                         | 44.54%              | 47.09%               | 44.49%            |
| 11                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 9)                       | \$ 11,962,459.23    | \$ 10,748,234.99     | \$ 10,608,798.25  |
| 12                                                 | Amount Recovered via FPP (per books)                                           | \$ 1,325,772.37     | \$ 2,219,695.99      | \$ 2,194,326.87   |
| 13                                                 | Total Fuel Costs Recovered (Line 11 + Line 12)                                 | \$ 13,288,231.60    | \$ 12,967,930.98     | \$ 12,803,125.12  |
| 14                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 5 x Line 10)           | \$ 16,850,020.93    | \$ 15,696,447.76     | \$ 16,199,911.31  |
| 15                                                 | Under/(Over) Recovery of Fuel Costs (Line 14 - Line 13)                        | \$ 3,561,789.33     | \$ 2,728,516.78      | \$ 3,396,786.19   |
| <b><u>Emissions Allowance Component (EA)</u></b>   |                                                                                |                     |                      |                   |
| 16                                                 | kWh Subject to FPP (Line 9)                                                    | 970,427,454         | 871,926,259          | 860,614,768       |
| 17                                                 | EA Expense Allocated to FPP                                                    | \$ (48,447.61)      | \$ 506,612.81        | \$ 2,292,745.96   |
| 18                                                 | EA Expense Recovered in Base Rates (Line 16 x 0.0126 ¢/kWh)                    | \$ 122,273.86       | \$ 109,862.71        | \$ 108,437.46     |
| 19                                                 | EA Revenue in FPP (per books)                                                  | \$ 475,793.56       | \$ 796,605.13        | \$ 787,500.65     |
| 20                                                 | Under/(Over) Recovery of EA Costs (Line 17 - Line 18 - Line 19)                | \$ (646,515.03)     | \$ (399,855.03)      | \$ 1,396,807.85   |
| <b><u>Environmental Reagent Component (ER)</u></b> |                                                                                |                     |                      |                   |
| 21                                                 | Amount Recovered in Base Rates (0.0330 ¢/kWh)                                  | \$ -                | \$ -                 | \$ -              |
| 22                                                 | ER Revenue in FPP (per books)                                                  | \$ -                | \$ -                 | \$ -              |
| 23                                                 | Total Actual Lime Costs for Quarter (per books)                                | \$ -                | \$ -                 | \$ -              |
| 24                                                 | Total Actual Ammonia Costs for Quarter (per books)                             | \$ -                | \$ -                 | \$ -              |
| 25                                                 | Total Actual ER Costs for Quarter (per books) (Line 23 + Line 24)              | \$ -                | \$ -                 | \$ -              |
| 26                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 10 x Line 25)               | \$ -                | \$ -                 | \$ -              |
| 27                                                 | Under/(Over) Recovery of ER Costs (Line 26 - Line 21 - Line 22)                | \$ -                | \$ -                 | \$ -              |
| <b><u>System Loss Component (SLA)</u></b>          |                                                                                |                     |                      |                   |
| 28                                                 | Losses in Base Rates (from Case No. 92-1484-EL-AIR) (cents per kWh)            | 0.0999              | 0.0999               | 0.0999            |
| 29                                                 | Total Losses Recovered in Base Rates (Line 9 x Line 28)                        | \$ 969,457.03       | \$ 871,054.33        | \$ 859,754.15     |
| 30                                                 | Actual Losses on FPP Sales (Line 1 - Line 3) x (line 10)                       | \$ 1,095,903.78     | \$ 1,042,909.07      | \$ 1,060,867.71   |
| 31                                                 | Under/(Over) Recovery of Losses (Line 30 - Line 29)                            | \$ 126,446.75       | \$ 171,854.74        | \$ 221,113.56     |
| 32                                                 | Net Under/(Over) Recovery of FPP Costs (Line 15 + Line 20 + Line 27 + Line 31) | \$ 3,041,721.05     | \$ 2,500,516.49      | \$ 5,014,707.60   |
| 33                                                 | Net Under/(Over) Recovery of FPP Costs (Page 5A, Line 32)                      | \$ 3,041,721.05     | \$ 2,500,516.49      | \$ 5,014,707.60   |
| 34                                                 | Net Adjustment for 1st Quarter 2005 (Line 32 - Line 33)                        | \$ -                | \$ -                 | \$ -              |
| 35                                                 | Net Adjustment (Line 34, Column A + B + C) To Page 3 Line 18                   | \$ -                | \$ -                 | \$ -              |

**Duke Energy Ohio  
Electric Department**

**Calculation of Quarterly Reconciliation Adjustment Component for Billing  
April 2007 through June 2007**

**Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary**

| Line                                               | Reconciliation Adjustment (RA) (As Updated)                                   | (A)<br>April 2005 | (B)<br>May 2005   | (C)<br>June 2005  |
|----------------------------------------------------|-------------------------------------------------------------------------------|-------------------|-------------------|-------------------|
| <b><u>Fuel Component (FC)</u></b>                  |                                                                               |                   |                   |                   |
| 1                                                  | Fuel Component (FC)                                                           | \$34,802,205.83   | \$32,281,358.61   | \$38,993,678.89   |
| 2                                                  | Ratio Metered Sales/Generation Sales                                          | 0.938933          | 0.938933          | 0.938933          |
| 3                                                  | Fuel Cost @Meter Sales Level (Line 1 x Line 2)                                | \$32,676,939.53   | \$30,310,031.01   | \$36,612,452.00   |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)             | \$ (696,979.51)   | \$ 458,527.23     | \$ (81,257.45)    |
| 5                                                  | RSG Make Whole Payments                                                       | \$ (1,085,269.26) | \$ (2,155,065.85) | \$ (2,216,379.50) |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                      | \$30,994,690.76   | \$28,613,492.39   | \$34,314,815.05   |
| 7                                                  | Total Generation and Purchase Power (per books)                               | 1,700,124,331     | 1,785,444,048     | 2,264,497,089     |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                              | 103,821,493       | 109,031,712       | 138,286,044       |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                           | 1,596,302,838     | 1,676,412,336     | 2,126,211,045     |
| 10                                                 | kWh Subject to FPP                                                            | 865,518,017       | 853,013,838       | 953,838,907       |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                       | 54.22%            | 50.88%            | 44.85%            |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                     | \$ 10,669,240.60  | \$ 10,515,101.58  | \$ 11,755,506.81  |
| 13                                                 | Amount Recovered via FPP (per books)                                          | \$ 3,776,178.24   | \$ 3,829,247.55   | \$ 4,288,659.76   |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                                | \$14,445,418.84   | \$14,344,349.13   | \$16,044,166.57   |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)          | \$16,805,321.33   | \$14,558,544.93   | \$15,390,194.55   |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                       | \$ 2,359,902.49   | \$ 214,195.80     | \$ (653,972.02)   |
| <b><u>Emissions Allowance Component (EA)</u></b>   |                                                                               |                   |                   |                   |
| 17                                                 | kWh Subject to FPP (Line 10)                                                  | 865,518,017       | 853,013,838       | 953,838,907       |
| 18                                                 | EA Expense Allocated to FPP                                                   | \$ 1,344,119.90   | \$ 1,526,113.90   | \$ 2,174,468.49   |
| 19                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0126 ¢/kWh)                   | \$ 109,055.27     | \$ 107,479.74     | \$ 120,158.50     |
| 20                                                 | EA Revenue in FPP (per books)                                                 | \$ 816,943.46     | \$ 828,424.55     | \$ 927,814.41     |
| 21                                                 | Under/(Over) Recovery of EA Costs (Line 18 - Line 19 - Line 20)               | \$ 418,121.17     | \$ 590,209.61     | \$ 1,126,495.58   |
| <b><u>Environmental Reagent Component (ER)</u></b> |                                                                               |                   |                   |                   |
| 22                                                 | Amount Recovered in Base Rates (0.0330 ¢/kWh x Line 10)                       |                   |                   |                   |
| 23                                                 | ER Revenue in FPP (per books)                                                 | \$ 131,826.04     | \$ 133,678.69     | \$ 149,718.73     |
| 24                                                 | Total Actual Lime Costs for Quarter (per books)                               |                   |                   |                   |
| 25                                                 | Total Actual Ammonia Costs for Quarter (per books)                            |                   |                   |                   |
| 26                                                 | Total Actual ER Costs for Quarter (per books) (Line 24 + Line 25)             | \$ -              | \$ -              | \$ -              |
| 27                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 11 x Line 26)              | \$ -              | \$ -              | \$ -              |
| 28                                                 | Under/(Over) Recovery of ER Costs (Line 27 - Line 22 - Line 23)               | \$ (131,826.04)   | \$ (133,678.69)   | \$ (149,718.73)   |
| <b><u>System Loss Component (SLA)</u></b>          |                                                                               |                   |                   |                   |
| 29                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)           | 0.0999            | 0.0999            | 0.0999            |
| 30                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 29)                      | \$ 864,652.60     | \$ 852,180.82     | \$ 952,685.27     |
| 31                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (line 11))                    | \$ 1,152,319.39   | \$ 1,003,010.47   | \$ 1,067,980.31   |
| 32                                                 | Under/(Over) Recovery of Losses (Line 31 - Line 30)                           | \$ 287,666.89     | \$ 150,849.65     | \$ 115,295.04     |
| 33                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16 +Line 21 + Line 28 + Line 32) | \$ 2,933,864.51   | \$ 821,576.37     | \$ 438,101.87     |

**Schedule 1**  
**Page 5D of 5**

Case No. 07-723-EL-UNC  
Attachment WDW-1  
Page 102 of 124

**Duke Energy Ohio**  
**Electric Department**  
**Calculation of Quarterly Reconciliation Adjustment Component for Billing**  
**April 2007 through June 2007**  
**Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary**

| Line                                        | Reconciliation Adjustment (RA) (As Updated)                                   | (A)<br>April 2005 | (B)<br>May 2005   | (C)<br>June 2005  |
|---------------------------------------------|-------------------------------------------------------------------------------|-------------------|-------------------|-------------------|
| <b>Fuel Component (FC)</b>                  |                                                                               |                   |                   |                   |
| 1                                           | Fuel Component (FC)                                                           | \$ 34,802,205.83  | \$ 32,281,356.61  | \$ 38,993,678.99  |
| 2                                           | Ratio Metered Sales/Generation Sales                                          | 0.938933          | 0.938933          | 0.938933          |
| 3                                           | Fuel Cost @Meter Sales Level (Line 1 x Line 2)                                | \$ 32,676,939.53  | \$ 30,310,031.01  | \$ 36,612,452.00  |
| 4                                           | Coal Sales Margin Credits (per books current year contracts only)             | \$ (598,979.51)   | \$ 458,527.23     | \$ (81,257.45)    |
| 5                                           | RSG Make Whole Payments                                                       | \$ (1,085,289.28) | \$ (2,155,065.85) | \$ (2,216,379.50) |
| 6                                           | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                      | \$ 30,994,690.76  | \$ 28,613,492.39  | \$ 34,314,815.05  |
| 7                                           | Total Generation and Purchase Power (per books)                               | 1,700,124,331     | 1,785,444,048     | 2,264,497,089     |
| 8                                           | Losses (kWh) (1-Line 2)*(Line 7)                                              | 103,821,493       | 109,031,712       | 138,286,044       |
| 9                                           | Total Generation After Losses (kWh) (Line 7-Line 8)                           | 1,596,302,838     | 1,676,412,336     | 2,126,211,045     |
| 10                                          | kWh Subject to FPP                                                            | 865,518,017       | 853,013,838       | 953,638,907       |
| 11                                          | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                       | 54.22%            | 50.88%            | 44.85%            |
| 12                                          | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                     | \$ 10,869,240.80  | \$ 10,515,101.58  | \$ 11,755,506.81  |
| 13                                          | Amount Recovered via FPP (per books)                                          | \$ 3,776,178.24   | \$ 3,829,247.55   | \$ 4,288,659.76   |
| 14                                          | Total Fuel Costs Recovered (Line 12 + Line 13)                                | \$ 14,445,418.84  | \$ 14,344,349.13  | \$ 16,044,166.57  |
| 15                                          | Total Actual Fuel Costs Attributable to FPP Sales (Line 8 x Line 11)          | \$ 16,805,321.33  | \$ 14,558,544.93  | \$ 15,390,194.55  |
| 16                                          | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                       | \$ 2,359,902.49   | \$ 214,195.80     | \$ (653,972.02)   |
| <b>Emissions Allowance Component (EA)</b>   |                                                                               |                   |                   |                   |
| 17                                          | kWh Subject to FPP (Line 10)                                                  | 865,518,017       | 853,013,838       | 953,638,907       |
| 18                                          | EA Expense Allocated to FPP                                                   | \$ 1,344,119.90   | \$ 1,526,113.90   | \$ 2,174,468.49   |
| 19                                          | EA Expense Recovered in Base Rates (Line 17 x 0.0128 ¢/kWh)                   | \$ 109,055.27     | \$ 107,479.74     | \$ 120,158.50     |
| 20                                          | EA Revenue in FPP (per books)                                                 | \$ 816,943.46     | \$ 828,424.55     | \$ 927,814.41     |
| 21                                          | Under/(Over) Recovery of EA Costs (Line 18 - Line 19 - Line 20)               | \$ 418,121.17     | \$ 590,209.61     | \$ 1,126,495.58   |
| <b>Environmental Reagent Component (ER)</b> |                                                                               |                   |                   |                   |
| 22                                          | Amount Recovered in Base Rates (0.0330 ¢/kWh x Line 10)                       |                   |                   |                   |
| 23                                          | ER Revenue in FPP (per books)                                                 | \$ 131,826.04     | \$ 133,678.69     | \$ 149,716.73     |
| 24                                          | Total Actual Lime Costs for Quarter (per books)                               |                   |                   |                   |
| 25                                          | Total Actual Ammonia Costs for Quarter (per books)                            |                   |                   |                   |
| 26                                          | Total Actual ER Costs for Quarter (per books) (Line 24 + Line 25)             | \$ -              | \$ -              | \$ -              |
| 27                                          | Total Actual ER Costs Allocated to FPP Sales (Line 11 x Line 26)              | \$ -              | \$ -              | \$ -              |
| 28                                          | Under/(Over) Recovery of ER Costs (Line 27 - Line 22 - Line 23)               | \$ (131,826.04)   | \$ (133,678.69)   | \$ (149,716.73)   |
| <b>System Loss Component (SLA)</b>          |                                                                               |                   |                   |                   |
| 29                                          | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)           | 0.0999            | 0.0999            | 0.0999            |
| 30                                          | Total Losses Recovered in Base Rates (Line 10 x Line 29)                      | \$ 864,852.50     | \$ 852,160.82     | \$ 952,885.27     |
| 31                                          | Actual Losses on FPP Sales ((Line 1 - Line 3) x (line 11))                    | \$ 1,152,319.39   | \$ 1,003,010.47   | \$ 1,087,980.31   |
| 32                                          | Under/(Over) Recovery of Losses (Line 31 - Line 30)                           | \$ 287,666.89     | \$ 150,849.65     | \$ 115,295.04     |
| 33                                          | Net Under/(Over) Recovery of FPP Costs (Line 16 +Line 21 + Line 28 + Line 32) | \$ 2,933,864.51   | \$ 821,576.37     | \$ 438,101.87     |
| 34                                          | Net Under/(Over) Recovery of FPP Costs (Page 5C, Line 33)                     | \$ 2,933,864.51   | \$ 821,576.37     | \$ 438,101.87     |
| 35                                          | Net Adjustment for 2nd Quarter 2005 (Line 33 - Line 34)                       | \$ -              | \$ -              | \$ -              |
| 36                                          | Net Adjustment (Line 35, Column A + B + C) To Page 3 Line 17                  | \$ -              | \$ -              | \$ -              |

**Duke Energy Ohio**  
**Electric Department**  
**Calculation of Quarterly Reconciliation Adjustment Component for Billing**  
**April 2007 through June 2007**  
**Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary**

| <u>Line</u>                                               | <u>Reconciliation Adjustment (RA) (As Updated)</u>                               | (A)<br>July 2005  | (B)<br>August 2005 | (C)<br>September 2005 |
|-----------------------------------------------------------|----------------------------------------------------------------------------------|-------------------|--------------------|-----------------------|
| <b><u>Fuel Component (FC)</u></b>                         |                                                                                  |                   |                    |                       |
| 1                                                         | Fuel Component (FC)                                                              | \$ 51,123,629.01  | \$ 56,654,269.49   | \$ 44,412,135.83      |
| 2                                                         | Ratio Metered Sales/Generation Sales                                             | 0.938933          | 0.938933           | 0.938933              |
| 3                                                         | Fuel Cost @Meter Sales Level (Line 1 x Line 2)                                   | \$ 48,001,862.38  | \$ 53,194,563.22   | \$ 41,700,019.93      |
| 4                                                         | Coal Sales Margin Credits (per books current year contracts only)                | \$ (1,221,862.54) | \$ (580,408.07)    | \$ (1,656,893.82)     |
| 5                                                         | RSG Make Whole Payments                                                          | \$ (925,719.41)   | \$ (1,402,900.48)  | \$ (1,217,540.23)     |
| 6                                                         | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                         | \$ 45,854,280.41  | \$ 51,211,253.69   | \$ 38,825,765.88      |
| 7                                                         | Total Generation and Purchase Power (per books)                                  | 2,444,566,065     | 2,496,526,049      | 2,053,534,061         |
| 8                                                         | Losses (kWh) (1-Line 2)*(Line 7)                                                 | 149,282,316       | 152,455,356        | 125,403,164           |
| 9                                                         | Total Generation After Losses (kWh) (Line 7-Line 8)                              | 2,295,283,749     | 2,344,070,693      | 1,928,130,897         |
| 10                                                        | kWh Subject to FPP                                                               | 1,002,821,249     | 1,037,060,410      | 1,016,950,570         |
| 11                                                        | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                          | 43.69%            | 44.24%             | 52.74%                |
| 12                                                        | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                        | \$ 12,361,777.54  | \$ 12,783,843.67   | \$ 12,535,949.88      |
| 13                                                        | Amount Recovered via FPP (per books)                                             | \$ 6,078,916.71   | \$ 8,292,918.90    | \$ 6,088,200.54       |
| 14                                                        | Total Fuel Costs Recovered (Line 12 + Line 13)                                   | \$ 18,440,694.25  | \$ 19,076,762.57   | \$ 18,622,150.22      |
| 15                                                        | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)             | \$ 20,033,735.11  | \$ 22,655,858.83   | \$ 20,476,719.47      |
| 16                                                        | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                          | \$ 1,593,040.86   | \$ 3,579,096.06    | \$ 1,854,569.25       |
| <b><u>Emissions Allowance Component (EA)</u></b>          |                                                                                  |                   |                    |                       |
| 17                                                        | kWh Subject to FPP (Line 10)                                                     | 1,002,821,249     | 1,037,060,410      | 1,016,950,570         |
| 18                                                        | EA Expense Allocated to FPP                                                      | \$ 2,031,142.71   | \$ 2,472,719.24    | \$ 2,025,527.12       |
| 19                                                        | EA Expense Recovered in Base Rates (Line 17 x 0.0126 ¢/kWh)                      | \$ 125,355.48     | \$ 130,669.61      | \$ 128,135.77         |
| 20                                                        | EA Revenue in FPP (per books)                                                    | \$ 2,405,768.85   | \$ 2,490,461.33    | \$ 2,408,651.27       |
| 21                                                        | Under/(Over) Recovery of EA Costs (Line 18 - Line 19 - Line 20)                  | \$ (500,981.42)   | \$ (148,411.70)    | \$ (511,269.92)       |
| <b><u>Environmental Reagent Component (ER)</u></b>        |                                                                                  |                   |                    |                       |
| 22                                                        | Amount Recovered in Base Rates (0.0330 ¢/kWh x Line 10)                          | \$ -              | \$ -               | \$ -                  |
| 23                                                        | ER Revenue in FPP (per books)                                                    | \$ 77,803.58      | \$ 80,542.58       | \$ 77,896.81          |
| 24                                                        | Total Actual Lime Costs for Quarter (per books)                                  | \$ -              | \$ -               | \$ -                  |
| 25                                                        | Total Actual Ammonia Costs for Quarter (per books)                               | \$ -              | \$ -               | \$ -                  |
| 26                                                        | Total Actual ER Costs for Quarter (per books) (Line 24 + Line 25)                | \$ -              | \$ -               | \$ -                  |
| 27                                                        | Total Actual ER Costs Allocated to FPP Sales (Line 11 x Line 26)                 | \$ -              | \$ -               | \$ -                  |
| 28                                                        | Under/(Over) Recovery of ER Costs (Line 27 - Line 22 - Line 23)                  | \$ (77,803.58)    | \$ (80,542.58)     | \$ (77,896.81)        |
| <b><u>Reconciliation Adjustment Amortization (RA)</u></b> |                                                                                  |                   |                    |                       |
| 29                                                        | RA Amount from 4th Quarter Filing (spread evenly)                                | \$ 1,407,789.33   | \$ 1,407,789.33    | \$ 1,407,789.34       |
| 30                                                        | Actual RA recovery through FPP                                                   | \$ 1,476,220.60   | \$ 1,528,189.46    | \$ 1,477,989.42       |
| 31                                                        | Under/(Over) Recovery of RA (Line 29 - Line 30)                                  | \$ (68,431.27)    | \$ (120,400.13)    | \$ (70,200.08)        |
| <b><u>System Loss Component (SLA)</u></b>                 |                                                                                  |                   |                    |                       |
| 32                                                        | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)              | 0.0999            | 0.0999             | 0.0999                |
| 33                                                        | Total Losses Recovered in Base Rates (Line 10 x Line 32)                         | \$ 1,001,818.43   | \$ 1,036,023.35    | \$ 1,016,933.62       |
| 34                                                        | Actual SLA recovery through FPP                                                  | \$ 198,603.86     | \$ 205,595.53      | \$ 198,841.85         |
| 35                                                        | Actual Losses on FPP Sales ((Line 1 - Line 3) x (Line 11))                       | \$ 1,363,987.23   | \$ 1,530,574.06    | \$ 1,430,369.93       |
| 36                                                        | Under/(Over) Recovery of Losses (Line 35 - Line 34 - Line 33)                    | \$ 163,564.92     | \$ 288,955.17      | \$ 215,594.46         |
| 37                                                        | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 21+Line 28+Line 31+Line 36) | \$ 1,109,389.51   | \$ 3,518,696.82    | \$ 1,410,808.90       |

**Duke Energy Ohio  
Electric Department  
Calculation of Quarterly Reconciliation Adjustment Component for Billing  
April 2007 through June 2007  
Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary**

| Line                                               | Reconciliation Adjustment (RA) (As Updated)                                      | (A)<br>July 2005  | (B)<br>August 2005 | (C)<br>September 2005 |
|----------------------------------------------------|----------------------------------------------------------------------------------|-------------------|--------------------|-----------------------|
| <b>Fuel Component (FC)</b>                         |                                                                                  |                   |                    |                       |
| 1                                                  | Fuel Component (FC)                                                              | \$ 51,123,829.01  | \$ 58,654,269.49   | \$ 44,412,135.83      |
| 2                                                  | Ratio Metered Sales/Generation Sales                                             | 0.938933          | 0.938933           | 0.938933              |
| 3                                                  | Fuel Cost @ Meter Sales Level (Line 1 x Line 2)                                  | \$ 48,001,862.36  | \$ 53,194,563.22   | \$ 41,700,019.93      |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)                | \$ (1,221,862.54) | \$ (580,409.07)    | \$ (1,656,693.82)     |
| 5                                                  | RSG Make Whole Payments                                                          | \$ (925,719.41)   | \$ (1,402,900.46)  | \$ (1,217,540.23)     |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                         | \$ 45,854,280.41  | \$ 51,211,253.69   | \$ 38,825,785.88      |
| 7                                                  | Total Generation and Purchase Power (per books)                                  | 2,444,566,065     | 2,496,526,049      | 2,053,534,051         |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                                 | 149,282,316       | 152,455,356        | 125,403,164           |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                              | 2,295,283,749     | 2,344,070,693      | 1,928,130,887         |
| 10                                                 | kWh Subject to FPP                                                               | 1,002,821,249     | 1,037,060,410      | 1,016,950,570         |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                          | 43.69%            | 44.24%             | 52.74%                |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10))                       | \$ 12,381,777.54  | \$ 12,783,843.67   | \$ 12,535,949.88      |
| 13                                                 | Amount Recovered via FPP (per books)                                             | \$ 6,078,916.71   | \$ 6,292,918.90    | \$ 6,086,200.54       |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                                   | \$ 18,440,694.25  | \$ 19,076,762.57   | \$ 18,622,150.22      |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)             | \$ 20,033,735.11  | \$ 22,655,858.63   | \$ 20,476,719.47      |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                          | \$ 1,593,040.86   | \$ 3,579,096.06    | \$ 1,854,569.25       |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                   |                    |                       |
| 17                                                 | kWh Subject to FPP (Line 10)                                                     | 1,002,821,249     | 1,037,060,410      | 1,016,950,570         |
| 18                                                 | EA Expense Allocated to FPP                                                      | \$ 2,031,142.71   | \$ 2,472,719.24    | \$ 2,026,527.12       |
| 19                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0126 ¢/kWh)                      | \$ 126,355.48     | \$ 130,669.61      | \$ 128,135.77         |
| 20                                                 | EA Revenue in FPP (per books)                                                    | \$ 2,405,768.65   | \$ 2,490,461.33    | \$ 2,408,661.27       |
| 21                                                 | Under/(Over) Recovery of EA Costs (Line 18 - Line 19 - Line 20)                  | \$ (500,981.42)   | \$ (148,411.70)    | \$ (511,259.92)       |
| <b>Environmental Reagent Component (ER)</b>        |                                                                                  |                   |                    |                       |
| 22                                                 | Amount Recovered in Base Rates (0.0330 ¢/kWh x Line 10)                          | \$ -              | \$ -               | \$ -                  |
| 23                                                 | ER Revenue in FPP (per books)                                                    | \$ 77,803.58      | \$ 80,542.58       | \$ 77,896.81          |
| 24                                                 | Total Actual Lime Costs for Quarter (per books)                                  | \$ -              | \$ -               | \$ -                  |
| 25                                                 | Total Actual Ammonia Costs for Quarter (per books)                               | \$ -              | \$ -               | \$ -                  |
| 26                                                 | Total Actual ER Costs for Quarter (per books) (Line 24 + Line 25)                | \$ -              | \$ -               | \$ -                  |
| 27                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 11 x Line 26)                 | \$ -              | \$ -               | \$ -                  |
| 28                                                 | Under/(Over) Recovery of ER Costs (Line 27 - Line 22 - Line 23)                  | \$ (77,803.58)    | \$ (80,542.58)     | \$ (77,896.81)        |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                   |                    |                       |
| 29                                                 | RA Amount from 4th Quarter Filing (spread evenly)                                | \$ 1,407,789.33   | \$ 1,407,789.33    | \$ 1,407,789.34       |
| 30                                                 | Actual RA recovery through FPP                                                   | \$ 1,476,220.60   | \$ 1,528,189.46    | \$ 1,477,969.42       |
| 31                                                 | Under/(Over) Recovery of RA (Line 29 - Line 30)                                  | \$ (68,431.27)    | \$ (120,400.13)    | \$ (70,200.08)        |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                   |                    |                       |
| 32                                                 | Losses in Base Rates (from Case No. 02-1464-EL-AIR) (cents per kWh)              | 0.0999            | 0.0999             | 0.0999                |
| 33                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 32)                         | \$ 1,001,818.43   | \$ 1,038,023.35    | \$ 1,015,933.62       |
| 34                                                 | Actual SLA recovery through FPP                                                  | \$ 198,603.88     | \$ 205,595.53      | \$ 198,841.85         |
| 35                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (line 11))                       | \$ 1,363,987.23   | \$ 1,530,574.05    | \$ 1,430,369.93       |
| 36                                                 | Under/(Over) Recovery of Losses (Line 35 - Line 34 - Line 33)                    | \$ 183,564.92     | \$ 288,955.17      | \$ 216,594.46         |
| 37                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 21+Line 28+Line 31+Line 36) | \$ 1,109,389.51   | \$ 3,518,696.82    | \$ 1,410,808.90       |
| 38                                                 | Net Under/(Over) Recovery of FPP Costs (Page 5E, Line 37)                        | \$ 1,109,389.51   | \$ 3,518,696.82    | \$ 1,410,808.90       |
| 39                                                 | Net Adjustment for 2nd Quarter 2005 (Line 37 - Line 38)                          | \$ -              | \$ -               | \$ -                  |
| 40                                                 | Net Adjustment (Line 39, Column A + B + C) To Page 3 Line 18                     | \$ -              | \$ -               | \$ -                  |

Duke Energy Ohio  
Electric DepartmentCalculation of Quarterly Reconciliation Adjustment Component for Billing  
April 2007 through June 2007

## Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary

| Line                                               | Reconciliation Adjustment (RA) (As Updated)                                      | (A)<br>October 2005 | (B)<br>November 2005 | (C)<br>December 2005 |
|----------------------------------------------------|----------------------------------------------------------------------------------|---------------------|----------------------|----------------------|
| <b>Fuel Component (FC)</b>                         |                                                                                  |                     |                      |                      |
| 1                                                  | Fuel Component (FC)                                                              | \$ 35,229,075.36    | \$ 33,909,947.86     | \$ 45,550,340.01     |
| 2                                                  | Ratio Metered Sales/Generation Sales                                             | 0.938933            | 0.938933             | 0.938933             |
| 3                                                  | Fuel Cost @Meter Sales Level (Line 1 x Line 2)                                   | \$ 33,077,741.41    | \$ 31,839,189.07     | \$ 42,768,717.40     |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)                | \$ (1,768,507.85)   | \$ (2,260,797.64)    | \$ (3,109,443.54)    |
| 5                                                  | RSG Make Whole Payments                                                          | \$ (837,209.65)     | \$ (753,920.81)      | \$ (663,692.23)      |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                         | \$ 30,672,024.11    | \$ 28,824,460.62     | \$ 38,995,581.63     |
| 7                                                  | Total Generation and Purchase Power (per books)                                  | 1,802,350,251       | 1,813,538,577        | 2,218,872,481        |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                                 | 110,064,123         | 110,747,360          | 135,377,752          |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                              | 1,692,286,128       | 1,702,791,217        | 2,081,494,729        |
| 10                                                 | kWh Subject to FPP                                                               | 924,155,524         | 860,802,285          | 925,531,826          |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                          | 54.81%              | 50.55%               | 44.46%               |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                        | \$ 11,392,065.14    | \$ 10,611,109.77     | \$ 11,409,030.82     |
| 13                                                 | Amount Recovered via FPP (per books)                                             | \$ 5,358,769.18     | \$ 5,012,134.16      | \$ 5,367,275.33      |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                                   | \$ 16,748,834.32    | \$ 15,623,243.93     | \$ 16,776,306.15     |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)             | \$ 16,749,992.37    | \$ 14,570,759.79     | \$ 17,337,435.59     |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                          | \$ 1,158.05         | \$ (1,052,484.14)    | \$ 561,129.44        |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                     |                      |                      |
| 17                                                 | kWh Subject to FPP (Line 10)                                                     | 924,155,524         | 860,802,285          | 925,531,826          |
| 18                                                 | EA Expense Allocated to FPP                                                      | \$ 1,833,408.57     | \$ 1,846,811.20      | \$ 2,099,013.70      |
| 19                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0126 ¢/kWh)                      | \$ 116,443.60       | \$ 108,461.09        | \$ 116,617.01        |
| 20                                                 | EA Revenue in FPP (per books)                                                    | \$ 1,817,047.66     | \$ 1,700,145.43      | \$ 1,820,811.41      |
| 21                                                 | Under/(Over) Recovery of EA Costs (Line 18 - Line 19 - Line 20)                  | \$ (100,082.69)     | \$ 38,204.68         | \$ 181,785.28        |
| <b>Environmental Reagent Component (ER)</b>        |                                                                                  |                     |                      |                      |
| 22                                                 | Amount Recovered in Base Rates (0.0330 ¢/kWh x Line 10)                          | \$ -                | \$ -                 | \$ -                 |
| 23                                                 | ER Revenue in FPP (per books)                                                    | \$ 140,856.41       | \$ 131,794.22        | \$ 141,132.67        |
| 24                                                 | Total Actual Line Costs for Quarter (per books)                                  | \$ -                | \$ -                 | \$ -                 |
| 25                                                 | Total Actual Ammonia Costs for Quarter (per books)                               | \$ -                | \$ -                 | \$ -                 |
| 26                                                 | Total Actual ER Costs for Quarter (per books) (Line 24 + Line 25)                | \$ -                | \$ -                 | \$ -                 |
| 27                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 11 x Line 26)                 | \$ -                | \$ -                 | \$ -                 |
| 28                                                 | Under/(Over) Recovery of ER Costs (Line 27 - Line 22 - Line 23)                  | \$ (140,856.41)     | \$ (131,794.22)      | \$ (141,132.67)      |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                     |                      |                      |
| 29                                                 | RA Amount from 4th Quarter Filing (spread evenly)                                | \$ 5,379,812.38     | \$ 5,379,812.38      | \$ 5,379,812.39      |
| 30                                                 | Actual RA recovery through FPP                                                   | \$ 6,603,348.38     | \$ 6,178,513.00      | \$ 6,616,299.44      |
| 31                                                 | Under/(Over) Recovery of RA (Line 29 - Line 30)                                  | \$ (1,223,536.00)   | \$ (798,700.62)      | \$ (1,236,487.05)    |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                     |                      |                      |
| 32                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)              | 0.0999              | 0.0999               | 0.0999               |
| 33                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 32)                         | \$ 923,231.37       | \$ 859,941.48        | \$ 924,606.29        |
| 34                                                 | Actual SLA recovery through FPP                                                  | \$ 187,619.12       | \$ 156,835.12        | \$ 187,947.87        |
| 35                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (line 11))                       | \$ 1,174,843.47     | \$ 1,046,778.68      | \$ 1,236,709.41      |
| 36                                                 | Under/(Over) Recovery of Losses (Line 35 - Line 34 - Line 33)                    | \$ 83,992.98        | \$ 30,002.08         | \$ 144,155.25        |
| 37                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 21+Line 28+Line 31+Line 36) | \$ (1,379,324.07)   | \$ (1,914,772.22)    | \$ (510,549.76)      |

**Schedule 1**  
**Page 5H of 5**

Case No. 07-723-EL-UNC  
Attachment WDW-1  
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**Duke Energy Ohio**  
**Electric Department**  
**Calculation of Quarterly Reconciliation Adjustment Component for Billing**  
**April 2007 through June 2007**  
**Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary**

| Line                                               | Reconciliation Adjustment (RA) (As Updated)                                      | (A)<br>October 2005 | (B)<br>November 2005 | (C)<br>December 2005 |
|----------------------------------------------------|----------------------------------------------------------------------------------|---------------------|----------------------|----------------------|
| <b>Fuel Component (FC)</b>                         |                                                                                  |                     |                      |                      |
| 1                                                  | Fuel Component (FC)                                                              | \$ 35,229,075.36    | \$ 33,909,947.86     | \$ 45,550,340.01     |
| 2                                                  | Ratio Metered Sales/Generation Sales                                             | 0.938933            | 0.938933             | 0.938933             |
| 3                                                  | Fuel Cost @Meter Sales Level (Line 1 x Line 2)                                   | \$ 33,077,741.41    | \$ 31,839,169.07     | \$ 42,788,717.40     |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)                | \$ (1,768,507.85)   | \$ (2,260,797.64)    | \$ (3,109,443.64)    |
| 5                                                  | RSG Make Whole Payments                                                          | \$ (637,209.65)     | \$ (753,920.81)      | \$ (653,892.23)      |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                         | \$ 30,672,024.11    | \$ 28,824,450.62     | \$ 38,995,581.83     |
| 7                                                  | Total Generation and Purchase Power (per books)                                  | 1,802,350,251       | 1,813,538,577        | 2,218,872,481        |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                                 | 110,064,123         | 110,747,360          | 135,377,752          |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                              | 1,692,286,128       | 1,702,791,217        | 2,081,494,729        |
| 10                                                 | kWh Subject to FPP                                                               | 924,155,524         | 860,802,285          | 925,531,826          |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                          | 54.61%              | 50.55%               | 44.46%               |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                        | \$ 11,392,085.14    | \$ 10,611,109.77     | \$ 11,409,030.82     |
| 13                                                 | Amount Recovered via FPP (per books)                                             | \$ 5,356,769.18     | \$ 5,012,134.16      | \$ 5,387,275.33      |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                                   | \$ 16,748,834.32    | \$ 15,623,243.93     | \$ 16,776,306.15     |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)             | \$ 16,749,992.37    | \$ 14,570,759.79     | \$ 17,337,435.59     |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                          | \$ 1,168.05         | \$ (1,052,484.14)    | \$ 561,129.44        |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                     |                      |                      |
| 17                                                 | kWh Subject to FPP (Line 10)                                                     | 924,155,524         | 860,802,285          | 925,531,826          |
| 18                                                 | EA Expense Allocated to FPP                                                      | \$ 1,833,408.57     | \$ 1,846,811.20      | \$ 2,099,013.70      |
| 19                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0126 ¢/kWh)                      | \$ 116,443.60       | \$ 108,461.09        | \$ 118,617.01        |
| 20                                                 | EA Revenue in FPP (per books)                                                    | \$ 1,817,047.68     | \$ 1,700,145.43      | \$ 1,820,611.41      |
| 21                                                 | Under/(Over) Recovery of EA Costs (Line 18 - Line 19 - Line 20)                  | \$ (100,082.69)     | \$ 38,204.68         | \$ 161,785.28        |
| <b>Environmental Reagent Component (ER)</b>        |                                                                                  |                     |                      |                      |
| 22                                                 | Amount Recovered in Base Rates (0.0330 ¢/kWh x Line 10)                          | \$ -                | \$ -                 | \$ -                 |
| 23                                                 | ER Revenue in FPP (per books)                                                    | \$ 140,856.41       | \$ 131,794.22        | \$ 141,132.87        |
| 24                                                 | Total Actual Lime Costs for Quarter (per books)                                  | \$ -                | \$ -                 | \$ -                 |
| 25                                                 | Total Actual Ammonia Costs for Quarter (per books)                               | \$ -                | \$ -                 | \$ -                 |
| 26                                                 | Total Actual ER Costs for Quarter (per books) (Line 24 + Line 25)                | \$ -                | \$ -                 | \$ -                 |
| 27                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 11 x Line 26)                 | \$ -                | \$ -                 | \$ -                 |
| 28                                                 | Under/(Over) Recovery of ER Costs (Line 27 - Line 22 - Line 23)                  | \$ (140,856.41)     | \$ (131,794.22)      | \$ (141,132.87)      |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                     |                      |                      |
| 29                                                 | RA Amount from 4th Quarter Filing (spread evenly)                                | \$ 5,379,812.38     | \$ 5,379,812.38      | \$ 5,379,812.39      |
| 30                                                 | Actual RA recovery through FPP                                                   | \$ 6,603,348.38     | \$ 6,178,513.00      | \$ 6,616,289.44      |
| 31                                                 | Under/(Over) Recovery of RA (Line 29 - Line 30)                                  | \$ (1,223,536.00)   | \$ (798,700.62)      | \$ (1,236,487.05)    |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                     |                      |                      |
| 32                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)              | 0.0999              | 0.0999               | 0.0999               |
| 33                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 32)                         | \$ 923,231.37       | \$ 859,941.48        | \$ 924,606.29        |
| 34                                                 | Actual SLA recovery through FPP                                                  | \$ 167,619.12       | \$ 156,835.12        | \$ 167,947.87        |
| 35                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (Line 11))                       | \$ 1,174,843.47     | \$ 1,046,778.68      | \$ 1,236,709.41      |
| 36                                                 | Under/(Over) Recovery of Losses (Line 35 - Line 34 - Line 33)                    | \$ 83,992.98        | \$ 30,002.08         | \$ 144,155.25        |
| 37                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 21+Line 28+Line 31+Line 36) | \$ (1,379,324.07)   | \$ (1,914,772.22)    | \$ (510,549.75)      |
| 38                                                 | Net Under/(Over) Recovery of FPP Costs (Page 5G, Line 37)                        | \$ (1,379,324.07)   | \$ (1,914,772.22)    | \$ (510,549.75)      |
| 39                                                 | Net Adjustment for 2nd Quarter 2005 (Line 37 - Line 38)                          | \$ -                | \$ -                 | \$ -                 |
| 40                                                 | Net Adjustment (Line 38, Column A + B + C) To Page 3 Line 19                     | \$ -                | \$ -                 | \$ -                 |

**Duke Energy Ohio  
Electric Department**  
**Calculation of Quarterly Reconciliation Adjustment Component for Billing**  
**April 2007 through June 2007**  
**Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary**

**Schedule 1**  
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| Line                                               | Reconciliation Adjustment (RA) (As Updated)                                      | January 2006      | Residential<br>January 2006 | Non-Residential<br>January 2006 | Voltage<br>Reduction<br>January 2006 |
|----------------------------------------------------|----------------------------------------------------------------------------------|-------------------|-----------------------------|---------------------------------|--------------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                                  |                   |                             |                                 |                                      |
| 1                                                  | Net Includable Fuel                                                              | \$ 36,223,656.70  | \$ 36,223,656.70            | \$ 36,223,656.70                | \$ 36,223,656.70                     |
| 2                                                  | Ratio Metered Sales/Generation Sales                                             | 0.938933          | 0.938933                    | 0.938933                        | 0.938933                             |
| 3                                                  | Fuel Cost @Meter Sales Level (Line 1 x Line 2)                                   | \$ 34,011,586.68  | \$ 34,011,586.68            | \$ 34,011,586.68                | \$ 34,011,586.68                     |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)                | \$ 148,153.80     | \$ 148,153.80               | \$ 148,153.80                   | \$ 148,153.80                        |
| 5                                                  | RSG Make Whole Payments                                                          | \$ (387,270.34)   | \$ (387,270.34)             | \$ (387,270.34)                 | \$ (387,270.34)                      |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                         | \$ 33,772,470.12  | \$ 33,772,470.12            | \$ 33,772,470.12                | \$ 33,772,470.12                     |
| 7                                                  | Total Generation and Purchase Power (per books)                                  | 1,768,289,436     | 1,768,289,436               | 1,768,289,436                   | 1,768,289,436                        |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                                 | 109,510,806       | 109,510,806                 | 109,510,806                     | 109,510,806                          |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                              | 1,658,778,630     | 1,658,778,630               | 1,658,778,630                   | 1,658,778,630                        |
| 10                                                 | kWh Subject to FPP                                                               | 1,365,589,013     | 272,638,491                 | 802,789,257                     | 290,161,285                          |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                          | 81.10%            | 16.19%                      | 47.88%                          | 17.23%                               |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                        | \$ 16,893,815.76  | \$ 3,380,814.68             | \$ 9,895,983.17                 | \$ 3,576,817.81                      |
| 13                                                 | Amount Recovered via FPP (per books)                                             | \$ 12,618,428.83  | \$ 2,558,605.26             | \$ 7,320,289.52                 | \$ 2,837,484.05                      |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                                   | \$ 29,512,244.59  | \$ 5,939,420.94             | \$ 17,216,272.69                | \$ 6,414,301.86                      |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)             | \$ 27,389,473.27  | \$ 5,467,782.91             | \$ 16,102,713.76                | \$ 5,818,896.61                      |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                          | \$ (1,960,571.32) | \$ (461,717.03)             | \$ (1,113,638.94)               | \$ (355,315.36)                      |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                   |                             |                                 |                                      |
| 17                                                 | kWh Subject to FPP (Line 10)                                                     | 1,365,589,013     | 272,638,491                 | 802,789,257                     | 290,161,285                          |
| 18                                                 | EA Expense Allocated to FPP                                                      | \$ 1,279,804.37   | \$ 255,511.07               | \$ 752,359.01                   | \$ 271,933.69                        |
| 19                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0126 ¢/kWh)                      | \$ 172,084.22     | \$ 34,352.46                | \$ 101,151.45                   | \$ 36,560.32                         |
| 20                                                 | EA Revenue in FPP (per books)                                                    | \$ 3,107,979.81   | \$ 536,323.93               | \$ 1,817,760.27                 | \$ 654,895.41                        |
| 21                                                 | Under/(Over) Recovery of EA Costs (Line 18 - Line 19 - Line 20)                  | \$ (2,000,239.46) | \$ (414,164.71)             | \$ (1,166,552.71)               | \$ (418,522.04)                      |
| <b>Environmental Reagent Component (ER)</b>        |                                                                                  |                   |                             |                                 |                                      |
| 22                                                 | Amount Recovered in Base Rates (0.0330 ¢/kWh x Line 10)                          | \$ -              | \$ -                        | \$ -                            | \$ -                                 |
| 23                                                 | ER Revenue in FPP (per books)                                                    | \$ 80,173.10      | \$ 16,367.44                | \$ 48,767.02                    | \$ 17,038.54                         |
| 24                                                 | Total Actual Line Costs for Quarter (per books)                                  | \$ -              | \$ -                        | \$ -                            | \$ -                                 |
| 25                                                 | Total Actual Ammonia Costs for Quarter (per books)                               | \$ -              | \$ -                        | \$ -                            | \$ -                                 |
| 26                                                 | Total Actual ER Costs for Quarter (per books) (Line 24 + Line 25)                | \$ -              | \$ -                        | \$ -                            | \$ -                                 |
| 27                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 21 x Line 26)                 | \$ -              | \$ -                        | \$ -                            | \$ -                                 |
| 28                                                 | Under/(Over) Recovery of ER Costs (Line 27 - Line 22 - Line 23)                  | \$ (80,173.10)    | \$ (16,367.44)              | \$ (48,767.02)                  | \$ (17,038.54)                       |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                   |                             |                                 |                                      |
| 29                                                 | RA Amount from 1st Quarter Filing (spread evenly)                                | \$ 3,498,882.83   | \$ -                        | \$ 2,588,244.48                 | \$ 908,438.15                        |
| 30                                                 | Actual RA recovery through FPP                                                   | \$ 3,741,501.71   | \$ -                        | \$ 2,750,639.27                 | \$ 990,862.44                        |
| 31                                                 | Under/(Over) Recovery of RA (Line 29 - Line 30)                                  | \$ (244,818.08)   | \$ -                        | \$ (162,394.79)                 | \$ (82,424.26)                       |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                   |                             |                                 |                                      |
| 32                                                 | Losses in Base Rates (from Case No. 92-1484-EL-AJR) (cents per kWh)              | 0.0999 / 0.0882   | 0.0999                      | 0.0999                          | 0.0882                               |
| 33                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 32)                         | \$ 1,330,274.58   | \$ 272,365.85               | \$ 801,880.47                   | \$ 255,922.24                        |
| 34                                                 | Actual SLA recovery through FPP                                                  | \$ 570,203.84     | \$ 129,937.44               | \$ 371,674.75                   | \$ 88,591.45                         |
| 35                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (Line 11))                       | \$ 1,793,988.81   | \$ 358,134.14               | \$ 1,054,715.00                 | \$ 381,199.87                        |
| 36                                                 | Under/(Over) Recovery of Losses (Line 35 - Line 34 - Line 33)                    | \$ (106,489.39)   | \$ (44,169.15)              | \$ (119,946.22)                 | \$ 56,625.98                         |
| 37                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 21+Line 28+Line 31+Line 36) | \$ (4,382,292.35) | \$ (926,418.33)             | \$ (2,608,199.63)               | \$ (857,874.34)                      |

**Duke Energy Ohio  
Electric Department  
Calculation of Quarterly Reconciliation Adjustment Component for Billing  
April 2007 through June 2007  
Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary**

| Line                                               | Reconciliation Adjustment (RA) (As Updated)                                      | January 2006      | Residential<br>January 2006 | Non-Residential<br>January 2006 | Voltage<br>Reduction<br>January 2006 |
|----------------------------------------------------|----------------------------------------------------------------------------------|-------------------|-----------------------------|---------------------------------|--------------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                                  |                   |                             |                                 |                                      |
| 1                                                  | Net Includable Fuel                                                              | \$ 36,220,230.72  | \$ 36,220,230.72            | \$ 36,220,230.72                | \$ 36,220,230.72                     |
| 2                                                  | Ratio Metered Sales/Generation Sales                                             | 0.938933          | 0.938933                    | 0.938933                        | 0.938933                             |
| 3                                                  | Fuel Cost @Meter Sales Level (Line 1 x Line 2)                                   | \$ 34,008,369.89  | \$ 34,008,369.89            | \$ 34,008,369.89                | \$ 34,008,369.89                     |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)                | \$ 148,154.00     | \$ 148,154.00               | \$ 148,154.00                   | \$ 148,154.00                        |
| 5                                                  | RSG Make Whole Payments                                                          | \$ (387,270.34)   | \$ (387,270.34)             | \$ (387,270.34)                 | \$ (387,270.34)                      |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                         | \$ 33,769,253.55  | \$ 33,769,253.55            | \$ 33,769,253.55                | \$ 33,769,253.55                     |
| 7                                                  | Total Generation and Purchase Power (per books)                                  | 1,793,815,438     | 1,793,815,438               | 1,793,815,438                   | 1,793,815,438                        |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                                 | 109,530,714       | 109,530,714                 | 109,530,714                     | 109,530,714                          |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                              | 1,684,084,722     | 1,684,084,722               | 1,684,084,722                   | 1,684,084,722                        |
| 10                                                 | kWh Subject to FPP                                                               | 1,395,599,013     | 272,638,491                 | 802,789,257                     | 290,161,265                          |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                          | 81.09%            | 16.19%                      | 47.67%                          | 17.23%                               |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                        | \$ 18,833,815.76  | \$ 3,380,814.68             | \$ 9,595,983.17                 | \$ 3,578,817.91                      |
| 13                                                 | Amount Recovered via FPP (per books)                                             | \$ 12,516,428.83  | \$ 2,558,865.26             | \$ 7,320,289.52                 | \$ 2,837,494.05                      |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                                   | \$ 20,350,244.59  | \$ 5,939,679.94             | \$ 17,216,272.69                | \$ 6,214,311.96                      |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)             | \$ 27,383,487.70  | \$ 5,467,242.15             | \$ 16,097,803.16                | \$ 5,818,442.39                      |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 14 - Line 15)                          | \$ (1,968,656.89) | \$ (452,237.79)             | \$ (1,118,449.53)               | \$ (396,869.57)                      |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                   |                             |                                 |                                      |
| 17                                                 | kWh Subject to FPP (Line 10)                                                     | 1,366,599,013     | 272,638,491                 | 802,789,257                     | 290,161,265                          |
| 18                                                 | EA Expense Allocated to FPP                                                      | \$ 1,279,804.37   | \$ 265,611.87               | \$ 752,359.01                   | \$ 271,833.69                        |
| 19                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0126 ¢/kWh)                      | \$ 172,064.22     | \$ 34,352.45                | \$ 101,161.45                   | \$ 36,580.32                         |
| 20                                                 | EA Revenue in FPP (per books)                                                    | \$ 3,107,979.61   | \$ 635,323.93               | \$ 1,817,760.27                 | \$ 654,895.41                        |
| 21                                                 | Under/(Over) Recovery of EA Costs (Line 18 - Line 19 - Line 20)                  | \$ (2,000,239.46) | \$ (414,164.71)             | \$ (1,165,552.71)               | \$ (418,522.64)                      |
| <b>Environmental Reagent Component (ER)</b>        |                                                                                  |                   |                             |                                 |                                      |
| 22                                                 | Amount Recovered in Base Rates (0.0330 ¢/kWh x Line 10)                          | \$ -              | \$ -                        | \$ -                            | \$ -                                 |
| 23                                                 | ER Revenue in FPP (per books)                                                    | \$ 80,173.10      | \$ 16,367.44                | \$ 48,767.02                    | \$ 17,038.64                         |
| 24                                                 | Total Actual Line Costs for Quarter (per books)                                  | \$ -              | \$ -                        | \$ -                            | \$ -                                 |
| 25                                                 | Total Actual Ammonia Costs for Quarter (per books)                               | \$ -              | \$ -                        | \$ -                            | \$ -                                 |
| 26                                                 | Total Actual ER Costs for Quarter (per books) (Line 24 + Line 25)                | \$ -              | \$ -                        | \$ -                            | \$ -                                 |
| 27                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 11 x Line 26)                 | \$ -              | \$ -                        | \$ -                            | \$ -                                 |
| 28                                                 | Under/(Over) Recovery of ER Costs (Line 27 - Line 22 - Line 23)                  | \$ (80,173.10)    | \$ (16,367.44)              | \$ (48,767.02)                  | \$ (17,038.64)                       |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                   |                             |                                 |                                      |
| 29                                                 | RA Amount from 1st Quarter Filing (spread evenly)                                | \$ 3,498,882.63   | \$ -                        | \$ 2,588,244.48                 | \$ 908,438.15                        |
| 30                                                 | Actual RA recovery through FPP                                                   | \$ 3,741,501.71   | \$ -                        | \$ 2,760,638.27                 | \$ 980,862.44                        |
| 31                                                 | Under/(Over) Recovery of RA (Line 29 - Line 30)                                  | \$ (244,819.08)   | \$ -                        | \$ (162,394.79)                 | \$ (82,424.29)                       |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                   |                             |                                 |                                      |
| 32                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)              | 0.0999 / 0.0882   | 0.0999                      | 0.0999                          | 0.0882                               |
| 33                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 32)                         | \$ 1,330,274.58   | \$ 272,385.85               | \$ 801,985.47                   | \$ 256,922.24                        |
| 34                                                 | Actual SLA recovery through FPP                                                  | \$ 570,203.64     | \$ 129,937.44               | \$ 371,674.75                   | \$ 68,691.45                         |
| 35                                                 | Actual Losses on FPP Sales (Line 1 - Line 3) x (Line 11)                         | \$ 1,793,597.95   | \$ 358,100.27               | \$ 1,054,394.06                 | \$ 381,103.62                        |
| 36                                                 | Under/(Over) Recovery of Losses (Line 35 - Line 34 - Line 33)                    | \$ (108,680.26)   | \$ (44,203.02)              | \$ (119,267.16)                 | \$ 66,569.93                         |
| 37                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 21+Line 28+Line 31+Line 36) | \$ (4,398,688.78) | \$ (926,672.66)             | \$ (2,613,431.21)               | \$ (868,264.61)                      |
| 38                                                 | Net Under/(Over) Recovery of FPP Costs (Page 6J, Line 37)                        | \$ (4,392,282.35) | \$ (926,418.33)             | \$ (2,608,199.68)               | \$ (857,674.34)                      |
| 39                                                 | Net Adjustment for January 2006 (Line 37 - Line 38) To Page 3 Line 1             | \$ (6,376.43)     | \$ (554.63)                 | \$ (5,231.59)                   | \$ (599.37)                          |

**Duke Energy Ohio  
Electric Department**  
**Calculation of Quarterly Reconciliation Adjustment Component for Billing**  
**April 2007 through June 2007**  
**Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary**

| Line                                               | Reconciliation Adjustment (RA) (As Updated)                                      | February 2008     | Residential<br>February 2008 | Non-Residential<br>February 2008 | Voltage<br>Reduction<br>February 2008 |
|----------------------------------------------------|----------------------------------------------------------------------------------|-------------------|------------------------------|----------------------------------|---------------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                                  |                   |                              |                                  |                                       |
| 1                                                  | Net Includable Fuel                                                              | \$ 34,979,877.75  | \$ 34,979,877.75             | \$ 34,979,877.75                 | \$ 34,979,877.75                      |
| 2                                                  | Ratio Metered Sales/Generation Sales                                             | 0.938933          | 0.938933                     | 0.938933                         | 0.938933                              |
| 3                                                  | Fuel Cost @ Meter Sales Level (Line 1 x Line 2)                                  | \$ 32,843,573.77  | \$ 32,843,573.77             | \$ 32,843,573.77                 | \$ 32,843,573.77                      |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)                | \$ 751,278.29     | \$ 751,278.29                | \$ 751,278.29                    | \$ 751,278.29                         |
| 5                                                  | RSG Make Whole Payments                                                          | \$ (194,176.08)   | \$ (194,176.08)              | \$ (194,176.08)                  | \$ (194,176.08)                       |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                         | \$ 33,400,674.00  | \$ 33,400,674.00             | \$ 33,400,674.00                 | \$ 33,400,674.00                      |
| 7                                                  | Total Generation and Purchase Power (per books)                                  | 1,710,458,358     | 1,710,458,358                | 1,710,458,358                    | 1,710,458,358                         |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                                 | 104,452,438       | 104,452,438                  | 104,452,438                      | 104,452,438                           |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                              | 1,606,003,920     | 1,606,003,920                | 1,606,003,920                    | 1,606,003,920                         |
| 10                                                 | kWh Subject to FPP                                                               | 1,591,500,488     | 595,983,864                  | 744,482,064                      | 251,034,728                           |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                          | 99.10%            | 37.11%                       | 48.36%                           | 16.03%                                |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 \$/kWh x Line 10)                       | \$ 19,818,426.49  | \$ 7,346,891.00              | \$ 9,177,230.40                  | \$ 3,094,505.09                       |
| 13                                                 | Amount Recovered via FPP (per books)                                             | \$ 14,533,993.03  | \$ 5,480,309.25              | \$ 8,775,184.68                  | \$ 2,278,500.12                       |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                                   | \$ 34,352,419.52  | \$ 12,826,999.25             | \$ 15,952,415.08                 | \$ 5,373,005.21                       |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)             | \$ 33,100,067.93  | \$ 12,394,900.12             | \$ 15,484,562.47                 | \$ 5,220,525.35                       |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                          | \$ (1,052,381.89) | \$ (432,009.13)              | \$ (467,862.89)                  | \$ (152,479.89)                       |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                   |                              |                                  |                                       |
| 17                                                 | kWh Subject to FPP (Line 10)                                                     | 1,591,500,488     | 595,983,864                  | 744,482,064                      | 251,034,728                           |
| 18                                                 | EA Expense Allocated to FPP                                                      | \$ 3,369,193.88   | \$ 1,201,882.74              | \$ 1,578,082.81                  | \$ 531,438.52                         |
| 19                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0120 \$/kWh)                     | \$ 200,529.06     | \$ 75,093.95                 | \$ 93,804.74                     | \$ 31,830.37                          |
| 20                                                 | EA Revenue in FPP (per books)                                                    | \$ 3,608,938.20   | \$ 1,360,776.28              | \$ 1,682,405.47                  | \$ 565,766.45                         |
| 21                                                 | Under/(Over) Recovery of EA Costs (Line 18 - Line 19 - Line 20)                  | \$ (440,273.38)   | \$ (174,177.49)              | \$ (200,147.60)                  | \$ (85,943.30)                        |
| <b>Environmental Reagent Component (ER)</b>        |                                                                                  |                   |                              |                                  |                                       |
| 22                                                 | Amount Recovered in Base Rates (0.0330 \$/kWh x Line 10)                         | \$ 93,060.92      | \$ 35,056.80                 | \$ 43,284.64                     | \$ 14,719.48                          |
| 23                                                 | ER Revenue in FPP (per books)                                                    | \$ -              | \$ -                         | \$ -                             | \$ -                                  |
| 24                                                 | Total Actual Lime Costs for Quarter (per books)                                  | \$ -              | \$ -                         | \$ -                             | \$ -                                  |
| 25                                                 | Total Actual Ammonia Costs for Quarter (per books)                               | \$ -              | \$ -                         | \$ -                             | \$ -                                  |
| 26                                                 | Total Actual ER Costs for Quarter (per books) (Line 24 + Line 25)                | \$ -              | \$ -                         | \$ -                             | \$ -                                  |
| 27                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 11 x Line 26)                 | \$ -              | \$ -                         | \$ -                             | \$ -                                  |
| 28                                                 | Under/(Over) Recovery of ER Costs (Line 27 - Line 22 - Line 23)                  | \$ (93,060.92)    | \$ (35,056.80)               | \$ (43,284.64)                   | \$ (14,719.48)                        |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                   |                              |                                  |                                       |
| 29                                                 | RA Amount from 1st Quarter Filing (spread evenly)                                | \$ 3,496,682.83   | \$ -                         | \$ 2,588,244.48                  | \$ 908,438.15                         |
| 30                                                 | Actual RA recovery through FPP                                                   | \$ 3,401,814.47   | \$ -                         | \$ 2,545,820.06                  | \$ 856,994.41                         |
| 31                                                 | Under/(Over) Recovery of RA (Line 29 - Line 30)                                  | \$ 94,868.16      | \$ -                         | \$ 42,424.42                     | \$ 51,443.74                          |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                   |                              |                                  |                                       |
| 32                                                 | Losses in Base Rates (from Case No. 92-1484-EL-AIR) (cents per kWh)              | 0.0099 / 0.0882   | 0.0099                       | 0.0099                           | 0.0882                                |
| 33                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 32)                         | \$ 1,580,537.92   | \$ 595,387.71                | \$ 743,737.58                    | \$ 221,412.63                         |
| 34                                                 | Actual SLA recovery through FPP                                                  | \$ 681,562.38     | \$ 278,308.08                | \$ 343,998.95                    | \$ 59,255.35                          |
| 35                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (Line 11))                       | \$ 2,116,879.04   | \$ 782,708.19                | \$ 980,297.81                    | \$ 333,873.04                         |
| 36                                                 | Under/(Over) Recovery of Losses (Line 35 - Line 34 - Line 33)                    | \$ (125,221.26)   | \$ (80,987.60)               | \$ (97,438.72)                   | \$ 53,205.08                          |
| 37                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 21+Line 28+Line 31+Line 36) | \$ (1,618,038.90) | \$ (722,231.02)              | \$ (768,309.13)                  | \$ (127,498.84)                       |

Duke Energy Ohio  
Electric Department  
Calculation of Quarterly Reconciliation Adjustment Component for Billing  
April 2007 through June 2007  
Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenue Billed Summary

| Line                                               | Reconciliation Adjustment (RA) (As Updated)                                      | February 2006     | Residential<br>February 2006 | Non-Residential<br>February 2006 | Voltage<br>Reduction<br>February 2006 |
|----------------------------------------------------|----------------------------------------------------------------------------------|-------------------|------------------------------|----------------------------------|---------------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                                  |                   |                              |                                  |                                       |
| 1                                                  | Net Includable Fuel                                                              | \$ 34,963,923.21  | \$ 34,963,923.21             | \$ 34,963,923.21                 | \$ 34,963,923.21                      |
| 2                                                  | Ratio Metered Sales/Generation Sales                                             | 0.938933          | 0.938933                     | 0.938933                         | 0.938933                              |
| 3                                                  | Fuel Cost @ Meter Sales Level (Line 1 x Line 2)                                  | \$ 32,828,781.31  | \$ 32,828,781.31             | \$ 32,828,781.31                 | \$ 32,828,781.31                      |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)                | \$ 751,276.00     | \$ 751,276.00                | \$ 751,276.00                    | \$ 751,276.00                         |
| 5                                                  | RSG Make Whole Payments                                                          | \$ (194,176.08)   | \$ (194,176.08)              | \$ (194,176.08)                  | \$ (194,176.08)                       |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                         | \$ 33,385,881.25  | \$ 33,385,881.25             | \$ 33,385,881.25                 | \$ 33,385,881.25                      |
| 7                                                  | Total Generation and Purchase Power (per books)                                  | 1,710,456,356     | 1,710,456,356                | 1,710,456,356                    | 1,710,456,356                         |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                                 | 104,462,438       | 104,462,438                  | 104,462,438                      | 104,462,438                           |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                              | 1,606,003,920     | 1,606,003,920                | 1,606,003,920                    | 1,606,003,920                         |
| 10                                                 | kWh Subject to FPP                                                               | 1,591,500,488     | 595,983,694                  | 744,482,064                      | 251,034,728                           |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                          | 99.10%            | 37.11%                       | 46.36%                           | 15.63%                                |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 \$/kWh x Line 10)                       | \$ 19,618,428.49  | \$ 7,346,691.00              | \$ 9,177,230.40                  | \$ 3,094,506.09                       |
| 13                                                 | Amount Recovered via FPP (per books)                                             | \$ 14,633,993.03  | \$ 5,480,308.25              | \$ 8,176,184.66                  | \$ 2,278,500.12                       |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                                   | \$ 34,152,419.52  | \$ 12,826,999.26             | \$ 15,852,415.06                 | \$ 5,373,006.21                       |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)             | \$ 33,065,408.32  | \$ 12,389,500.63             | \$ 15,477,094.55                 | \$ 5,218,213.24                       |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                          | \$ (1,067,011.20) | \$ (437,498.72)              | \$ (474,720.51)                  | \$ (154,791.97)                       |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                   |                              |                                  |                                       |
| 17                                                 | kWh Subject to FPP (Line 10)                                                     | 1,591,500,488     | 595,983,694                  | 744,482,064                      | 251,034,728                           |
| 18                                                 | EA Expense Allocated to FPP                                                      | \$ 3,385,291.00   | \$ 1,260,231.20              | \$ 1,674,238.90                  | \$ 530,822.90                         |
| 19                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0126 \$/kWh)                     | \$ 200,529.08     | \$ 75,093.95                 | \$ 93,804.74                     | \$ 31,830.37                          |
| 20                                                 | EA Revenue in FPP (per books)                                                    | \$ 3,608,938.20   | \$ 1,360,776.28              | \$ 1,682,405.47                  | \$ 568,758.45                         |
| 21                                                 | Under/(Over) Recovery of EA Costs (Line 18 - Line 19 - Line 20)                  | \$ (444,176.28)   | \$ (175,639.03)              | \$ (201,973.31)                  | \$ (68,563.92)                        |
| <b>Environmental Reagent Component (ER)</b>        |                                                                                  |                   |                              |                                  |                                       |
| 22                                                 | Amount Recovered in Base Rates (0.0330 \$/kWh x Line 10)                         | \$ -              | \$ -                         | \$ -                             | \$ -                                  |
| 23                                                 | ER Revenue in FPP (per books)                                                    | \$ 93,090.92      | \$ 35,056.80                 | \$ 43,284.84                     | \$ 14,710.48                          |
| 24                                                 | Total Actual Lime Costs for Quarter (per books)                                  | \$ -              | \$ -                         | \$ -                             | \$ -                                  |
| 25                                                 | Total Actual Ammonia Costs for Quarter (per books)                               | \$ -              | \$ -                         | \$ -                             | \$ -                                  |
| 26                                                 | Total Actual ER Costs for Quarter (per books) (Line 24 + Line 25)                | \$ -              | \$ -                         | \$ -                             | \$ -                                  |
| 27                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 11 x Line 26)                 | \$ -              | \$ -                         | \$ -                             | \$ -                                  |
| 28                                                 | Under/(Over) Recovery of ER Costs (Line 27 - Line 22 - Line 23)                  | \$ (93,090.92)    | \$ (35,056.80)               | \$ (43,284.84)                   | \$ (14,710.48)                        |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                   |                              |                                  |                                       |
| 29                                                 | RA Amount from 1st Quarter Filing (spread evenly)                                | \$ 3,498,892.83   | \$ -                         | \$ 2,588,244.48                  | \$ 906,438.15                         |
| 30                                                 | Actual RA recovery through FPP                                                   | \$ 3,401,814.47   | \$ -                         | \$ 2,545,820.06                  | \$ 855,994.41                         |
| 31                                                 | Under/(Over) Recovery of RA (Line 29 - Line 30)                                  | \$ 94,868.16      | \$ -                         | \$ 42,424.42                     | \$ 52,443.74                          |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                   |                              |                                  |                                       |
| 32                                                 | Losses in Base Rates (from Case No. 92-1484-EL-AIR) (cents per kWh)              | 0.0998 / 0.0682   | 0.0999                       | 0.0690                           | 0.0682                                |
| 33                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 32)                         | \$ 1,560,837.92   | \$ 595,367.71                | \$ 743,737.58                    | \$ 221,412.83                         |
| 34                                                 | Actual SLA recovery through FPP                                                  | \$ 881,662.38     | \$ 278,308.08                | \$ 343,968.95                    | \$ 89,288.36                          |
| 35                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (Line 11))                       | \$ 2,115,825.82   | \$ 792,351.18                | \$ 988,851.78                    | \$ 333,722.69                         |
| 36                                                 | Under/(Over) Recovery of Losses (Line 33 - Line 34 - Line 35)                    | \$ (128,174.68)   | \$ (81,344.63)               | \$ (97,884.75)                   | \$ 53,054.70                          |
| 37                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 21+Line 28+Line 31+Line 36) | \$ (1,835,554.90) | \$ (729,539.18)              | \$ (776,438.78)                  | \$ (130,576.93)                       |
| 38                                                 | Net Under/(Over) Recovery of FPP Costs (Page 5K, Line 37)                        | \$ (1,816,039.99) | \$ (722,231.02)              | \$ (769,308.13)                  | \$ (127,498.94)                       |
| 39                                                 | Net Adjustment for February 2006 (Line 37 - Line 38) To Page 3 Line 2            | \$ (19,516.91)    | \$ (7,306.17)                | \$ (9,129.65)                    | \$ (3,078.09)                         |

Duke Energy Ohio  
Electric Department  
Calculation of Quarterly Reconciliation Adjustment Component for Billing  
April 2007 through June 2007  
Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary

| Line                                               | Reconciliation Adjustment (RA) (As Updated)                                      | March 2006        | Residential<br>March 2006 | Non-Residential<br>March 2006 | Voltage<br>Reduction<br>March 2006 |
|----------------------------------------------------|----------------------------------------------------------------------------------|-------------------|---------------------------|-------------------------------|------------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                                  |                   |                           |                               |                                    |
| 1                                                  | Net Includable Fuel                                                              | \$ 36,084,179.37  | \$ 36,084,179.37          | \$ 36,084,179.37              | \$ 36,084,179.37                   |
| 2                                                  | Ratio Metered Sales/Generation Sales                                             | 0.938933          | 0.938933                  | 0.938933                      | 0.938933                           |
| 3                                                  | Fuel Cost @ Meter Sales Level (Line 1 x Line 2)                                  | \$ 33,880,826.79  | \$ 33,880,826.79          | \$ 33,880,826.79              | \$ 33,880,826.79                   |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)                | \$ (1,217,499.39) | \$ (1,217,499.39)         | \$ (1,217,499.39)             | \$ (1,217,499.39)                  |
| 5                                                  | RSG Make Whole Payments                                                          | \$ (70,121.69)    | \$ (70,121.69)            | \$ (70,121.69)                | \$ (70,121.69)                     |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                         | \$ 32,593,005.71  | \$ 32,593,005.71          | \$ 32,593,005.71              | \$ 32,593,005.71                   |
| 7                                                  | Total Generation and Purchase Power (per books)                                  | 1,745,772,920     | 1,745,772,920             | 1,745,772,920                 | 1,745,772,920                      |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                                 | 108,609,115       | 108,609,115               | 108,609,115                   | 108,609,115                        |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                              | 1,639,163,805     | 1,639,163,805             | 1,639,163,805                 | 1,639,163,805                      |
| 10                                                 | kWh Subject to FPP                                                               | 1,597,585,441     | 578,924,095               | 752,413,090                   | 268,248,656                        |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                          | 97.46%            | 35.32%                    | 46.90%                        | 16.24%                             |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                        | \$ 19,893,448.06  | \$ 7,139,397.32           | \$ 9,275,003.50               | \$ 3,262,047.18                    |
| 13                                                 | Amount Recovered via FPP (per books)                                             | \$ 14,535,049.03  | \$ 5,291,637.20           | \$ 6,824,000.16               | \$ 2,418,311.67                    |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                                   | \$ 34,228,497.09  | \$ 12,428,234.52          | \$ 16,099,003.72              | \$ 5,700,368.85                    |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)             | \$ 31,765,143.38  | \$ 11,511,849.62          | \$ 14,069,169.82              | \$ 5,289,104.13                    |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                          | \$ (2,463,353.73) | \$ (915,384.90)           | \$ (1,139,714.10)             | \$ (407,254.72)                    |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                   |                           |                               |                                    |
| 17                                                 | kWh Subject to FPP (Line 10)                                                     | 1,597,585,441     | 578,924,095               | 752,413,090                   | 268,248,656                        |
| 18                                                 | EA Expense Allocated to FPP                                                      | \$ 3,617,323.65   | \$ 1,310,824.70           | \$ 1,703,647.26               | \$ 602,851.59                      |
| 19                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0128 ¢/kWh)                      | \$ 201,295.89     | \$ 72,944.44              | \$ 94,804.12                  | \$ 33,547.33                       |
| 20                                                 | EA Revenue in FPP (per books)                                                    | \$ 3,809,201.10   | \$ 1,313,978.38           | \$ 1,694,750.70               | \$ 600,471.96                      |
| 21                                                 | Under/(Over) Recovery of EA Costs (Line 18 - Line 19 - Line 20)                  | \$ (193,173.44)   | \$ (76,066.12)            | \$ (85,907.62)                | \$ (31,187.70)                     |
| <b>Environmental Reagent Component (ER)</b>        |                                                                                  |                   |                           |                               |                                    |
| 22                                                 | Amount Recovered in Base Rates (0.0330 ¢/kWh x Line 10)                          | \$ -              | \$ -                      | \$ -                          | \$ -                               |
| 23                                                 | ER Revenue in FPP (per books)                                                    | \$ 93,076.12      | \$ 33,851.18              | \$ 43,602.26                  | \$ 15,622.69                       |
| 24                                                 | Total Actual Lime Costs for Quarter (per books)                                  | \$ -              | \$ -                      | \$ -                          | \$ -                               |
| 25                                                 | Total Actual Ammonia Costs for Quarter (per books)                               | \$ -              | \$ -                      | \$ -                          | \$ -                               |
| 26                                                 | Total Actual ER Costs for Quarter (per books) (Line 24 + Line 25)                | \$ -              | \$ -                      | \$ -                          | \$ -                               |
| 27                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 11 x Line 26)                 | \$ -              | \$ -                      | \$ -                          | \$ -                               |
| 28                                                 | Under/(Over) Recovery of ER Costs (Line 27 - Line 22 - Line 23)                  | \$ (93,076.12)    | \$ (33,851.18)            | \$ (43,602.26)                | \$ (15,622.69)                     |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                   |                           |                               |                                    |
| 29                                                 | RA Amount from 1st Quarter Filing (spread evenly)                                | \$ 3,496,882.04   | \$ -                      | \$ 2,588,244.49               | \$ 908,438.15                      |
| 30                                                 | Actual RA recovery through FPP                                                   | \$ 3,473,020.20   | \$ -                      | \$ 2,564,500.98               | \$ 906,519.28                      |
| 31                                                 | Under/(Over) Recovery of RA (Line 29 - Line 30)                                  | \$ 23,862.38      | \$ -                      | \$ 23,743.51                  | \$ (81.13)                         |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                   |                           |                               |                                    |
| 32                                                 | Losses in Base Rates (from Case No. 92-1484-EL-AIR) (cents per kWh)              | 0.0999/0.0882     | 0.0999                    | 0.0999                        | 0.0882                             |
| 33                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 32)                         | \$ 1,564,837.76   | \$ 578,345.17             | \$ 761,601.28                 | \$ 234,831.31                      |
| 34                                                 | Actual SLA recovery through FPP                                                  | \$ 678,151.41     | \$ 288,738.90             | \$ 348,523.18                 | \$ 62,891.33                       |
| 35                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (line 11))                       | \$ 2,147,582.34   | \$ 778,294.76             | \$ 1,011,430.63               | \$ 357,859.94                      |
| 36                                                 | Under/(Over) Recovery of Losses (Line 35 - Line 34 - Line 33)                    | \$ (95,406.83)    | \$ (88,787.31)            | \$ (88,753.83)                | \$ 60,134.80                       |
| 37                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 21+Line 28+Line 31+Line 36) | \$ (2,821,347.74) | \$ (1,095,121.51)         | \$ (1,332,234.29)             | \$ (393,991.94)                    |

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Duke Energy Ohio  
Electric Department  
Calculation of Quarterly Reconciliation Adjustment Component for Billing  
April 2007 through June 2007  
Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary

| Line                                               | Reconciliation Adjustment (RA) (As Updated)                                      | March 2006        | Residential<br>March 2006 | Non-Residential<br>March 2006 | Voltage<br>Reduction<br>March 2006 |
|----------------------------------------------------|----------------------------------------------------------------------------------|-------------------|---------------------------|-------------------------------|------------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                                  |                   |                           |                               |                                    |
| 1                                                  | Net Includable Fuel                                                              | \$ 38,074,241.01  | \$ 38,074,241.01          | \$ 38,074,241.01              | \$ 38,074,241.01                   |
| 2                                                  | Ratio Metered Sales/Generation Sales                                             | 0.938833          | 0.938833                  | 0.938833                      | 0.938833                           |
| 3                                                  | Fuel Cost @ Meter Sales Level (Line 1 x Line 2)                                  | \$ 33,871,295.34  | \$ 33,871,295.34          | \$ 33,871,295.34              | \$ 33,871,295.34                   |
| 4                                                  | Cost Sales Margin Credits (per books current year contracts only)                | \$ (1,217,499.00) | \$ (1,217,499.00)         | \$ (1,217,499.00)             | \$ (1,217,499.00)                  |
| 5                                                  | RSG Make Whole Payments                                                          | \$ (70,121.69)    | \$ (70,121.69)            | \$ (70,121.69)                | \$ (70,121.69)                     |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                         | \$ 32,583,674.65  | \$ 32,583,674.65          | \$ 32,583,674.65              | \$ 32,583,674.65                   |
| 7                                                  | Total Generation and Purchase Power (per books)                                  | 1,745,772,920     | 1,745,772,920             | 1,745,772,920                 | 1,745,772,920                      |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                                 | 106,809,115       | 106,809,115               | 106,809,115                   | 106,809,115                        |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                              | 1,639,163,805     | 1,639,163,805             | 1,639,163,805                 | 1,639,163,805                      |
| 10                                                 | kWh Subject to FPP                                                               | 1,597,586,441     | 578,924,095               | 752,413,890                   | 288,248,656                        |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                          | 97.46%            | 35.32%                    | 45.90%                        | 10.24%                             |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                        | \$ 19,693,448.08  | \$ 7,138,397.32           | \$ 9,275,003.56               | \$ 3,282,047.18                    |
| 13                                                 | Amount Recovered via FPP (per books)                                             | \$ 14,535,049.03  | \$ 5,291,637.20           | \$ 6,824,900.16               | \$ 2,418,311.67                    |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                                   | \$ 34,228,497.09  | \$ 12,428,234.52          | \$ 16,099,903.72              | \$ 5,700,358.85                    |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)             | \$ 31,758,049.31  | \$ 11,608,553.89          | \$ 14,855,906.88              | \$ 5,291,588.78                    |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 14 - Line 15)                          | \$ (2,472,447.78) | \$ (919,680.63)           | \$ (1,143,597.06)             | \$ (408,770.09)                    |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                   |                           |                               |                                    |
| 17                                                 | kWh Subject to FPP (Line 10)                                                     | 1,597,586,441     | 578,924,095               | 752,413,890                   | 288,248,656                        |
| 18                                                 | EA Expense Allocated to FPP                                                      | \$ 3,617,323.56   | \$ 1,310,824.70           | \$ 1,709,647.28               | \$ 602,851.89                      |
| 19                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0126 ¢/kWh)                      | \$ 201,295.89     | \$ 72,944.44              | \$ 94,804.12                  | \$ 33,547.33                       |
| 20                                                 | EA Revenue in FPP (per books)                                                    | \$ 3,609,201.10   | \$ 1,313,978.38           | \$ 1,694,750.78               | \$ 600,471.96                      |
| 21                                                 | Under/(Over) Recovery of EA Costs (Line 18 - Line 19 - Line 20)                  | \$ (193,173.44)   | \$ (76,968.12)            | \$ (85,907.82)                | \$ (31,187.70)                     |
| <b>Environmental Reagent Component (ER)</b>        |                                                                                  |                   |                           |                               |                                    |
| 22                                                 | Amount Recovered in Base Rates (0.0330 ¢/kWh x Line 10)                          | \$ -              | \$ -                      | \$ -                          | \$ -                               |
| 23                                                 | ER Revenue in FPP (per books)                                                    | \$ 93,076.12      | \$ 33,851.18              | \$ 43,602.25                  | \$ 15,622.69                       |
| 24                                                 | Total Actual Lime Costs for Quarter (per books)                                  | \$ -              | \$ -                      | \$ -                          | \$ -                               |
| 25                                                 | Total Actual Ammonia Costs for Quarter (per books)                               | \$ -              | \$ -                      | \$ -                          | \$ -                               |
| 26                                                 | Total Actual ER Costs for Quarter (per books) (Line 24 + Line 25)                | \$ -              | \$ -                      | \$ -                          | \$ -                               |
| 27                                                 | Total Actual ER Costs Allocated to FPP Sales (Line 11 x Line 26)                 | \$ -              | \$ -                      | \$ -                          | \$ -                               |
| 28                                                 | Under/(Over) Recovery of ER Costs (Line 27 - Line 22 - Line 23)                  | \$ (93,076.12)    | \$ (33,851.18)            | \$ (43,602.25)                | \$ (15,622.69)                     |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                   |                           |                               |                                    |
| 29                                                 | RA Amount from 1st Quarter Filing (spread evenly)                                | \$ 3,496,582.64   | \$ -                      | \$ 2,588,244.49               | \$ 908,438.15                      |
| 30                                                 | Actual RA recovery through FPP                                                   | \$ 3,473,020.26   | \$ -                      | \$ 2,584,500.98               | \$ 908,519.28                      |
| 31                                                 | Under/(Over) Recovery of RA (Line 29 - Line 30)                                  | \$ 23,562.38      | \$ -                      | \$ 23,743.51                  | \$ (81.13)                         |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                   |                           |                               |                                    |
| 32                                                 | Losses in Base Rates (from Case No. 02-1454-EL-AIR) (cents per kWh)              | 0.0099/0.0882     | 0.0099                    | 0.0099                        | 0.0882                             |
| 33                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 32)                         | \$ 1,584,837.76   | \$ 578,346.17             | \$ 751,661.28                 | \$ 234,831.31                      |
| 34                                                 | Actual SLA recovery through FPP                                                  | \$ 678,151.41     | \$ 268,738.90             | \$ 348,523.18                 | \$ 121,891.33                      |
| 35                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (Line 11))                       | \$ 2,146,980.85   | \$ 779,080.41             | \$ 1,011,152.08               | \$ 357,758.38                      |
| 36                                                 | Under/(Over) Recovery of Losses (Line 35 - Line 34 - Line 33)                    | \$ (95,998.32)    | \$ (99,001.60)            | \$ (87,032.40)                | \$ 89,035.74                       |
| 37                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 21+Line 28+Line 31+Line 36) | \$ (2,831,033.28) | \$ (1,098,631.59)         | \$ (1,338,795.82)             | \$ (395,605.57)                    |
| 38                                                 | Net Under/(Over) Recovery of FPP Costs (Page 5M, Line 37)                        | \$ (2,821,347.74) | \$ (1,095,121.51)         | \$ (1,332,234.29)             | \$ (393,991.84)                    |
| 39                                                 | Net Adjustment for March 2006 (Line 37 - Line 38) To Page 3 Line 3               | \$ (985.54)       | \$ (3,510.08)             | \$ (4,561.53)                 | \$ (1,519.93)                      |

Schedule 1  
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Duke Energy Ohio  
Electric Department  
Calculation of Quarterly Reconciliation Adjustment Component for Billing  
April 2007 through June 2007  
Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary

| Line                                               | Reconciliation Adjustment (RA) (As Updated)                              | April 2006        | Residential<br>April 2006 | Non-Residential<br>April 2006 | Voltage<br>Reduction<br>April 2006 |
|----------------------------------------------------|--------------------------------------------------------------------------|-------------------|---------------------------|-------------------------------|------------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                          |                   |                           |                               |                                    |
| 1                                                  | Net Includable Fuel                                                      | \$ 32,645,556.59  | \$ 32,645,556.59          | \$ 32,645,556.59              | \$ 32,645,556.59                   |
| 2                                                  | Ratio Metered Sales/Generation Sales                                     | 0.938933          | 0.938933                  | 0.938933                      | 0.938933                           |
| 3                                                  | Fuel Cost @Meter Sales Level (Line 1 x Line 2)                           | \$ 30,651,990.39  | \$ 30,651,990.39          | \$ 30,651,990.39              | \$ 30,651,990.39                   |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)        | \$ (434,582.85)   | \$ (434,582.85)           | \$ (434,582.85)               | \$ (434,582.85)                    |
| 5                                                  | RSG Make Whole Payments                                                  | \$ (39,582.21)    | \$ (39,582.21)            | \$ (39,582.21)                | \$ (39,582.21)                     |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                 | \$ 30,177,845.33  | \$ 30,177,845.33          | \$ 30,177,845.33              | \$ 30,177,845.33                   |
| 7                                                  | Total Generation and Purchase Power (per books)                          | 1,582,587,790     | 1,582,587,790             | 1,582,587,790                 | 1,582,587,790                      |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                         | 95,421,327        | 95,421,327                | 95,421,327                    | 95,421,327                         |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                      | 1,467,146,463     | 1,467,146,463             | 1,467,146,463                 | 1,467,146,463                      |
| 10                                                 | kWh Subject to FPP                                                       | 1,480,495,968     | 488,706,185               | 727,236,189                   | 264,553,594                        |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                  | 100.91%           | 33.31%                    | 49.57%                        | 18.03%                             |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                | \$ 18,250,073.90  | \$ 6,024,281.14           | \$ 6,964,640.50               | \$ 3,281,162.16                    |
| 13                                                 | Amount Recovered via FPP (per books)                                     | \$ 17,571,159.55  | \$ 5,827,130.23           | \$ 8,608,356.18               | \$ 3,137,968.14                    |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                           | \$ 35,821,233.35  | \$ 11,851,417.37          | \$ 17,570,996.68              | \$ 6,398,820.30                    |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)     | \$ 30,452,463.72  | \$ 10,052,240.28          | \$ 14,959,157.93              | \$ 5,441,065.51                    |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                  | \$ (5,388,769.63) | \$ (1,799,177.09)         | \$ (2,811,837.75)             | \$ (957,754.79)                    |
| <b>Emissions Allowance Component (EA)</b>          |                                                                          |                   |                           |                               |                                    |
| 17                                                 | kWh Subject to FPP (Line 10)                                             | 1,480,495,968     | 488,706,185               | 727,236,189                   | 264,553,594                        |
| 18                                                 | EA Expense Allocated to FPP                                              | \$ 3,999,548.00   | \$ 1,318,245.56           | \$ 1,963,149.11               | \$ 714,153.33                      |
| 19                                                 | EA Sales Margin Allocated to FPP                                         | \$ -              | \$ -                      | \$ -                          | \$ -                               |
| 20                                                 | Net EA Cost (Line 18 + Line 19)                                          | \$ 3,999,548.00   | \$ 1,318,245.56           | \$ 1,963,149.11               | \$ 714,153.33                      |
| 21                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0126 ¢/kWh)              | \$ 188,542.49     | \$ 61,576.98              | \$ 91,931.76                  | \$ 33,339.76                       |
| 22                                                 | EA Revenue in FPP (per books)                                            | \$ 1,480,193.83   | \$ 485,314.41             | \$ 717,958.43                 | \$ 261,920.99                      |
| 23                                                 | Under/(Over) Recovery of EA Costs (Line 20 - Line 21 - Line 22)          | \$ 2,343,811.68   | \$ 771,354.17             | \$ 1,153,558.92               | \$ 418,898.59                      |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                          |                   |                           |                               |                                    |
| 24                                                 | RA Amount from 2nd Quarter Filing (spread evenly)                        | \$ (3,124,935.00) | \$ -                      | \$ (2,364,348.52)             | \$ (780,816.48)                    |
| 25                                                 | Actual RA recovery through FPP                                           | \$ (2,989,143.22) | \$ -                      | \$ (2,190,459.16)             | \$ (788,684.06)                    |
| 26                                                 | Under/(Over) Recovery of RA (Line 24 - Line 25)                          | \$ (135,821.78)   | \$ -                      | \$ (173,889.36)               | \$ 38,067.68                       |
| <b>System Loss Component (SLA)</b>                 |                                                                          |                   |                           |                               |                                    |
| 27                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)      | 0.0000 / 0.0882   | 0.0999                    | 0.0999                        | 0.0882                             |
| 28                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 27)                 | \$ 1,448,062.70   | \$ 488,217.48             | \$ 728,508.95                 | \$ 233,339.27                      |
| 29                                                 | Actual SLA recovery through FPP                                          | \$ 908,950.73     | \$ 330,189.89             | \$ 497,784.92                 | \$ 90,885.92                       |
| 30                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (Line 11))               | \$ 2,011,707.95   | \$ 664,056.90             | \$ 986,210.77                 | \$ 359,439.99                      |
| 31                                                 | Under/(Over) Recovery of Losses (Line 30 - Line 28 - Line 29)            | \$ (545,314.77)   | \$ (154,349.47)           | \$ (228,093.10)               | \$ 95,117.60                       |
| 32                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 23+Line 26+Line 31) | \$ (3,508,094.50) | \$ (1,182,172.39)         | \$ (1,858,251.29)             | \$ (485,670.82)                    |

Duke Energy Ohio  
Electric DepartmentCalculation of Quarterly Reconciliation Adjustment Component for Billing  
April 2007 through June 2007

## Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenue Billed Summary

| Line                                               | Reconciliation Adjustment (RA) (As Updated)                              | April 2006        | Residential<br>April 2006 | Non-Residential<br>April 2006 | Voltage<br>Reduction<br>April 2006 |
|----------------------------------------------------|--------------------------------------------------------------------------|-------------------|---------------------------|-------------------------------|------------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                          |                   |                           |                               |                                    |
| 1                                                  | Net Includable Fuel                                                      | \$ 32,045,558.59  | \$ 32,045,558.59          | \$ 32,045,558.59              | \$ 32,045,558.59                   |
| 2                                                  | Ratio Metered Sales/Generation Sales                                     | 0.938933          | 0.938933                  | 0.938933                      | 0.938933                           |
| 3                                                  | Fuel Cost @ Meter Sales Level (Line 1 x Line 2)                          | \$ 30,051,990.39  | \$ 30,051,990.39          | \$ 30,051,990.39              | \$ 30,051,990.39                   |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)        | \$ (434,563.00)   | \$ (434,563.00)           | \$ (434,563.00)               | \$ (434,563.00)                    |
| 5                                                  | RSG Make Whole Payments                                                  | \$ (39,582.21)    | \$ (39,582.21)            | \$ (39,582.21)                | \$ (39,582.21)                     |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                 | \$ 30,177,845.18  | \$ 30,177,845.18          | \$ 30,177,845.18              | \$ 30,177,845.18                   |
| 7                                                  | Total Generation and Purchase Power (per books)                          | 1,582,567,790     | 1,582,567,790             | 1,582,567,790                 | 1,582,567,790                      |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                         | 95,421,327        | 95,421,327                | 95,421,327                    | 95,421,327                         |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                      | 1,467,146,463     | 1,467,146,463             | 1,467,146,463                 | 1,467,146,463                      |
| 10                                                 | kWh Subject to FPP                                                       | 1,480,495,968     | 488,706,185               | 727,236,189                   | 264,553,594                        |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                  | 100.91%           | 33.31%                    | 49.57%                        | 18.03%                             |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                | \$ 18,250,073.80  | \$ 8,024,281.14           | \$ 8,964,840.60               | \$ 3,281,162.18                    |
| 13                                                 | Amount Recovered via FPP (per books)                                     | \$ 17,571,159.65  | \$ 5,827,136.23           | \$ 8,606,355.18               | \$ 3,137,668.14                    |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                           | \$ 35,821,233.35  | \$ 11,851,417.37          | \$ 17,570,995.88              | \$ 6,398,820.30                    |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)     | \$ 30,452,463.67  | \$ 10,052,240.22          | \$ 14,959,157.86              | \$ 5,441,065.49                    |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 14 - Line 15)                  | \$ (5,368,769.78) | \$ (1,799,177.16)         | \$ (2,611,837.82)             | \$ (967,764.81)                    |
| <b>Emissions Allowance Component (EA)</b>          |                                                                          |                   |                           |                               |                                    |
| 17                                                 | kWh Subject to FPP (Line 10)                                             | 1,480,495,968     | 488,706,185               | 727,236,189                   | 264,553,594                        |
| 18                                                 | EA Expense Allocated to FPP                                              | \$ 4,003,888.54   | \$ 1,321,668.64           | \$ 1,966,754.88               | \$ 715,465.04                      |
| 19                                                 | EA Sales Margin Allocated to FPP                                         | \$ -              | \$ -                      | \$ -                          | \$ -                               |
| 20                                                 | Net EA Cost (Line 18 + Line 19)                                          | \$ 4,003,888.54   | \$ 1,321,668.64           | \$ 1,966,754.88               | \$ 715,465.04                      |
| 21                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0128 ¢/kWh)              | \$ 188,542.49     | \$ 61,575.99              | \$ 91,631.76                  | \$ 33,333.75                       |
| 22                                                 | EA Revenue in FPP (per books)                                            | \$ 1,466,193.83   | \$ 486,314.41             | \$ 717,966.43                 | \$ 281,920.99                      |
| 23                                                 | Under/(Over) Recovery of EA Costs (Line 20 - Line 21 - Line 22)          | \$ 2,351,152.22   | \$ 773,777.25             | \$ 1,157,164.67               | \$ 420,210.30                      |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                          |                   |                           |                               |                                    |
| 24                                                 | RA Amount from 2nd Quarter Filing (spread evenly)                        | \$ (3,124,935.00) | \$ -                      | \$ (2,384,348.52)             | \$ (760,618.48)                    |
| 25                                                 | Actual RA recovery through FPP                                           | \$ (2,989,143.22) | \$ -                      | \$ (2,190,459.16)             | \$ (798,684.06)                    |
| 26                                                 | Under/(Over) Recovery of RA (Line 24 - Line 25)                          | \$ (135,821.78)   | \$ -                      | \$ (173,889.36)               | \$ 38,067.58                       |
| <b>System Loss Component (SLA)</b>                 |                                                                          |                   |                           |                               |                                    |
| 27                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)      | 0.0999 / 0.0882   | 0.0999                    | 0.0999                        | 0.0882                             |
| 28                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 27)                 | \$ 1,448,062.70   | \$ 488,217.48             | \$ 726,508.95                 | \$ 233,336.27                      |
| 29                                                 | Actual SLA recovery through FPP                                          | \$ 908,956.73     | \$ 330,188.89             | \$ 497,784.92                 | \$ 90,965.92                       |
| 30                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (Line 11))               | \$ 2,011,707.66   | \$ 664,056.90             | \$ 988,210.77                 | \$ 369,439.99                      |
| 31                                                 | Under/(Over) Recovery of Losses (Line 30 - Line 28 - Line 29)            | \$ (345,314.77)   | \$ (154,349.47)           | \$ (228,083.10)               | \$ 35,117.80                       |
| 32                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 23+Line 26+Line 31) | \$ (3,498,764.11) | \$ (1,179,749.37)         | \$ (1,854,645.61)             | \$ (464,369.13)                    |
| 33                                                 | Net Under/(Over) Recovery of FPP Costs (Page 50, Line 32)                | \$ (3,506,084.50) | \$ (1,182,172.39)         | \$ (1,858,251.29)             | \$ (466,670.82)                    |
| 34                                                 | Net Adjustment for April 2006 (Line 32 - Line 33) To Page 3 Line 4       | \$ 7,340.39       | \$ 2,423.02               | \$ 3,605.68                   | \$ 1,311.69                        |

Duke Energy Ohio  
Electric Department

## Calculation of Quarterly Reconciliation Adjustment Component for Billing

April 2007 through June 2007

## Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary

| Line                                               | Reconciliation Adjustment (RA) (As Updated)                              | May 2006          | Residential<br>May 2006 | Non-Residential<br>May 2006 | Voltage<br>Reduction<br>May 2006 |
|----------------------------------------------------|--------------------------------------------------------------------------|-------------------|-------------------------|-----------------------------|----------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                          |                   |                         |                             |                                  |
| 1                                                  | Net Includable Fuel                                                      | \$ 42,165,798.87  | \$ 42,165,798.87        | \$ 42,165,798.87            | \$ 42,165,798.87                 |
| 2                                                  | Ratio Metered Sales/Generation Sales                                     | 0.938933          | 0.938933                | 0.938933                    | 0.938933                         |
| 3                                                  | Fuel Cost @Meter Sales Level (Line 1 x Line 2)                           | \$ 39,590,880.03  | \$ 39,590,880.03        | \$ 39,590,880.03            | \$ 39,590,880.03                 |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)        | \$ (1,549,996.83) | \$ (1,549,996.83)       | \$ (1,549,996.83)           | \$ (1,549,996.83)                |
| 5                                                  | RSG Make Whole Payments                                                  | \$ (18,888.55)    | \$ (18,888.55)          | \$ (18,888.55)              | \$ (18,888.55)                   |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                 | \$ 38,021,974.65  | \$ 38,021,974.65        | \$ 38,021,974.65            | \$ 38,021,974.65                 |
| 7                                                  | Total Generation and Purchase Power (per books)                          | 1,705,181,251     | 1,705,181,251           | 1,705,181,251               | 1,705,181,251                    |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                         | 104,130,303       | 104,130,303             | 104,130,303                 | 104,130,303                      |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                      | 1,601,050,948     | 1,601,050,948           | 1,601,050,948               | 1,601,050,948                    |
| 10                                                 | kWh Subject to FPP                                                       | 1,464,814,220     | 407,983,699             | 759,454,830                 | 287,375,691                      |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                  | 90.87%            | 25.48%                  | 47.44%                      | 17.95%                           |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                | \$ 17,933,494.89  | \$ 5,029,215.06         | \$ 9,361,799.69             | \$ 3,642,480.14                  |
| 13                                                 | Amount Recovered via FPP (per books)                                     | \$ 17,256,920.47  | \$ 4,859,304.97         | \$ 9,002,912.84             | \$ 3,393,792.68                  |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                           | \$ 35,189,415.36  | \$ 9,888,520.03         | \$ 18,364,712.53            | \$ 6,936,182.80                  |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)     | \$ 34,550,568.38  | \$ 9,687,999.14         | \$ 18,037,624.78            | \$ 6,824,944.44                  |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                  | \$ (638,847.00)   | \$ (200,520.89)         | \$ (327,087.75)             | \$ (111,238.36)                  |
| <b>Emissions Allowance Component (EA)</b>          |                                                                          |                   |                         |                             |                                  |
| 17                                                 | kWh Subject to FPP (Line 10)                                             | 1,464,814,220     | 407,983,699             | 759,454,830                 | 287,375,691                      |
| 18                                                 | EA Expense Allocated to FPP                                              | \$ 5,060,337.23   | \$ 1,424,714.40         | \$ 2,852,082.03             | \$ 1,003,540.80                  |
| 19                                                 | EA Sales Margin Allocated to FPP                                         | \$ (140,211.00)   | \$ (39,320.35)          | \$ (73,184.17)              | \$ (27,698.48)                   |
| 20                                                 | Net EA Cost (Line 18 + Line 19)                                          | \$ 4,940,126.23   | \$ 1,386,394.05         | \$ 2,578,897.86             | \$ 975,844.32                    |
| 21                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0126 ¢/kWh)              | \$ 183,308.60     | \$ 51,405.85            | \$ 96,691.81                | \$ 36,209.34                     |
| 22                                                 | EA Revenue in FPP (per books)                                            | \$ 1,439,876.10   | \$ 405,542.27           | \$ 751,040.02               | \$ 283,293.61                    |
| 23                                                 | Under/(Over) Recovery of EA Costs (Line 20 - Line 21 - Line 22)          | \$ 3,316,943.53   | \$ 928,445.83           | \$ 1,732,166.53             | \$ 656,341.17                    |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                          |                   |                         |                             |                                  |
| 24                                                 | RA Amount from 2nd Quarter Filing (spread evenly)                        | \$ (3,124,965.00) | \$ -                    | \$ (2,364,348.52)           | \$ (760,616.48)                  |
| 25                                                 | Actual RA recovery through FPP                                           | \$ (3,165,246.49) | \$ -                    | \$ (2,291,389.61)           | \$ (863,856.88)                  |
| 26                                                 | Under/(Over) Recovery of RA (Line 24 - Line 25)                          | \$ 30,281.49      | \$ -                    | \$ (72,968.61)              | \$ 103,240.40                    |
| <b>System Loss Component (SLA)</b>                 |                                                                          |                   |                         |                             |                                  |
| 27                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)      | 0.0999 / 0.0882   | 0.0999                  | 0.0999                      | 0.0882                           |
| 28                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 27)                 | \$ 1,419,736.46   | \$ 407,676.72           | \$ 756,695.38               | \$ 253,465.38                    |
| 29                                                 | Actual SLA recovery through FPP                                          | \$ 884,018.81     | \$ 276,347.69           | \$ 510,280.73               | \$ 98,410.39                     |
| 30                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (line 11))               | \$ 2,339,846.92   | \$ 656,084.42           | \$ 1,221,650.99             | \$ 482,201.51                    |
| 31                                                 | Under/(Over) Recovery of Losses (Line 30 - Line 28 - Line 29)            | \$ 35,091.65      | \$ (28,528.99)          | \$ (47,405.12)              | \$ 110,326.76                    |
| 32                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 23+Line 26+Line 31) | \$ 2,744,468.67   | \$ 701,095.95           | \$ 1,284,704.75             | \$ 758,688.07                    |

## Schedule 1

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**Duke Energy Ohio**  
**Electric Department**  
**Calculation of Quarterly Reconciliation Adjustment Component for Billing**  
**April 2007 through June 2007**  
**Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary**

| Line                                               | Reconciliation Adjustment (RA) (As Updated)                              | May 2006          | Residential<br>May 2006 | Non-Residential<br>May 2006 | Voltage<br>Reduction<br>May 2006 |
|----------------------------------------------------|--------------------------------------------------------------------------|-------------------|-------------------------|-----------------------------|----------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                          |                   |                         |                             |                                  |
| 1                                                  | Net Includable Fuel                                                      | \$ 42,165,798.87  | \$ 42,165,798.87        | \$ 42,165,798.87            | \$ 42,165,798.87                 |
| 2                                                  | Ratio Metered Sales/Generation Sales                                     | 0.938933          | 0.938933                | 0.938933                    | 0.938933                         |
| 3                                                  | Fuel Cost @Meter Sales Level (Line 1 x Line 2)                           | \$ 39,590,880.03  | \$ 39,590,880.03        | \$ 39,590,880.03            | \$ 39,590,880.03                 |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)        | \$ (1,549,996.83) | \$ (1,549,996.83)       | \$ (1,549,996.83)           | \$ (1,549,996.83)                |
| 5                                                  | RSG Make Whole Payments                                                  | \$ (18,888.55)    | \$ (18,888.55)          | \$ (18,888.55)              | \$ (18,888.55)                   |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                 | \$ 38,021,974.65  | \$ 38,021,974.65        | \$ 38,021,974.65            | \$ 38,021,974.65                 |
| 7                                                  | Total Generation and Purchase Power (per books)                          | 1,705,181,251     | 1,705,181,251           | 1,705,181,251               | 1,705,181,251                    |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                         | 104,130,303       | 104,130,303             | 104,130,303                 | 104,130,303                      |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                      | 1,601,050,948     | 1,601,050,948           | 1,601,050,948               | 1,601,050,948                    |
| 10                                                 | kWh Subject to FPP                                                       | 1,464,814,220     | 407,983,699             | 759,454,830                 | 287,375,891                      |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                  | 90.87%            | 25.48%                  | 47.44%                      | 17.95%                           |
| 12                                                 | Amount Recovered in Base Rates (¢ 1.2327 ¢/kWh x Line 10)                | \$ 17,933,494.89  | \$ 5,029,215.06         | \$ 9,381,799.89             | \$ 3,542,480.14                  |
| 13                                                 | Amount Recovered via FPP (per books)                                     | \$ 17,255,920.47  | \$ 4,859,304.97         | \$ 9,002,912.84             | \$ 3,363,702.86                  |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                           | \$ 35,189,415.36  | \$ 9,888,520.03         | \$ 18,384,712.53            | \$ 6,906,182.80                  |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)     | \$ 34,550,688.36  | \$ 9,687,989.14         | \$ 18,037,824.78            | \$ 6,824,944.44                  |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                  | \$ (638,847.00)   | \$ (200,520.89)         | \$ (327,087.75)             | \$ (111,238.36)                  |
| <b>Emissions Allowance Component (EA)</b>          |                                                                          |                   |                         |                             |                                  |
| 17                                                 | kWh Subject to FPP (Line 10)                                             | 1,464,814,220     | 407,983,699             | 759,454,830                 | 287,375,891                      |
| 18                                                 | EA Expense Allocated to FPP                                              | \$ 5,080,337.23   | \$ 1,424,714.40         | \$ 2,662,082.03             | \$ 1,003,540.60                  |
| 19                                                 | EA Sales Margin Allocated to FPP                                         | \$ (140,211.00)   | \$ (39,320.35)          | \$ (73,194.17)              | \$ (27,696.48)                   |
| 20                                                 | Net EA Cost (Line 18 + Line 19)                                          | \$ 4,940,126.23   | \$ 1,385,394.05         | \$ 2,578,887.86             | \$ 975,844.32                    |
| 21                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0126 ¢/kWh)              | \$ 183,308.60     | \$ 51,405.95            | \$ 96,891.31                | \$ 36,209.34                     |
| 22                                                 | EA Revenue in FPP (per books)                                            | \$ 1,439,876.10   | \$ 405,542.27           | \$ 751,040.02               | \$ 283,283.81                    |
| 23                                                 | Under/(Over) Recovery of EA Costs (Line 20 - Line 21 - Line 22)          | \$ 3,316,943.63   | \$ 928,445.83           | \$ 1,732,156.53             | \$ 656,341.17                    |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                          |                   |                         |                             |                                  |
| 24                                                 | RA Amount from 2nd Quarter Filing (spread evenly)                        | \$ (3,124,966.00) | \$ -                    | \$ (2,364,348.52)           | \$ (780,616.48)                  |
| 25                                                 | Actual RA recovery through FPP                                           | \$ (3,155,248.49) | \$ -                    | \$ (2,291,389.61)           | \$ (863,856.88)                  |
| 26                                                 | Under/(Over) Recovery of RA (Line 24 - Line 25)                          | \$ 30,281.49      | \$ -                    | \$ (72,958.91)              | \$ 103,240.40                    |
| <b>System Loss Component (SLA)</b>                 |                                                                          |                   |                         |                             |                                  |
| 27                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)      | 0.0999 / 0.0882   | 0.0999                  | 0.0999                      | 0.0882                           |
| 28                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 27)                 | \$ 1,419,738.48   | \$ 407,575.72           | \$ 758,695.98               | \$ 253,465.36                    |
| 29                                                 | Actual SLA recovery through FPP                                          | \$ 884,018.81     | \$ 276,347.89           | \$ 510,260.73               | \$ 98,410.39                     |
| 30                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (line 11))               | \$ 2,339,846.92   | \$ 656,094.42           | \$ 1,221,560.98             | \$ 482,201.51                    |
| 31                                                 | Under/(Over) Recovery of Losses (Line 30 - Line 28 - Line 29)            | \$ 36,091.65      | \$ (26,828.99)          | \$ (47,405.12)              | \$ 110,325.76                    |
| 32                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 23+Line 26+Line 31) | \$ 2,744,469.67   | \$ 701,095.95           | \$ 1,284,704.75             | \$ 758,688.97                    |
| 33                                                 | Net Under/(Over) Recovery of FPP Costs (Page 5Q, Line 32)                | \$ 2,744,469.67   | \$ 701,095.95           | \$ 1,284,704.75             | \$ 758,688.97                    |
| 34                                                 | Net Adjustment for May 2006 (Line 32 - Line 33) To Page 3 Line 5         | \$ -              | \$ -                    | \$ -                        | \$ -                             |

Duke Energy Ohio  
Electric Department  
Calculation of Quarterly Reconciliation Adjustment Component for Billing  
April 2007 through June 2007  
Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary

| Line                                               | Reconciliation Adjustment (RA) (As Updated)                                      | June 2006         | Residential<br>June 2006 | Non-Residential<br>June 2006 | Voltage<br>Reduction<br>June 2006 |
|----------------------------------------------------|----------------------------------------------------------------------------------|-------------------|--------------------------|------------------------------|-----------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                                  |                   |                          |                              |                                   |
| 1                                                  | Net Includable Fuel                                                              | \$ 42,296,583.54  | \$ 42,296,583.54         | \$ 42,296,583.54             | \$ 42,296,583.54                  |
| 2                                                  | Ratio Metered Sales/Generation Sales                                             | 0.938933          | 0.938933                 | 0.938933                     | 0.938933                          |
| 3                                                  | Fuel Cost @ Meter Sales Level (Line 1 x Line 2)                                  | \$ 39,713,658.07  | \$ 39,713,658.07         | \$ 39,713,658.07             | \$ 39,713,658.07                  |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)                | \$ 485,108.42     | \$ 485,108.42            | \$ 485,108.42                | \$ 485,108.42                     |
| 5                                                  | RSG Make Whole Payments                                                          | \$ -              | \$ -                     | \$ -                         | \$ -                              |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                         | \$ 40,198,766.49  | \$ 40,198,766.49         | \$ 40,198,766.49             | \$ 40,198,766.49                  |
| 7                                                  | Total Generation and Purchase Power (per books)                                  | 1,890,717.495     | 1,890,717.495            | 1,890,717.495                | 1,890,717.495                     |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                                 | 115,460.445       | 115,460.445              | 115,460.445                  | 115,460.445                       |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                              | 1,775,257.050     | 1,775,257.050            | 1,775,257.050                | 1,775,257.050                     |
| 10                                                 | kWh Subject to FPP                                                               | 1,682,783.977     | 531,999.146              | 840,994.433                  | 289,790.398                       |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                          | 93.88%            | 29.97%                   | 47.37%                       | 16.32%                            |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                        | \$ 20,497,138.09  | \$ 6,557,953.47          | \$ 10,369,936.38             | \$ 3,572,249.24                   |
| 13                                                 | Amount Recovered via FPP (per books)                                             | \$ 18,744,808.34  | \$ 8,320,677.23          | \$ 8,652,080.33              | \$ 3,472,050.78                   |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                                   | \$ 40,241,946.43  | \$ 12,878,630.70         | \$ 20,919,016.71             | \$ 7,044,297.02                   |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)             | \$ 37,650,164.70  | \$ 12,047,670.32         | \$ 19,042,155.89             | \$ 6,560,438.69                   |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                          | \$ (2,591,781.73) | \$ (831,080.38)          | \$ (1,276,863.02)            | \$ (483,858.33)                   |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                   |                          |                              |                                   |
| 17                                                 | kWh Subject to FPP (Line 10)                                                     | 1,682,783.977     | 531,999.146              | 840,994.433                  | 289,790.398                       |
| 18                                                 | EA Expense Allocated to FPP                                                      | \$ 4,774,403.00   | \$ 1,527,545.58          | \$ 2,414,773.30              | \$ 832,084.12                     |
| 19                                                 | EA Sales Margin Allocated to FPP                                                 | \$ (4,308,865.00) | \$ (1,377,895.22)        | \$ (2,178,203.15)            | \$ (750,568.63)                   |
| 20                                                 | Net EA Cost (Line 18 + Line 19)                                                  | \$ 467,738.01     | \$ 149,650.37            | \$ 236,570.15                | \$ 81,517.49                      |
| 21                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0126 ¢/kWh)                      | \$ 209,810.78     | \$ 67,031.89             | \$ 105,966.30                | \$ 36,513.99                      |
| 22                                                 | EA Revenue in FPP (per books)                                                    | \$ 1,847,559.19   | \$ 527,503.79            | \$ 830,221.36                | \$ 289,834.03                     |
| 23                                                 | Under/(Over) Recovery of EA Costs (Line 20 - Line 21 - Line 22)                  | \$ (1,389,331.65) | \$ (444,885.31)          | \$ (699,610.51)              | \$ (244,830.13)                   |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                   |                          |                              |                                   |
| 24                                                 | RA Amount from 2nd Quarter Filing (spread evenly)                                | \$ (3,124,964.98) | \$ -                     | \$ (2,364,348.51)            | \$ (760,616.48)                   |
| 25                                                 | Actual RA recovery through FPP                                                   | \$ (3,416,768.53) | \$ -                     | \$ (2,532,868.37)            | \$ (883,800.16)                   |
| 26                                                 | Under/(Over) Recovery of RA (Line 24 - Line 25)                                  | \$ 291,803.54     | \$ -                     | \$ 168,619.86                | \$ 123,183.68                     |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                   |                          |                              |                                   |
| 27                                                 | Losses in Base Rates (from Case No. 92-1484-EL-AIR) (cents per kWh)              | 0.0999 / 0.0882   | 0.0999                   | 0.0999                       | 0.0882                            |
| 28                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 27)                         | \$ 1,827,215.72   | \$ 531,487.15            | \$ 840,153.44                | \$ 255,595.13                     |
| 29                                                 | Actual SLA recovery through FPP                                                  | \$ 1,022,894.20   | \$ 358,154.90            | \$ 504,058.98                | \$ 100,882.32                     |
| 30                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (line 11))                       | \$ 2,419,168.00   | \$ 774,102.76            | \$ 1,223,531.80              | \$ 421,533.44                     |
| 31                                                 | Under/(Over) Recovery of Losses (Line 30 - Line 28 - Line 29)                    | \$ (230,841.92)   | \$ (115,519.29)          | \$ (180,878.62)              | \$ 65,255.99                      |
| 32                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 26+Line 33+Line 36+Line 41) | \$ (3,920,252.08) | \$ (1,391,484.98)        | \$ (1,988,538.29)            | \$ (540,246.79)                   |

**Duke Energy Ohio  
Electric Department  
Calculation of Quarterly Reconciliation Adjustment Component for Billing  
April 2007 through June 2007  
Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary**

| Line                                               | Reconciliation Adjustment (RA) (As Updated)                                      | June 2006         | Residential<br>June 2006 | Non-Residential<br>June 2006 | Voltage<br>Reduction<br>June 2006 |
|----------------------------------------------------|----------------------------------------------------------------------------------|-------------------|--------------------------|------------------------------|-----------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                                  |                   |                          |                              |                                   |
| 1                                                  | Net Includable Fuel                                                              | \$ 42,296,583.54  | \$ 42,296,583.54         | \$ 42,296,583.54             | \$ 42,296,583.54                  |
| 2                                                  | Ratio Metered Sales/Generation Sales                                             | 0.938933          | 0.938933                 | 0.938933                     | 0.938933                          |
| 3                                                  | Fuel Cost @Meter Sales Level (Line 1 x Line 2)                                   | \$ 39,713,658.07  | \$ 39,713,658.07         | \$ 39,713,658.07             | \$ 39,713,658.07                  |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)                | \$ 485,108.42     | \$ 485,108.42            | \$ 485,108.42                | \$ 485,108.42                     |
| 5                                                  | RSG Make Whole Payments                                                          | \$ -              | \$ -                     | \$ -                         | \$ -                              |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                         | \$ 40,198,766.49  | \$ 40,198,766.49         | \$ 40,198,766.49             | \$ 40,198,766.49                  |
| 7                                                  | Total Generation and Purchase Power (per books)                                  | 1,890,717,495     | 1,890,717,495            | 1,890,717,495                | 1,890,717,495                     |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                                 | 115,460,445       | 115,460,445              | 115,460,445                  | 115,460,445                       |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                              | 1,775,257,050     | 1,775,257,050            | 1,775,257,050                | 1,775,257,050                     |
| 10                                                 | kWh Subject to FPP                                                               | 1,662,783,977     | 531,999,146              | 840,994,433                  | 289,790,398                       |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                          | 93.66%            | 29.97%                   | 47.37%                       | 16.32%                            |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                        | \$ 20,497,138.09  | \$ 6,557,953.47          | \$ 10,389,938.38             | \$ 3,572,246.24                   |
| 13                                                 | Amount Recovered via FPP (per books)                                             | \$ 19,744,808.34  | \$ 8,320,877.23          | \$ 9,952,080.33              | \$ 3,472,050.78                   |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                                   | \$ 40,241,946.43  | \$ 12,878,830.70         | \$ 20,341,018.71             | \$ 7,044,297.02                   |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 9 x Line 11)             | \$ 37,660,164.70  | \$ 12,047,570.32         | \$ 19,042,155.89             | \$ 6,580,438.89                   |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                          | \$ (2,591,761.73) | \$ (831,060.38)          | \$ (1,278,883.02)            | \$ (483,858.33)                   |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                   |                          |                              |                                   |
| 17                                                 | kWh Subject to FPP (Line 10)                                                     | 1,662,783,977     | 531,999,146              | 840,994,433                  | 289,790,398                       |
| 18                                                 | EA Expense Allocated to FPP                                                      | \$ 4,774,403.00   | \$ 1,527,645.58          | \$ 2,414,773.30              | \$ 832,084.12                     |
| 19                                                 | EA Sales Margin Allocated to FPP                                                 | \$ (4,306,865.00) | \$ (1,377,895.22)        | \$ (2,178,203.15)            | \$ (750,566.63)                   |
| 20                                                 | Net EA Cost (Line 18 + Line 19)                                                  | \$ 467,538.01     | \$ 149,750.37            | \$ 236,570.15                | \$ 81,517.49                      |
| 21                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0128 ¢/kWh)                      | \$ 209,510.78     | \$ 87,031.89             | \$ 106,985.30                | \$ 36,513.59                      |
| 22                                                 | EA Revenue in FPP (per books)                                                    | \$ 1,847,659.18   | \$ 527,503.79            | \$ 830,221.36                | \$ 289,834.03                     |
| 23                                                 | Under/(Over) Recovery of EA Costs (Line 20 - Line 21 - Line 22)                  | \$ (1,369,331.85) | \$ (444,885.31)          | \$ (689,616.51)              | \$ (244,830.18)                   |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                   |                          |                              |                                   |
| 24                                                 | RA Amount from 2nd Quarter Filing (spread evenly)                                | \$ (3,124,964.89) | \$ -                     | \$ (2,384,348.61)            | \$ (760,616.48)                   |
| 25                                                 | Actual RA recovery through FPP                                                   | \$ (3,416,788.53) | \$ -                     | \$ (2,532,968.37)            | \$ (883,800.16)                   |
| 26                                                 | Under/(Over) Recovery of RA (Line 24 - Line 25)                                  | \$ 291,823.64     | \$ -                     | \$ 168,619.68                | \$ 123,183.68                     |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                   |                          |                              |                                   |
| 27                                                 | Losses in Base Rates (from Case No. 92-1484-EL-AJR) (cents per kWh)              | 0.0999 / 0.0882   | 0.0999                   | 0.0999                       | 0.0882                            |
| 28                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 27)                         | \$ 1,627,215.72   | \$ 531,467.15            | \$ 840,163.44                | \$ 255,585.13                     |
| 29                                                 | Actual SLA recovery through FPP                                                  | \$ 1,022,894.20   | \$ 358,164.90            | \$ 564,056.98                | \$ 100,882.32                     |
| 30                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (Line 11))                       | \$ 2,419,169.00   | \$ 774,102.76            | \$ 1,223,531.80              | \$ 421,533.44                     |
| 31                                                 | Under/(Over) Recovery of Losses (Line 30 - Line 28 - Line 29)                    | \$ (230,941.92)   | \$ (115,519.29)          | \$ (180,678.62)              | \$ 65,255.99                      |
| 32                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 26+Line 33+Line 36+Line 41) | \$ (3,920,252.06) | \$ (1,391,464.98)        | \$ (1,988,538.29)            | \$ (540,248.79)                   |
| 33                                                 | Net Under/(Over) Recovery of FPP Costs (Page 5S, Line 32)                        | \$ (3,920,252.06) | \$ (1,391,464.98)        | \$ (1,988,538.29)            | \$ (540,248.79)                   |
| 34                                                 | Net Adjustment for June 2006 (Line 32 - Line 33) To Page 3 Line 6                | \$ -              | \$ -                     | \$ -                         | \$ -                              |

**Schedule 1**  
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**Duke Energy Ohio**  
**Electric Department**  
**Calculation of Quarterly Reconciliation Adjustment Component for Billing**  
**April 2007 through June 2007**  
**Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary**

| Line                                               | Reconciliation Adjustment (RA)                                           | July 2006         | Residential<br>July 2006 | Non-Residential<br>July 2006 | Voltage<br>Reduction<br>July 2006 |
|----------------------------------------------------|--------------------------------------------------------------------------|-------------------|--------------------------|------------------------------|-----------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                          |                   |                          |                              |                                   |
| 1                                                  | Net Includable Fuel                                                      | \$ 53,381,366.65  | \$ 53,381,366.65         | \$ 53,381,366.65             | \$ 53,381,366.65                  |
| 2                                                  | Ratio Metered Sales/Generation Sales                                     | 0.938933          | 0.938933                 | 0.938933                     | 0.938933                          |
| 3                                                  | Fuel Cost @Meter Sales Level (Line 1 x Line 2)                           | \$ 50,121,526.73  | \$ 50,121,526.73         | \$ 50,121,526.73             | \$ 50,121,526.73                  |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)        | \$ 1,841,739.93   | \$ 1,841,739.93          | \$ 1,841,739.93              | \$ 1,841,739.93                   |
| 5                                                  | RSG Make Whole Payments                                                  | \$ (118,657.35)   | \$ (118,657.35)          | \$ (118,657.35)              | \$ (118,657.35)                   |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                 | \$ 51,844,609.31  | \$ 51,844,609.31         | \$ 51,844,609.31             | \$ 51,844,609.31                  |
| 7                                                  | Total Generation and Purchase Power (per books)                          | 2,218,477,349     | 2,218,477,349            | 2,218,477,349                | 2,218,477,349                     |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                         | 135,475,756       | 135,475,756              | 135,475,756                  | 135,475,756                       |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                      | 2,083,001,593     | 2,083,001,593            | 2,083,001,593                | 2,083,001,593                     |
| 10                                                 | kWh Subject to FPP                                                       | 1,883,912,023     | 688,272,057              | 897,494,407                  | 298,145,559                       |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                  | 90.44%            | 33.04%                   | 43.09%                       | 14.31%                            |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                | \$ 23,222,983.51  | \$ 8,484,329.64          | \$ 11,063,413.55             | \$ 3,676,240.32                   |
| 13                                                 | Amount Recovered via FPP (per books)                                     | \$ 13,068,276.34  | \$ 4,782,126.64          | \$ 6,214,152.97              | \$ 2,071,905.73                   |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                           | \$ 36,291,259.85  | \$ 13,266,456.28         | \$ 17,277,566.52             | \$ 5,747,236.06                   |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)     | \$ 46,707,384.68  | \$ 17,093,378.02         | \$ 22,253,662.15             | \$ 7,390,343.59                   |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                  | \$ 10,416,125.81  | \$ 3,796,922.64          | \$ 4,976,095.63              | \$ 1,643,107.64                   |
| <b>Emissions Allowance Component (EA)</b>          |                                                                          |                   |                          |                              |                                   |
| 17                                                 | kWh Subject to FPP (Line 10)                                             | 1,883,912,023     | 688,272,057              | 897,494,407                  | 298,145,559                       |
| 18                                                 | EA Expense Allocated to FPP                                              | \$ 6,260,801.00   | \$ 2,293,679.71          | \$ 2,977,877.35              | \$ 989,243.94                     |
| 19                                                 | EA Sales Margin Allocated to FPP                                         | \$ (5,043,470.00) | \$ (1,842,591.07)        | \$ (2,402,705.88)            | \$ (798,173.26)                   |
| 20                                                 | Net EA Cost (Line 18 + Line 19)                                          | \$ 1,207,331.00   | \$ 441,088.64            | \$ 575,171.57                | \$ 191,070.69                     |
| 21                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0125 ¢/kWh)              | \$ 237,372.91     | \$ 86,722.28             | \$ 113,084.29                | \$ 37,556.34                      |
| 22                                                 | EA Revenue in FPP (per books)                                            | \$ 5,138,905.16   | \$ 1,890,456.05          | \$ 2,443,688.66              | \$ 814,781.45                     |
| 23                                                 | Under/(Over) Recovery of EA Costs (Line 20 - Line 21 - Line 22)          | \$ (4,168,947.07) | \$ (1,526,088.69)        | \$ (1,981,601.28)            | \$ (681,257.10)                   |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                          |                   |                          |                              |                                   |
| 24                                                 | RA Amount from 3rd Quarter Filing (spread evenly)                        | \$ (6,076,685.92) | \$ (1,079,894.22)        | \$ (3,784,048.83)            | \$ (1,212,723.07)                 |
| 25                                                 | Actual RA recovery through FPP                                           | \$ (6,231,689.69) | \$ (1,062,438.78)        | \$ (3,880,440.39)            | \$ (1,288,792.52)                 |
| 26                                                 | Under/(Over) Recovery of RA (Line 24 - Line 25)                          | \$ 155,003.77     | \$ (17,457.44)           | \$ 96,391.76                 | \$ 98,930.46                      |
| <b>System Loss Component (SLA)</b>                 |                                                                          |                   |                          |                              |                                   |
| 27                                                 | Losses in Base Rates (from Case No. 92-1484-EL-AIR) (cents per kWh)      | 0.0999 / 0.0882   | 0.0999                   | 0.0999                       | 0.0882                            |
| 28                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 27)                 | \$ 1,847,145.07   | \$ 687,583.78            | \$ 896,596.01                | \$ 262,984.39                     |
| 29                                                 | Actual SLA recovery through FPP                                          | \$ 518,687.31     | \$ 205,520.57            | \$ 267,373.04                | \$ 45,693.70                      |
| 30                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (line 11))               | \$ 2,948,199.22   | \$ 1,077,051.11          | \$ 1,404,685.02              | \$ 468,483.09                     |
| 31                                                 | Under/(Over) Recovery of Losses (Line 30 - Line 28 - Line 29)            | \$ 562,466.64     | \$ 163,946.76            | \$ 240,695.07                | \$ 157,826.01                     |
| 32                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 23+Line 26+Line 31) | \$ 8,984,649.35   | \$ 2,437,323.27          | \$ 3,331,581.18              | \$ 1,215,744.90                   |

**Duke Energy Ohio**  
**Electric Department**  
**Calculation of Quarterly Reconciliation Adjustment Component for Billing**  
**April 2007 through June 2007**  
**Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary**

| Line                                               | Reconciliation Adjustment (RA)                                           | July 2006         | Residential<br>July 2006 | Non-Residential<br>July 2006 | Voltage<br>Reduction<br>July 2006 |
|----------------------------------------------------|--------------------------------------------------------------------------|-------------------|--------------------------|------------------------------|-----------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                          |                   |                          |                              |                                   |
| 1                                                  | Net Includable Fuel                                                      | \$ 51,649,238.45  | \$ 51,649,238.45         | \$ 51,649,238.45             | \$ 51,649,238.45                  |
| 2                                                  | Ratio Metered Sales/Generation Sales                                     | 0.938933          | 0.938933                 | 0.938933                     | 0.938933                          |
| 3                                                  | Fuel Cost @ Meter Sales Level (Line 1 x Line 2)                          | \$ 48,495,174.41  | \$ 48,495,174.41         | \$ 48,495,174.41             | \$ 48,495,174.41                  |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)        | \$ 1,841,739.93   | \$ 1,841,739.93          | \$ 1,841,739.93              | \$ 1,841,739.93                   |
| 5                                                  | RSG Make Whole Payments                                                  | \$ (118,657.35)   | \$ (118,657.35)          | \$ (118,657.35)              | \$ (118,657.35)                   |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                 | \$ 50,018,256.99  | \$ 50,018,256.99         | \$ 50,018,256.99             | \$ 50,018,256.99                  |
| 7                                                  | Total Generation and Purchase Power (per books)                          | 2,218,086,754     | 2,218,086,754            | 2,218,086,754                | 2,218,086,754                     |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                         | 135,451,904       | 135,451,904              | 135,451,904                  | 135,451,904                       |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                      | 2,082,634,850     | 2,082,634,850            | 2,082,634,850                | 2,082,634,850                     |
| 10                                                 | kWh Subject to FPP                                                       | 1,883,912,023     | 688,272,057              | 897,494,407                  | 298,145,559                       |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                  | 90.46%            | 33.05%                   | 43.09%                       | 14.32%                            |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                | \$ 23,222,993.51  | \$ 8,484,329.64          | \$ 11,063,413.55             | \$ 3,875,240.32                   |
| 13                                                 | Amount Recovered via FPP (per books)                                     | \$ 13,008,275.34  | \$ 4,782,128.64          | \$ 6,214,152.97              | \$ 2,071,895.73                   |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                           | \$ 36,231,268.85  | \$ 13,266,458.28         | \$ 17,277,566.52             | \$ 5,947,136.05                   |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)     | \$ 46,248,516.27  | \$ 16,531,033.93         | \$ 21,552,888.94             | \$ 7,182,814.40                   |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                  | \$ 8,955,256.42   | \$ 3,264,577.65          | \$ 4,275,300.42              | \$ 1,415,378.35                   |
| <b>Emissions Allowance Component (EA)</b>          |                                                                          |                   |                          |                              |                                   |
| 17                                                 | kWh Subject to FPP (Line 10)                                             | 1,883,912,023     | 688,272,057              | 897,494,407                  | 298,145,559                       |
| 18                                                 | EA Expense Allocated to FPP                                              | \$ 6,261,291.00   | \$ 2,283,858.73          | \$ 2,978,110.78              | \$ 989,321.49                     |
| 19                                                 | EA Sales Margin Allocated to FPP                                         | \$ (5,043,470.00) | \$ (1,842,591.07)        | \$ (2,402,705.68)            | \$ (798,173.25)                   |
| 20                                                 | Net EA Cost (Line 18 + Line 19)                                          | \$ 1,207,821.00   | \$ 441,267.66            | \$ 575,405.10                | \$ 191,148.24                     |
| 21                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0128 ¢/kWh)              | \$ 237,372.91     | \$ 88,722.28             | \$ 113,084.29                | \$ 37,568.34                      |
| 22                                                 | EA Revenue in FPP (per books)                                            | \$ 5,138,908.10   | \$ 1,880,455.05          | \$ 2,443,688.68              | \$ 814,761.45                     |
| 23                                                 | Under/(Over) Recovery of EA Costs (Line 20 - Line 21 - Line 22)          | \$ (4,168,457.07) | \$ (1,525,909.87)        | \$ (1,981,367.85)            | \$ (861,179.55)                   |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                          |                   |                          |                              |                                   |
| 24                                                 | RA Amount from 3rd Quarter Filing (spread evenly)                        | \$ (6,076,665.92) | \$ (1,079,894.22)        | \$ (3,784,048.83)            | \$ (1,212,723.07)                 |
| 25                                                 | Actual RA recovery through FPP                                           | \$ (6,231,659.69) | \$ (1,082,438.78)        | \$ (3,880,440.39)            | \$ (1,268,782.52)                 |
| 26                                                 | Under/(Over) Recovery of RA (Line 24 - Line 25)                          | \$ 155,003.77     | \$ (17,467.44)           | \$ 96,391.76                 | \$ 78,069.46                      |
| <b>System Loss Component (SLA)</b>                 |                                                                          |                   |                          |                              |                                   |
| 27                                                 | Losses in Base Rates (from Case No. 92-1464-EL-AIR) (cents per kWh)      | 0.0899 / 0.0882   | 0.0999                   | 0.0899                       | 0.0882                            |
| 28                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 27)                 | \$ 1,847,145.07   | \$ 687,583.78            | \$ 898,698.91                | \$ 262,964.38                     |
| 29                                                 | Actual SLA recovery through FPP                                          | \$ 518,587.31     | \$ 205,520.57            | \$ 287,373.04                | \$ 45,893.70                      |
| 30                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (Line 11))               | \$ 2,853,166.33   | \$ 1,042,418.17          | \$ 1,359,086.19              | \$ 451,661.87                     |
| 31                                                 | Under/(Over) Recovery of Losses (Line 30 - Line 28 - Line 29)            | \$ 487,433.85     | \$ 149,313.82            | \$ 195,116.24                | \$ 143,003.89                     |
| 32                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 23+Line 26+Line 31) | \$ 5,429,237.07   | \$ 1,870,524.38          | \$ 2,585,440.57              | \$ 973,272.14                     |
| 33                                                 | Net Under/(Over) Recovery of FPP Costs (Page 5U, Line 32)                | \$ 5,984,649.35   | \$ 2,437,323.27          | \$ 3,331,581.18              | \$ 1,218,744.90                   |
| 34                                                 | Net Adjustment for June 2006 (Line 32 - Line 33) To Page 3 Line 7        | \$ (1,555,412.28) | \$ (566,798.91)          | \$ (746,140.61)              | \$ (242,472.78)                   |

**Duke Energy Ohio  
Electric Department  
Calculation of Quarterly Reconciliation Adjustment Component for Billing  
April 2007 through June 2007  
Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenue Billed Summary**

| Line                                               | Reconciliation Adjustment (RA)                                           | August 2006       | Residential<br>August 2006 | Non-Residential<br>August 2006 | Voltage<br>Reduction<br>August 2006 |
|----------------------------------------------------|--------------------------------------------------------------------------|-------------------|----------------------------|--------------------------------|-------------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                          |                   |                            |                                |                                     |
| 1                                                  | Net Includeable Fuel                                                     | \$ 58,814,166.88  | \$ 58,814,166.88           | \$ 58,814,166.88               | \$ 58,814,166.88                    |
| 2                                                  | Ratio Metered Sales/Generation Sales                                     | 0.938933          | 0.938933                   | 0.938933                       | 0.938933                            |
| 3                                                  | Fuel Cost @ Meter Sales Level (Line 1 x Line 2)                          | \$ 55,222,561.94  | \$ 55,222,561.94           | \$ 55,222,561.94               | \$ 55,222,561.94                    |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)        | \$ (514,132.00)   | \$ (514,132.00)            | \$ (514,132.00)                | \$ (514,132.00)                     |
| 5                                                  | RSG Make Whole Payments                                                  | \$ (524,371.27)   | \$ (524,371.27)            | \$ (524,371.27)                | \$ (524,371.27)                     |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                 | \$ 54,184,058.67  | \$ 54,184,058.67           | \$ 54,184,058.67               | \$ 54,184,058.67                    |
| 7                                                  | Total Generation and Purchase Power (per books)                          | 2,273,843,443     | 2,273,843,443              | 2,273,843,443                  | 2,273,843,443                       |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                         | 138,844,584       | 138,844,584                | 138,844,584                    | 138,844,584                         |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                      | 2,134,998,859     | 2,134,998,859              | 2,134,998,859                  | 2,134,998,859                       |
| 10                                                 | kWh Subject to FPP                                                       | 2,053,865,888     | 808,512,070                | 940,773,834                    | 306,589,982                         |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                  | 96.21%            | 37.78%                     | 44.07%                         | 14.36%                              |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                | \$ 26,317,881.51  | \$ 9,941,874.28            | \$ 11,596,919.06               | \$ 3,779,089.17                     |
| 13                                                 | Amount Recovered via FPP (per books)                                     | \$ 14,201,031.08  | \$ 5,805,184.87            | \$ 8,503,153.21                | \$ 2,082,682.98                     |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                           | \$ 39,518,912.57  | \$ 15,647,059.16           | \$ 18,100,072.28               | \$ 5,871,771.15                     |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)     | \$ 52,130,482.85  | \$ 20,470,737.37           | \$ 23,878,914.88               | \$ 7,780,830.82                     |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                  | \$ 12,611,570.28  | \$ 4,923,668.21            | \$ 5,778,842.40                | \$ 1,908,059.67                     |
| <b>Emissions Allowance Component (EA)</b>          |                                                                          |                   |                            |                                |                                     |
| 17                                                 | kWh Subject to FPP (Line 10)                                             | 2,053,865,888     | 808,512,070                | 940,773,834                    | 306,589,982                         |
| 18                                                 | EA Expense Allocated to FPP                                              | \$ 6,863,544.55   | \$ 2,819,853.46            | \$ 3,052,253.27                | \$ 994,837.82                       |
| 19                                                 | EA Sales Margin Allocated to FPP                                         | \$ (2,488,410.00) | \$ (977,153.61)            | \$ (1,139,822.43)              | \$ (371,433.96)                     |
| 20                                                 | Net EA Cost (Line 18 + Line 19)                                          | \$ 4,176,134.55   | \$ 1,839,499.85            | \$ 1,912,430.84                | \$ 623,203.86                       |
| 21                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0126 ¢/kWh)              | \$ 268,785.85     | \$ 101,820.52              | \$ 118,537.50                  | \$ 38,627.83                        |
| 22                                                 | EA Revenue in FPP (per books)                                            | \$ 5,584,339.57   | \$ 2,204,108.81            | \$ 2,557,336.76                | \$ 822,896.20                       |
| 23                                                 | Under/(Over) Recovery of EA Costs (Line 20 - Line 21 - Line 22)          | \$ (1,667,960.87) | \$ (688,227.28)            | \$ (763,443.42)                | \$ (238,320.17)                     |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                          |                   |                            |                                |                                     |
| 24                                                 | RA Amount from 3rd Quarter Filing (spread evenly)                        | \$ (8,076,865.92) | \$ (1,079,894.22)          | \$ (3,784,048.93)              | \$ (1,212,723.07)                   |
| 25                                                 | Actual RA recovery through FPP                                           | \$ (8,807,863.89) | \$ (1,246,296.42)          | \$ (4,080,907.17)              | \$ (1,301,880.10)                   |
| 26                                                 | Under/(Over) Recovery of RA (Line 24 - Line 25)                          | \$ 531,197.77     | \$ 165,402.20              | \$ 278,858.54                  | \$ 88,037.03                        |
| <b>System Loss Component (SLA)</b>                 |                                                                          |                   |                            |                                |                                     |
| 27                                                 | Losses in Base Rates (from Case No. 82-1484-EL-AIR) (cents per kWh)      | 0.0999 / 0.0882   | 0.0999                     | 0.0999                         | 0.0882                              |
| 28                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 27)                 | \$ 2,015,933.34   | \$ 805,705.56              | \$ 939,833.06                  | \$ 270,394.72                       |
| 29                                                 | Actual SLA recovery through FPP                                          | \$ 688,851.03     | \$ 240,893.41              | \$ 276,807.70                  | \$ 48,149.92                        |
| 30                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (line 11))               | \$ 3,455,482.80   | \$ 1,358,908.26            | \$ 1,582,820.20                | \$ 515,754.44                       |
| 31                                                 | Under/(Over) Recovery of Losses (Line 30 - Line 28 - Line 29)            | \$ 872,698.53     | \$ 310,309.29              | \$ 363,179.44                  | \$ 186,209.80                       |
| 32                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 23+Line 26+Line 31) | \$ 12,347,475.71  | \$ 4,733,152.42            | \$ 5,855,438.96                | \$ 1,958,880.33                     |

## Schedule 1

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**Duke Energy Ohio  
Electric Department  
Calculation of Quarterly Reconciliation Adjustment Component for Billing  
April 2007 through June 2007  
Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary**

| Line                                               | Reconciliation Adjustment (RA)                                           | August 2006       | Residential<br>August 2006 | Non-Residential<br>August 2006 | Voltage<br>Reduction<br>August 2006 |
|----------------------------------------------------|--------------------------------------------------------------------------|-------------------|----------------------------|--------------------------------|-------------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                          |                   |                            |                                |                                     |
| 1                                                  | Net Includable Fuel                                                      | \$ 58,528,867.28  | \$ 58,528,867.28           | \$ 58,528,867.28               | \$ 58,528,867.28                    |
| 2                                                  | Ratio Metered Sales/Generation Sales                                     | 0.938933          | 0.938933                   | 0.938933                       | 0.938933                            |
| 3                                                  | Fuel Cost @ Meter Sales Level (Line 1 x Line 2)                          | \$ 54,954,684.94  | \$ 54,954,684.94           | \$ 54,954,684.94               | \$ 54,954,684.94                    |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)        | \$ (514,132.00)   | \$ (514,132.00)            | \$ (514,132.00)                | \$ (514,132.00)                     |
| 5                                                  | RSG Make Whole Payments                                                  | \$ (524,371.27)   | \$ (524,371.27)            | \$ (524,371.27)                | \$ (524,371.27)                     |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                 | \$ 53,916,181.67  | \$ 53,916,181.67           | \$ 53,916,181.67               | \$ 53,916,181.67                    |
| 7                                                  | Total Generation and Purchase Power (per books)                          | 2,273,704,855     | 2,273,704,855              | 2,273,704,855                  | 2,273,704,855                       |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                         | 138,848,340       | 138,848,340                | 138,848,340                    | 138,848,340                         |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                      | 2,134,856,515     | 2,134,856,515              | 2,134,856,515                  | 2,134,856,515                       |
| 10                                                 | kWh Subject to FPP                                                       | 2,053,856,886     | 808,512,070                | 940,773,834                    | 308,568,982                         |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                  | 95.21%            | 37.78%                     | 44.07%                         | 14.36%                              |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                | \$ 25,317,881.51  | \$ 9,941,874.29            | \$ 11,598,919.05               | \$ 3,778,088.17                     |
| 13                                                 | Amount Recovered via FPP (per books)                                     | \$ 14,201,031.08  | \$ 8,805,194.87            | \$ 8,503,133.21                | \$ 2,092,882.98                     |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                           | \$ 39,518,912.57  | \$ 18,747,069.16           | \$ 20,102,052.26               | \$ 5,870,971.15                     |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)     | \$ 61,872,768.38  | \$ 20,369,533.43           | \$ 23,760,861.26               | \$ 7,742,363.69                     |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                  | \$ 12,353,845.81  | \$ 4,622,464.27            | \$ 5,660,789.00                | \$ 1,870,592.54                     |
| <b>Emissions Allowance Component (EA)</b>          |                                                                          |                   |                            |                                |                                     |
| 17                                                 | kWh Subject to FPP (Line 10)                                             | 2,053,856,886     | 808,512,070                | 940,773,834                    | 308,568,982                         |
| 18                                                 | EA Expense Allocated to FPP                                              | \$ 6,665,009.00   | \$ 2,617,228.62            | \$ 3,052,024.07                | \$ 994,859.41                       |
| 19                                                 | EA Sales Margin Allocated to FPP                                         | \$ (2,488,410.00) | \$ (977,153.61)            | \$ (1,139,822.43)              | \$ (371,433.98)                     |
| 20                                                 | Net EA Cost (Line 18 + Line 19)                                          | \$ 4,176,609.00   | \$ 1,640,074.91            | \$ 1,913,101.64                | \$ 623,425.45                       |
| 21                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0126 ¢/kWh)              | \$ 258,795.85     | \$ 101,820.52              | \$ 118,537.50                  | \$ 38,827.83                        |
| 22                                                 | EA Revenue in FPP (per books)                                            | \$ 5,584,339.57   | \$ 2,204,109.81            | \$ 2,557,338.78                | \$ 822,896.20                       |
| 23                                                 | Under/(Over) Recovery of EA Costs (Line 20 - Line 21 - Line 22)          | \$ (1,668,526.42) | \$ (665,852.22)            | \$ (762,772.62)                | \$ (238,161.58)                     |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                          |                   |                            |                                |                                     |
| 24                                                 | RA Amount from 3rd Quarter Filing (spread evenly)                        | \$ (6,078,665.92) | \$ (1,079,894.22)          | \$ (3,784,048.63)              | \$ (1,212,723.07)                   |
| 25                                                 | Actual RA recovery through FPP                                           | \$ (6,807,863.69) | \$ (1,245,298.42)          | \$ (4,960,907.17)              | \$ (1,301,660.10)                   |
| 26                                                 | Under/(Over) Recovery of RA (Line 24 - Line 25)                          | \$ 631,197.77     | \$ 165,402.20              | \$ 276,858.54                  | \$ 88,937.03                        |
| <b>System Loss Component (SLA)</b>                 |                                                                          |                   |                            |                                |                                     |
| 27                                                 | Losses in Base Rates (from Case No. 02-1464-EL-AIR) (cents per kWh)      | 0.0989 / 0.0882   | 0.0989                     | 0.0989                         | 0.0882                              |
| 28                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 27)                 | \$ 2,015,933.34   | \$ 808,708.58              | \$ 939,893.06                  | \$ 270,394.72                       |
| 29                                                 | Actual SLA recovery through FPP                                          | \$ 566,851.03     | \$ 240,893.41              | \$ 278,807.70                  | \$ 46,149.92                        |
| 30                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (Line 11))               | \$ 3,438,720.83   | \$ 1,350,326.09            | \$ 1,575,142.16                | \$ 513,252.58                       |
| 31                                                 | Under/(Over) Recovery of Losses (Line 30 - Line 28 - Line 29)            | \$ 655,936.46     | \$ 303,727.12              | \$ 356,501.40                  | \$ 196,707.94                       |
| 32                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 23+Line 26+Line 31) | \$ 12,074,453.82  | \$ 4,825,941.37            | \$ 5,530,376.32                | \$ 1,918,135.93                     |
| 33                                                 | Net Under/(Over) Recovery of FPP Costs (Page 5W, Line 32)                | \$ 12,347,478.71  | \$ 4,733,162.42            | \$ 5,655,436.98                | \$ 1,958,888.33                     |
| 34                                                 | Net Adjustment for June 2008 (Line 32 - Line 33) To Page 3 Line 8        | \$ (273,022.09)   | \$ (107,211.05)            | \$ (125,060.64)                | \$ (40,750.40)                      |

## Schedule 1

Page 5Y of 5

Duke Energy Ohio  
Electric DepartmentCalculation of Quarterly Reconciliation Adjustment Component for Billing  
April 2007 through June 2007

## Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary

| Line                                               | Reconciliation Adjustment (RA)                                                   | September 2006    | Residential<br>September 2006 | Non-Residential<br>September 2006 | Voltage<br>Reduction<br>September 2006 |
|----------------------------------------------------|----------------------------------------------------------------------------------|-------------------|-------------------------------|-----------------------------------|----------------------------------------|
| <b>Fuel Component (FC)</b>                         |                                                                                  |                   |                               |                                   |                                        |
| 1                                                  | Net Includable Fuel                                                              | \$ 34,546,922.77  | \$ 34,546,922.77              | \$ 34,546,922.77                  | \$ 34,546,922.77                       |
| 2                                                  | Ratio Metered Sales/Generation Sales                                             | 0.938933          | 0.938933                      | 0.938933                          | 0.938933                               |
| 3                                                  | Fuel Cost @Meter Sales Level (Line 1 x Line 2)                                   | \$ 32,437,245.84  | \$ 32,437,245.84              | \$ 32,437,245.84                  | \$ 32,437,245.84                       |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)                | \$ 1,350,807.00   | \$ 1,350,807.00               | \$ 1,350,807.00                   | \$ 1,350,807.00                        |
| 5                                                  | RSG Make Whole Payments                                                          | \$ (145,137.70)   | \$ (145,137.70)               | \$ (145,137.70)                   | \$ (145,137.70)                        |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                         | \$ 33,642,915.14  | \$ 33,642,915.14              | \$ 33,642,915.14                  | \$ 33,642,915.14                       |
| 7                                                  | Total Generation and Purchase Power (per books)                                  | 1,885,422.435     | 1,885,422.435                 | 1,885,422.435                     | 1,885,422.435                          |
| 8                                                  | Losses (kWh) (1-Line 2) (Line 7)                                                 | 102,923.892       | 102,923.892                   | 102,923.892                       | 102,923.892                            |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                              | 1,582,498.743     | 1,582,498.743                 | 1,582,498.743                     | 1,582,498.743                          |
| 10                                                 | kWh Subject to FPP                                                               | 1,823,536.535     | 850,713.421                   | 888,153.980                       | 284,669.124                            |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                          | 115.24%           | 41.12%                        | 56.12%                            | 17.89%                                 |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                        | \$ 22,478,794.86  | \$ 8,021,344.34               | \$ 10,948,274.23                  | \$ 3,509,116.29                        |
| 13                                                 | Amount Recovered via FPP (per books)                                             | \$ 12,683,162.55  | \$ 4,524,484.27               | \$ 8,160,438.10                   | \$ 1,878,240.18                        |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                                   | \$ 35,141,897.41  | \$ 12,545,828.61              | \$ 17,108,712.33                  | \$ 5,487,356.47                        |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)             | \$ 38,786,731.12  | \$ 13,893,966.71              | \$ 18,680,403.98                  | \$ 6,052,360.43                        |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 14 - Line 15)                          | \$ 3,624,833.71   | \$ 1,288,138.10               | \$ 1,771,661.65                   | \$ 565,003.98                          |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                   |                               |                                   |                                        |
| 17                                                 | kWh Subject to FPP (Line 10)                                                     | 1,823,536.535     | 850,713.421                   | 888,153.980                       | 284,669.124                            |
| 18                                                 | EA Expense Allocated to FPP                                                      | \$ 4,278,022.00   | \$ 1,628,575.57               | \$ 2,083,811.84                   | \$ 587,834.59                          |
| 19                                                 | EA Sales Margin Allocated to FPP                                                 | \$ (1,165,610.00) | \$ (412,389.55)               | \$ (562,840.18)                   | \$ (180,400.27)                        |
| 20                                                 | Net EA Cost (Line 18 + Line 19)                                                  | \$ 3,122,412.00   | \$ 1,114,208.02               | \$ 1,520,771.66                   | \$ 487,434.32                          |
| 21                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0126 ¢/kWh)                      | \$ 229,765.60     | \$ 81,989.89                  | \$ 111,907.40                     | \$ 35,868.31                           |
| 22                                                 | EA Revenue in FPP (per books)                                                    | \$ 4,979,803.33   | \$ 1,779,143.44               | \$ 2,422,565.51                   | \$ 777,894.38                          |
| 23                                                 | Under/(Over) Recovery of EA Costs (Line 20 - Line 21 - Line 22)                  | \$ (2,088,956.93) | \$ (746,827.31)               | \$ (1,013,701.25)                 | \$ (326,328.37)                        |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                   |                               |                                   |                                        |
| 24                                                 | RA Amount from 3rd Quarter Filing (spread evenly)                                | \$ (6,076,865.92) | \$ (1,079,894.22)             | \$ (3,784,048.63)                 | \$ (1,212,723.07)                      |
| 25                                                 | Actual RA recovery through FPP                                                   | \$ (6,082,570.90) | \$ (1,065,196.82)             | \$ (3,646,898.02)                 | \$ (1,230,478.06)                      |
| 26                                                 | Under/(Over) Recovery of RA (Line 24 - Line 25)                                  | \$ 5,904.98       | \$ (74,897.40)                | \$ 62,849.39                      | \$ 17,752.99                           |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                   |                               |                                   |                                        |
| 27                                                 | Losses in Base Rates (from Case No. 92-1484-EL-AIR) (cents per kWh)              | 0.0999 / 0.0882   | 0.0999                        | 0.0999                            | 0.0882                                 |
| 28                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 27)                         | \$ 1,788,408.72   | \$ 650,062.71                 | \$ 887,265.84                     | \$ 251,078.17                          |
| 29                                                 | Actual SLA recovery through FPP                                                  | \$ 503,135.90     | \$ 184,447.91                 | \$ 265,081.88                     | \$ 43,828.11                           |
| 30                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (Line 11))                       | \$ 2,430,980.72   | \$ 867,499.15                 | \$ 1,183,950.69                   | \$ 379,530.88                          |
| 31                                                 | Under/(Over) Recovery of Losses (Line 30 - Line 28 - Line 29)                    | \$ 139,438.10     | \$ 22,968.53                  | \$ 31,822.97                      | \$ 54,828.60                           |
| 32                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 26+Line 33+Line 36+Line 41) | \$ 1,883,219.88   | \$ 489,501.92                 | \$ 852,462.76                     | \$ 341,255.18                          |

Schedule 1  
Page 5Z of 5

Duke Energy Ohio  
Electric Department  
Calculation of Quarterly Reconciliation Adjustment Component for Billing  
April 2007 through June 2007  
Actual Fuel and Economy Purchased Power Costs Incurred, Actual FPP Revenues Billed Summary

| Line                                               | Reconciliation Adjustment (RA)                                                   | September 2006    | Residential<br>September 2006 | Non-Residential<br>September 2006 | Voltage<br>Reduction<br>September 2006 |
|----------------------------------------------------|----------------------------------------------------------------------------------|-------------------|-------------------------------|-----------------------------------|----------------------------------------|
| <b>Fuel Component (FG)</b>                         |                                                                                  |                   |                               |                                   |                                        |
| 1                                                  | Net Includable Fuel                                                              | \$ 34,544,700.20  | \$ 34,544,700.20              | \$ 34,544,700.20                  | \$ 34,544,700.20                       |
| 2                                                  | Ratio Metered Sales/Generation Sales                                             | 0.938833          | 0.938833                      | 0.938833                          | 0.938833                               |
| 3                                                  | Fuel Cost @ Meter Sales Level (Line 1 x Line 2)                                  | \$ 32,435,168.99  | \$ 32,435,168.99              | \$ 32,435,168.99                  | \$ 32,435,168.99                       |
| 4                                                  | Coal Sales Margin Credits (per books current year contracts only)                | \$ 1,350,807.00   | \$ 1,350,807.00               | \$ 1,350,807.00                   | \$ 1,350,807.00                        |
| 5                                                  | RSG Make Whole Payments                                                          | \$ (132,875.51)   | \$ (132,875.51)               | \$ (132,875.51)                   | \$ (132,875.51)                        |
| 6                                                  | Net Fuel Cost (Line 3 + Line 4 + Line 5)                                         | \$ 33,653,090.48  | \$ 33,653,090.48              | \$ 33,653,090.48                  | \$ 33,653,090.48                       |
| 7                                                  | Total Generation and Purchase Power (per books)                                  | 1,683,214,657     | 1,683,214,657                 | 1,683,214,657                     | 1,683,214,657                          |
| 8                                                  | Losses (kWh) (1-Line 2)*(Line 7)                                                 | 102,788,869       | 102,788,869                   | 102,788,869                       | 102,788,869                            |
| 9                                                  | Total Generation After Losses (kWh) (Line 7-Line 8)                              | 1,580,425,788     | 1,580,425,788                 | 1,580,425,788                     | 1,580,425,788                          |
| 10                                                 | kWh Subject to FPP                                                               | 1,823,538,535     | 850,713,421                   | 888,153,990                       | 284,689,124                            |
| 11                                                 | Ratio of FPP Sales to Total Generation (Line 10/Line 9)                          | 115.38%           | 41.17%                        | 56.20%                            | 18.01%                                 |
| 12                                                 | Amount Recovered in Base Rates (@ 1.2327 ¢/kWh x Line 10)                        | \$ 22,476,734.86  | \$ 8,021,344.34               | \$ 10,948,274.23                  | \$ 3,509,116.29                        |
| 13                                                 | Amount Recovered via FPP (per books)                                             | \$ 12,963,162.66  | \$ 4,624,484.27               | \$ 6,160,438.10                   | \$ 1,978,240.18                        |
| 14                                                 | Total Fuel Costs Recovered (Line 12 + Line 13)                                   | \$ 35,441,697.41  | \$ 12,645,828.61              | \$ 17,108,712.33                  | \$ 5,487,356.47                        |
| 15                                                 | Total Actual Fuel Costs Attributable to FPP Sales (Line 6 x Line 11)             | \$ 38,828,935.80  | \$ 13,854,977.35              | \$ 18,913,036.85                  | \$ 6,080,921.60                        |
| 16                                                 | Under/(Over) Recovery of Fuel Costs (Line 15 - Line 14)                          | \$ 3,687,038.39   | \$ 1,309,148.74               | \$ 1,804,324.52                   | \$ 573,565.13                          |
| <b>Emissions Allowance Component (EA)</b>          |                                                                                  |                   |                               |                                   |                                        |
| 17                                                 | kWh Subject to FPP (Line 10)                                                     | 1,823,538,535     | 850,713,421                   | 888,153,990                       | 284,689,124                            |
| 18                                                 | EA Expense Allocated to FPP                                                      | \$ 4,307,416.00   | \$ 1,537,084.57               | \$ 2,097,928.19                   | \$ 672,423.24                          |
| 19                                                 | EA Sales Margin Allocated to FPP                                                 | \$ (1,155,810.00) | \$ (412,369.66)               | \$ (582,840.18)                   | \$ (180,400.27)                        |
| 20                                                 | Net EA Cost (Line 18 + Line 19)                                                  | \$ 3,151,606.00   | \$ 1,124,695.02               | \$ 1,535,088.01                   | \$ 492,022.97                          |
| 21                                                 | EA Expense Recovered in Base Rates (Line 17 x 0.0126 ¢/kWh)                      | \$ 229,785.60     | \$ 81,989.89                  | \$ 111,907.40                     | \$ 36,888.31                           |
| 22                                                 | EA Revenue in FPP (per books)                                                    | \$ 4,978,603.33   | \$ 1,779,143.44               | \$ 2,422,565.51                   | \$ 777,894.38                          |
| 23                                                 | Under/(Over) Recovery of EA Costs (Line 20 - Line 21 - Line 22)                  | \$ (2,057,562.93) | \$ (738,438.31)               | \$ (999,384.90)                   | \$ (321,739.72)                        |
| <b>Reconciliation Adjustment Amortization (RA)</b> |                                                                                  |                   |                               |                                   |                                        |
| 24                                                 | RA Amount from 3rd Quarter Filing (spread evenly)                                | \$ (6,078,665.92) | \$ (1,078,894.22)             | \$ (3,784,048.63)                 | \$ (1,212,723.07)                      |
| 25                                                 | Actual RA recovery through FPP                                                   | \$ (6,082,570.90) | \$ (1,005,196.82)             | \$ (3,848,898.02)                 | \$ (1,230,478.06)                      |
| 26                                                 | Under/(Over) Recovery of RA (Line 24 - Line 25)                                  | \$ 5,604.98       | \$ (74,697.40)                | \$ 82,849.39                      | \$ 17,752.99                           |
| <b>System Loss Component (SLA)</b>                 |                                                                                  |                   |                               |                                   |                                        |
| 27                                                 | Losses in Base Rates (from Case No. 92-1484-EL-AIR) (cents per kWh)              | 0.0999 / 0.0882   | 0.0999                        | 0.0999                            | 0.0882                                 |
| 28                                                 | Total Losses Recovered in Base Rates (Line 10 x Line 27)                         | \$ 1,788,408.72   | \$ 650,082.71                 | \$ 887,285.84                     | \$ 251,078.17                          |
| 29                                                 | Actual SLA recovery through FPP                                                  | \$ 503,135.90     | \$ 194,447.91                 | \$ 265,061.88                     | \$ 43,626.11                           |
| 30                                                 | Actual Losses on FPP Sales ((Line 1 - Line 3) x (Line 11))                       | \$ 2,433,988.66   | \$ 888,496.12                 | \$ 1,185,532.16                   | \$ 379,928.37                          |
| 31                                                 | Under/(Over) Recovery of Losses (Line 30 - Line 28 - Line 29)                    | \$ 142,448.03     | \$ 23,967.50                  | \$ 33,234.44                      | \$ 85,224.09                           |
| 32                                                 | Net Under/(Over) Recovery of FPP Costs (Line 16+Line 26+Line 33+Line 36+Line 41) | \$ 1,777,825.47   | \$ 522,000.53                 | \$ 901,023.45                     | \$ 354,802.49                          |
| 33                                                 | Net Under/(Over) Recovery of FPP Costs (Page 5Y, Line 32)                        | \$ 1,683,219.86   | \$ 489,501.92                 | \$ 852,482.78                     | \$ 341,255.18                          |
| 34                                                 | Net Adjustment for June 2006 (Line 32 - Line 33) To Page 3 Line 9                | \$ 94,606.61      | \$ 32,498.61                  | \$ 48,560.68                      | \$ 13,547.31                           |



Duke Energy Corporation  
139 East Fourth Street  
P.O. Box 960  
Cincinnati, Ohio 45201-0960

May 30, 2006

Public Utilities Commission of Ohio  
ATTN: Docketing Division  
13<sup>th</sup> Floor  
180 East Broad Street  
Columbus, Ohio 43215-3793

RECEIVED-DOCKETING DIV  
2006 MAY 31 PM 12:06  
PUCO

RE: In the Matter of the Application of The )  
Cincinnati Gas & Electric Company to Adjust ) Case No. 05-724-EL-UNC  
and Set its System Reliability Tracker Market )  
Price )

Docketing Division:

Enclosed for purposes of updating the Company's electric tariff, are four (4) copies of the following proposed tariff to become effective for bills rendered beginning with the first billing cycle in July 2006. This tariff is being filed in accordance with the Commission's Order dated November 22, 2005, approving the Stipulation and Recommendation in the above-referenced case.

Sheet No. 56.3, Rider SRT, System Reliability Tracker

Schedules supporting the calculation of Rider SRT rates in the proposed tariff will be provided to parties of record in this proceeding upon request, subject to applicable confidentiality agreements.

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

Very truly yours,

Don Wathen, Jr.  
Manager, Revenue Requirements

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 5-31-06

Duke Energy Ohio  
139 East Fourth Street  
Cincinnati, Ohio 45202

P.U.C.O. Electric No. 19  
Sheet No. 56.3  
Cancels and Supersedes  
Sheet No. 56.2  
Page 1 of 2

## RIDER SRT

### SYSTEM RELIABILITY TRACKER

#### APPLICABILITY

Applicable to all jurisdictional retail customers in the Company's electric service area.

#### CHARGE

The System Reliability Tracker Charges detailed below are applicable after the end of the Market Development Period. All applicable kWh are subject to the System Reliability Tracker Charge. See Section VI, Item 7 of the Electric Service Regulations for the definition of the term "Market Development Period."

For all customers, these rates are effective through September 27, 2006.

| <u>Tariff Sheet</u>                                                | <u>SRT Charge</u><br>(\$/kWh;\$/kW) |
|--------------------------------------------------------------------|-------------------------------------|
| Rate RS, Residential Service                                       |                                     |
| All kWh                                                            | (\$0.000300)                        |
| Rate ORH, Optional Residential Service With Electric Space Heating |                                     |
| All kWh                                                            | (\$0.000300)                        |
| Rate TD, Optional Time-of-Day Rate                                 |                                     |
| All kWh                                                            | (\$0.000300)                        |
| Rate CUR, Common Use Residential Service                           |                                     |
| All kWh                                                            | (\$0.000300)                        |
| Rate DS, Service at Secondary Distribution Voltage                 |                                     |
| First 1,000 kW                                                     | (\$0.277800)                        |
| Additional kW                                                      | (\$0.216800)                        |
| Billing Demand Times 300                                           | (\$0.000694)                        |
| Additional kWh                                                     | (\$0.000525)                        |
| Rate GS-FL, Optional Unmetered For Small Fixed Loads               |                                     |
| All kWh                                                            | (\$0.001264)                        |
| Rate EH, Optional Rate For Electric Space Heating                  |                                     |
| All kWh                                                            | (\$0.001923)                        |
| Rate DM, Secondary Distribution Service, Small                     |                                     |
| All kWh                                                            | (\$0.001159)                        |
| Rate DP, Service at Primary Distribution Voltage                   |                                     |
| First 1000 kW                                                      | (\$0.220300)                        |
| Additional kW                                                      | (\$0.165700)                        |
| Billing Demand Times 300                                           | (\$0.000686)                        |
| Additional kWh                                                     | (\$0.000531)                        |
| Rate TS, Service at Transmission Voltage                           |                                     |
| First 50,000 kVA                                                   | (\$0.275500)                        |
| Additional kVA                                                     | (\$0.193300)                        |
| Billing Demand Times 300                                           | (\$0.000462)                        |
| Additional kWh                                                     | (\$0.000504)                        |

Filed pursuant to an Order dated November 22, 2005 in Case No. 05-724-EL-UNC before the Public Utilities Commission of Ohio.

Issued: May 31, 2006

Effective: June 28, 2006

Issued by Sandra P. Meyer, President

Duke Energy Ohio  
139 East Fourth Street  
Cincinnati, Ohio 45202

P.U.C.O. Electric No. 19  
Sheet No. 56.3  
Cancels and Supersedes  
Sheet No. 56.2  
Page 2 of 2

| <u>Tariff Sheet</u>                                                  | <u>SRT Charge</u><br>(\$/kWh; \$/kW) |
|----------------------------------------------------------------------|--------------------------------------|
| Rate SL, Street Lighting Service<br>All kWh                          | (\$0.000808)                         |
| Rate TL, Traffic Lighting Service<br>All kWh                         | (\$0.000808)                         |
| Rate OL, Outdoor Lighting Service<br>All kWh                         | (\$0.000808)                         |
| Rate NSU, Street Lighting Service for Non-Standard Units<br>All kWh  | (\$0.000808)                         |
| Rate NSP, Private Outdoor Lighting for Non-Standard Units<br>All kWh | (\$0.000808)                         |
| Rate SC, Street Lighting Service - Customer Owned<br>All kWh         | (\$0.000808)                         |
| Rate SE, Street Lighting Service - Overhead Equivalent<br>All kWh    | (\$0.000808)                         |
| Rate UOLS, Unmetered Outdoor Lighting Electric Service<br>All kWh    | (\$0.000808)                         |

#### **AVOIDANCE OF SYSTEM RELIABILITY TRACKER CHARGE**

Non-residential customers who have signed or will sign a contract with CG&E, or provide a CRES contract to CG&E, or provide a release in the form approved by the Commission in Case No. 03-93-EL-ATA indicating that the customer will remain off of MBSSO service through December 31, 2008, may avoid Rider SRT charges. More specifically, to avoid Rider SRT charges, the customer must be eligible to return to CG&E's MBSSO service at the higher of the Rate Stabilized (RSP) market price, or hourly LMP market price at the applicable node averaged monthly including all applicable MISO charges, as set forth in the Commission's April 13, 2005 Order on Rehearing in Case No. 03-93-EL-ATA (at page 4).

Filed pursuant to an Order dated November 22, 2005 in Case No. 05-724-EL-UNC before the Public Utilities Commission of Ohio.

Issued: May 31, 2006

Issued by Sandra P. Meyer, President

Effective: June 28, 2006

## DUKE ENERGY OHIO

DETERMINATION OF SYSTEM RELIABILITY TRACKER - RIDER SRT - BY RETAIL RATE GROUP  
 REFLECTING RECOVERY OF ESTIMATED SUMMER 2006 CAPACITY AND PURCHASED POWER COSTS (EXCLUDING ENERGY COSTS)  
 FOR THE PERIOD JANUARY THROUGH DECEMBER 2006 TO BE APPLIED TO CUSTOMER BILLS OVER A TWELVE-MONTH PERIOD

| Line No. | Description                              | (A)<br>Allocated Percentage Share of System Peak Demand's for the Company's Retail Electric Customers 4/ | (B)<br>Estimated Capacity and Purchased Power Costs By Retail Rate Group to be Collected Through System Reliability Tracker - Rider SRT<br>June 2006 2/ | (C)<br>2006 Rider SRT Over-Collections to be Returned to Non-Residential Customers | (D)<br>Estimated of 2006 Net Power Costs By Retail Rate Group to be Collected Through System Reliability Tracker - Rider SRT | (E)<br>Allocated Capacity and Purchased Power Costs | (F)<br>Estimated Kilowatt-Hour Sales For The Six Months Ended December 31, 2006 3/ | (G)<br>Estimated Billing kWh Demands | (H)<br>SRT Adjustment Factor By Rate Group (RATRS-KWH) | Line No. |
|----------|------------------------------------------|----------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------------------------|----------|
| 1        | <b>Retail Rate Group</b>                 |                                                                                                          |                                                                                                                                                         |                                                                                    |                                                                                                                              |                                                     |                                                                                    |                                      |                                                        | 1        |
| 2        | Rate RS, ORH, HEC, TO, CUR               |                                                                                                          |                                                                                                                                                         |                                                                                    |                                                                                                                              |                                                     |                                                                                    |                                      | -0.000300                                              | 2        |
| 3        | Non-Residential (Detailed Below)         |                                                                                                          |                                                                                                                                                         |                                                                                    |                                                                                                                              |                                                     |                                                                                    |                                      |                                                        | 3        |
| 4        | DS RTR GROUP                             |                                                                                                          |                                                                                                                                                         |                                                                                    |                                                                                                                              |                                                     |                                                                                    |                                      |                                                        | 4        |
| 5        | Rate DS                                  |                                                                                                          |                                                                                                                                                         |                                                                                    |                                                                                                                              |                                                     |                                                                                    |                                      |                                                        | 5        |
| 6        | First 1,000 kWh                          |                                                                                                          |                                                                                                                                                         |                                                                                    |                                                                                                                              |                                                     |                                                                                    |                                      | -0.2778                                                | 6        |
| 7        | Additional kWh                           |                                                                                                          |                                                                                                                                                         |                                                                                    |                                                                                                                              |                                                     |                                                                                    |                                      | -0.2166                                                | 7        |
| 8        | First 300 kWh/kWh                        |                                                                                                          |                                                                                                                                                         |                                                                                    |                                                                                                                              |                                                     |                                                                                    |                                      | -0.000684                                              | 8        |
| 9        | Additional kWh                           |                                                                                                          |                                                                                                                                                         |                                                                                    |                                                                                                                              |                                                     |                                                                                    |                                      | -0.000525                                              | 9        |
| 10       | Total Rate DS                            |                                                                                                          |                                                                                                                                                         |                                                                                    |                                                                                                                              |                                                     |                                                                                    |                                      | -0.001264                                              | 10       |
| 11       | Rate GS-FL                               |                                                                                                          |                                                                                                                                                         |                                                                                    |                                                                                                                              |                                                     |                                                                                    |                                      | -0.001923                                              | 11       |
| 12       | Rate EH                                  |                                                                                                          |                                                                                                                                                         |                                                                                    |                                                                                                                              |                                                     |                                                                                    |                                      |                                                        | 12       |
| 13       | Total Rates DS, GS-FL, EH                |                                                                                                          |                                                                                                                                                         |                                                                                    |                                                                                                                              |                                                     |                                                                                    |                                      | -0.001129                                              | 13       |
| 14       | Rate DM                                  |                                                                                                          |                                                                                                                                                         |                                                                                    |                                                                                                                              |                                                     |                                                                                    |                                      |                                                        | 14       |
| 15       | Rate DP                                  |                                                                                                          |                                                                                                                                                         |                                                                                    |                                                                                                                              |                                                     |                                                                                    |                                      | -0.2203                                                | 15       |
| 16       | First 1,000 kWh                          |                                                                                                          |                                                                                                                                                         |                                                                                    |                                                                                                                              |                                                     |                                                                                    |                                      | -0.1687                                                | 16       |
| 17       | Additional kWh                           |                                                                                                          |                                                                                                                                                         |                                                                                    |                                                                                                                              |                                                     |                                                                                    |                                      | -0.000685                                              | 17       |
| 18       | First 300 kWh/kWh                        |                                                                                                          |                                                                                                                                                         |                                                                                    |                                                                                                                              |                                                     |                                                                                    |                                      | -0.000521                                              | 18       |
| 19       | Additional kWh                           |                                                                                                          |                                                                                                                                                         |                                                                                    |                                                                                                                              |                                                     |                                                                                    |                                      |                                                        | 19       |
| 20       | Total Rate DP                            |                                                                                                          |                                                                                                                                                         |                                                                                    |                                                                                                                              |                                                     |                                                                                    |                                      |                                                        | 20       |
| 21       | Rate TS                                  |                                                                                                          |                                                                                                                                                         |                                                                                    |                                                                                                                              |                                                     |                                                                                    |                                      | -0.2755                                                | 21       |
| 22       | First 50,000 kWh                         |                                                                                                          |                                                                                                                                                         |                                                                                    |                                                                                                                              |                                                     |                                                                                    |                                      | -0.1683                                                | 22       |
| 23       | Additional kWh                           |                                                                                                          |                                                                                                                                                         |                                                                                    |                                                                                                                              |                                                     |                                                                                    |                                      | -0.000462                                              | 23       |
| 24       | First 300 kWh/kWh                        |                                                                                                          |                                                                                                                                                         |                                                                                    |                                                                                                                              |                                                     |                                                                                    |                                      | -0.000504                                              | 24       |
| 25       | Additional kWh                           |                                                                                                          |                                                                                                                                                         |                                                                                    |                                                                                                                              |                                                     |                                                                                    |                                      |                                                        | 25       |
| 26       | Total Rate TS                            |                                                                                                          |                                                                                                                                                         |                                                                                    |                                                                                                                              |                                                     |                                                                                    |                                      |                                                        | 26       |
| 27       | Limiting Rate Group                      |                                                                                                          |                                                                                                                                                         |                                                                                    |                                                                                                                              |                                                     |                                                                                    |                                      |                                                        | 27       |
| 28       | Rate SL, TL, OIL, NSL, NSP, SC, SE, UOLS |                                                                                                          |                                                                                                                                                         |                                                                                    |                                                                                                                              |                                                     |                                                                                    |                                      | -0.000608                                              | 28       |
| 29       | Total Retail                             |                                                                                                          |                                                                                                                                                         |                                                                                    |                                                                                                                              |                                                     |                                                                                    |                                      |                                                        | 29       |

Case No. 07-723-EL-UNC  
 Attachment WDW-2  
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- REDACTED -

1/ Rate Group RS based on applicable peak demands from the Company's cost of service study in Case No. 05-1484-EL-UR. Non-residential based on Case No. 05-0059-EL-UR.  
 2/ January 2006 through April 2006 actual plus estimated May and June 2006.  
 3/ Based on actual rates to SRT customers for the 6 months ended December 31, 2005.

DUKE ENERGY OHIO  
Determination of System Reliability Tracker Demand & Energy Rates

| Rate DS Rate Group | Estimated 2006<br>Sales/Demand<br>(kW; kWh) | Generation Rate<br>(\$/kW; ¢/kWh) | Generation<br>Revenue<br>(\$) | Total Revenue % | SRT Revenue<br>Requirement<br>(\$) | July - December<br>Estimated 2006<br>Sales/Demand<br>(kW; kWh) | SRT Rates<br>(\$/kW; ¢/kWh) |
|--------------------|---------------------------------------------|-----------------------------------|-------------------------------|-----------------|------------------------------------|----------------------------------------------------------------|-----------------------------|
|--------------------|---------------------------------------------|-----------------------------------|-------------------------------|-----------------|------------------------------------|----------------------------------------------------------------|-----------------------------|

Rate DS  
Generation Revenues  
Demand Charge:  
First 1,000 kW  
Additional kW  
Total

Energy Charge:  
First 300 kWh/kW  
Additional kWh  
Total

Total Rate DS

Rate EH  
All kWh

Rate GS-FL  
Load 540 to 720 hrs. kWh  
Load < 540 hrs. kWh

Total Rate GS-FL

Total DS Rate Group

**- REDACTED -**

DUKE ENERGY OHIO  
Determination of System Reliability Tracker Demand & Energy Rates

| Rate DP | Estimated 2006<br>Sales/Demand<br>(kW; kWh) | Generation Rate<br>(\$/kW; cents/kWh) | Generation<br>Revenue<br>(\$) | Total Revenue % | SRT Revenue<br>Requirement<br>(\$) | July - December<br>Estimated 2006<br>Sales/Demand<br>(kW; kWh) | SRT Rates<br>(\$/kW; \$/kWh) |
|---------|---------------------------------------------|---------------------------------------|-------------------------------|-----------------|------------------------------------|----------------------------------------------------------------|------------------------------|
|---------|---------------------------------------------|---------------------------------------|-------------------------------|-----------------|------------------------------------|----------------------------------------------------------------|------------------------------|

Generation Revenues

Demand Charge:

First 1,000 kW

Additional kW

Total

Energy Charge:

First 300 kWh/kW

Additional kWh

Total

Total Rate DP

- REDACTED -

DUKE ENERGY OHIO  
Determination of System Reliability Tracker Demand & Energy Rates

| Rate TS | Estimated 2006<br>Sales/Demand<br>(kVA; kWh) | Generation Rate<br>(\$/kW; cents/kWh) | Generation<br>Revenue<br>(\$) | Total Revenue % | SRT Revenue<br>Requirement<br>(\$) | July - December<br>Estimated 2006<br>Sales/Demand<br>(kVA; kWh) | SRT Rates<br>(\$/kVA; \$/kWh) |
|---------|----------------------------------------------|---------------------------------------|-------------------------------|-----------------|------------------------------------|-----------------------------------------------------------------|-------------------------------|
|---------|----------------------------------------------|---------------------------------------|-------------------------------|-----------------|------------------------------------|-----------------------------------------------------------------|-------------------------------|

Generation Revenues  
Demand Charge:  
First 50,000 kVA  
Additional kVA  
Total

Energy Charge:  
First 300 kWh/kVA  
Additional kWh  
Total

Total Rate TS

**- REDACTED -**

DUKE ENERGY OHIO  
Determination of System Reliability Tracker Demand & Energy Rates  
Estimate of First and Second Quarter 2006 SRT Billing Revenue

|    |                             | Actual  | Actual   | Actual | Actual | Estimated |      | Total |
|----|-----------------------------|---------|----------|--------|--------|-----------|------|-------|
|    | Retail Rate Group           | January | February | March  | April  | May       | June |       |
| 1  | <u>RS Rate Group</u>        |         |          |        |        |           |      |       |
|    | Rates RS, ORH, HEC, TD, CUR |         |          |        |        |           |      |       |
| 2  | <u>DS Rate Group</u>        |         |          |        |        |           |      |       |
| 3  | Rate DS                     |         |          |        |        |           |      |       |
| 4  | First 1,000 kW              |         |          |        |        |           |      |       |
| 5  | Additional kW               |         |          |        |        |           |      |       |
| 6  | First 300 kWh/kW            |         |          |        |        |           |      |       |
| 7  | Additional kWh              |         |          |        |        |           |      |       |
| 8  | Total Rate DS               |         |          |        |        |           |      |       |
| 9  | Rate GS-FL                  |         |          |        |        |           |      |       |
| 10 | Rate EH                     |         |          |        |        |           |      |       |
| 11 | Total Rates DS, GS-FL, EH   |         |          |        |        |           |      |       |
| 12 | Rate DM                     |         |          |        |        |           |      |       |
| 13 | Rate DP                     |         |          |        |        |           |      |       |
| 14 | First 1,000 kW              |         |          |        |        |           |      |       |
| 15 | Additional kW               |         |          |        |        |           |      |       |
| 16 | First 300 kWh/kW            |         |          |        |        |           |      |       |
| 17 | Additional kWh              |         |          |        |        |           |      |       |
| 13 | Total Rate DP               |         |          |        |        |           |      |       |
| 14 | Rate TS                     |         |          |        |        |           |      |       |
| 15 | First 50,000 kVA            |         |          |        |        |           |      |       |
| 16 | Additional kVA              |         |          |        |        |           |      |       |
| 17 | First 300 kWh/kVA           |         |          |        |        |           |      |       |
| 18 | Additional kWh              |         |          |        |        |           |      |       |
| 14 | Total Rate TS               |         |          |        |        |           |      |       |
| 15 | <u>Lighting Rate Group</u>  |         |          |        |        |           |      |       |
| 16 | Rate SL                     |         |          |        |        |           |      |       |
| 17 | Rate TL                     |         |          |        |        |           |      |       |
| 18 | Rate OL                     |         |          |        |        |           |      |       |
| 19 | Rate NSU                    |         |          |        |        |           |      |       |
| 20 | Rate NSP                    |         |          |        |        |           |      |       |
| 21 | Rate SC                     |         |          |        |        |           |      |       |
| 22 | Rate SE                     |         |          |        |        |           |      |       |
| 23 | Rate UOLS                   |         |          |        |        |           |      |       |
| 24 | Total Retail                |         |          |        |        |           |      |       |

- REDACTED -

**DUKE ENERGY OHIO**

**Summary of Projected 2006 Capacity and Purchased Power Costs  
Incurred to Serve SRT Customers**

| Line<br>No. | Description                                                         | Actual Capacity Costs | Total Estimated Capacity Costs and Jurisdictional Allocation |
|-------------|---------------------------------------------------------------------|-----------------------|--------------------------------------------------------------|
| 1           | Daily Fixed Strike Energy Firm LD Call Option with Capacity Backing |                       |                                                              |
| 2           | Mid-Merit Gas Tolling Agreement                                     |                       |                                                              |
| 3           | Regulatory Capacity Purchase                                        |                       |                                                              |
| 4           | Base Load Tolling Agreement with Must-Take Firm Energy              |                       |                                                              |
| 5           | Daily Fixed Call Option with Unit Outage Contingency                |                       |                                                              |
| 6           | Total Applicable to Retail Customers                                |                       | \$                                                           |

**- REDACTED -**

**DUKE ENERGY OHIO**

**Projected Daily Fixed Strike Energy Firm Liquidated Damages Call Option**

| Line No. | Description (A)                    | Amount (B) | Description (C) | Amount (D) | Line No. |
|----------|------------------------------------|------------|-----------------|------------|----------|
| June     |                                    |            |                 |            |          |
| 1        | Days                               |            |                 |            |          |
| 2        | Daily Hours                        |            |                 |            |          |
| 3        | MW's Optioned                      |            |                 |            |          |
| 4        | MW's Subject to Reservation Charge |            |                 |            |          |
| 5        | Charge Per MWH                     |            |                 |            |          |
| 6        | Cost per kW-month Capacity         |            |                 |            |          |
| 7        | Capacity Charge                    |            |                 |            |          |
| July     |                                    |            |                 |            |          |
| 8        | Days                               |            |                 |            |          |
| 9        | Daily Hours                        |            |                 |            |          |
| 10       | MW's Optioned                      |            |                 |            |          |
| 11       | MW's Subject to Reservation Charge |            |                 |            |          |
| 12       | Charge Per MWH                     |            |                 |            |          |
| 13       | Cost per kW-month Capacity         |            |                 |            |          |
| 14       | Capacity Charge                    |            |                 |            |          |

**- REDACTED -**

# DUKE ENERGY OHIO

## Projected Purchased Capacity

| Line No. | Description                            | Amount | Description                             | Amount | Line No. |
|----------|----------------------------------------|--------|-----------------------------------------|--------|----------|
|          | (A)                                    | (B)    | (C)                                     | (D)    |          |
| March    |                                        |        | August                                  |        |          |
| 1        | MWs                                    |        |                                         |        |          |
| 2        | Capacity Charge/Kw/Month               |        |                                         |        |          |
| 3        | CG&E's Capacity Charge (1 Day)         |        | MWs                                     |        | 1        |
| 4        | MWs                                    |        | Capacity Charge/Kw/Month                |        | 2        |
| 5        | Capacity Charge/Kw/Month               |        | CG&E's Capacity Charge                  |        | 3        |
| 6        | CG&E's Capacity Charge (1 Day)         |        |                                         |        |          |
| 7        | MWs                                    |        | MWs                                     |        | 4        |
| 8        | Capacity Charge/Kw/Month               |        | Capacity Charge/Kw/Month                |        | 5        |
| 9        | CG&E's Capacity Charge (1 Day)         |        | CG&E's Capacity Charge                  |        | 6        |
|          | Actual Monthly Costs Recoverable Via   |        | Actual Monthly Costs Recoverable Via    |        |          |
| 10       | System Reliability Tracker - Rider SRT |        | System Reliability Tracker - Rider SRT  |        | 7        |
| April    |                                        |        | September                               |        |          |
| 11       | MWs                                    |        | MWs                                     |        | 8        |
| 12       | Capacity Charge/Kw/Month               |        | Capacity Charge/Kw/Month                |        | 9        |
| 13       | CG&E's Capacity Charge                 |        | CG&E's Capacity Charge                  |        | 10       |
| 14       | MWs                                    |        |                                         |        |          |
| 15       | Capacity Charge/Kw/Month               |        | MWs                                     |        | 11       |
| 16       | CG&E's Capacity Charge (1 Day)         |        | Capacity Charge/Kw/Month                |        | 12       |
| 17       | MWs                                    |        | CG&E's Capacity Charge                  |        | 13       |
| 18       | Capacity Charge/Kw/Month               |        | Actual Monthly Costs Recoverable Via    |        |          |
| 19       | CG&E's Capacity Charge (1 Day)         |        | System Reliability Tracker - Rider SRT  |        | 14       |
|          | Actual Monthly Costs Recoverable Via   |        |                                         |        |          |
| 20       | System Reliability Tracker - Rider SRT |        | October                                 |        |          |
| May      |                                        |        | MWs                                     |        | 15       |
| 21       | MWs                                    |        | Capacity Charge/Kw/Month                |        | 16       |
| 22       | Capacity Charge/Kw/Month               |        | CG&E's Capacity Charge                  |        | 17       |
| 23       | CG&E's Capacity Charge                 |        |                                         |        |          |
| 24       | MWs                                    |        | Estimated Monthly Costs Recoverable Via |        |          |
| 25       | Capacity Charge/Kw/Month               |        | System Reliability Tracker - Rider SRT  |        | 18       |
| 26       | CG&E's Capacity Charge                 |        |                                         |        |          |
|          | Actual Monthly Costs Recoverable Via   |        | November                                |        |          |
| 27       | System Reliability Tracker - Rider SRT |        |                                         |        |          |
| June     |                                        |        | MWs                                     |        | 19       |
| 28       | MWs                                    |        | Capacity Charge/Kw/Month                |        | 20       |
| 29       | Capacity Charge/Kw/Month               |        | CG&E's Capacity Charge                  |        | 21       |
| 30       | CG&E's Capacity Charge                 |        |                                         |        |          |
| 31       | MWs                                    |        | Estimated Monthly Costs Recoverable Via |        |          |
| 32       | Capacity Charge/Kw/Month               |        | System Reliability Tracker - Rider SRT  |        | 22       |
| 33       | CG&E's Capacity Charge                 |        |                                         |        |          |
|          | Actual Monthly Costs Recoverable Via   |        | December                                |        |          |
| 34       | System Reliability Tracker - Rider SRT |        |                                         |        |          |
| July     |                                        |        | MWs                                     |        | 23       |
| 35       | MWs                                    |        | Capacity Charge/Kw/Month                |        | 24       |
| 36       | Capacity Charge/Kw/Month               |        | CG&E's Capacity Charge                  |        | 25       |
| 37       | CG&E's Capacity Charge                 |        |                                         |        |          |
| 38       | MWs                                    |        | Estimated Monthly Costs Recoverable Via |        |          |
| 39       | Capacity Charge/Kw/Month               |        | System Reliability Tracker - Rider SRT  |        | 26       |
| 40       | CG&E's Capacity Charge                 |        |                                         |        |          |
|          | Actual Monthly Costs Recoverable Via   |        | Total Purchased Capacity Charge         |        |          |
| 41       | System Reliability Tracker - Rider SRT |        |                                         |        | 27       |

Updated on November 11, 2005

|                                                   | 2006    |          |       |       |     |      |      |        |           |         |          |          |
|---------------------------------------------------|---------|----------|-------|-------|-----|------|------|--------|-----------|---------|----------|----------|
|                                                   | January | February | March | April | May | June | July | August | September | October | November | December |
| Supply                                            |         |          |       |       |     |      |      |        |           |         |          |          |
| Maintenance *                                     |         |          |       |       |     |      |      |        |           |         |          |          |
| Supply with Maintenance Considerations            |         |          |       |       |     |      |      |        |           |         |          |          |
| Native and Switched Peak Demand                   |         |          |       |       |     |      |      |        |           |         |          |          |
| Call Option & RTP                                 |         |          |       |       |     |      |      |        |           |         |          |          |
| Purchases                                         |         |          |       |       |     |      |      |        |           |         |          |          |
| CG&E Native Load Capacity Position                |         |          |       |       |     |      |      |        |           |         |          |          |
| Margin                                            |         |          |       |       |     |      |      |        |           |         |          |          |
| Capacity Position @ 15% Reserve Margin            |         |          |       |       |     |      |      |        |           |         |          |          |
| <del>Capacity Position @ 15% Reserve Margin</del> |         |          |       |       |     |      |      |        |           |         |          |          |
| without Maintenance                               |         |          |       |       |     |      |      |        |           |         |          |          |

- REDACTED -



DUKE ENERGY CORPORATION

139 East Fourth Street

P.O. Box 960

Cincinnati, OH 45201-0960

FILE

September 25, 2006

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

PUCO

2006 SEP 28 PM 12:55

RECEIVED-DOCKETING DIV

RE: Case No. 05-724-EL-UNC

Docketing Division:

Enclosed, pursuant to the above referenced case, are four (4) copies of Rider SRT, System Reliability Tracker, for the three months of October through December 2006.

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

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

Very truly your,

Lisa D. Steinkuhl

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 DB Date Processed 9-28-06

Duke Energy Ohio  
139 East Fourth Street  
Cincinnati, Ohio 45202

P.U.C.O. Electric No. 19  
Sheet No. 56.4  
Cancels and Supersedes  
Sheet No. 56.3  
Page 1 of 2

**RIDER SRT**  
**SYSTEM RELIABILITY TRACKER**

**APPLICABILITY**

Applicable to all jurisdictional retail customers in the Company's electric service area.

**CHARGE**

The System Reliability Tracker Charges detailed below are applicable after the end of the Market Development Period. All applicable kWh are subject to the System Reliability Tracker Charge. See Section VI, Item 7 of the Electric Service Regulations for the definition of the term "Market Development Period."

For all customers, these rates are effective through January 1, 2007.

| <u>Tariff Sheet</u>                                                | <u>SRT Charge</u><br>(\$/kWh;\$/kW) |
|--------------------------------------------------------------------|-------------------------------------|
| Rate RS, Residential Service                                       |                                     |
| All kWh                                                            | (\$0.000587)                        |
| Rate ORH, Optional Residential Service With Electric Space Heating |                                     |
| All kWh                                                            | (\$0.000587)                        |
| Rate TD, Optional Time-of-Day Rate                                 |                                     |
| All kWh                                                            | (\$0.000587)                        |
| Rate CUR, Common Use Residential Service                           |                                     |
| All kWh                                                            | (\$0.000587)                        |
| Rate DS, Service at Secondary Distribution Voltage                 |                                     |
| First 1,000 kW                                                     | (\$0.281100)                        |
| Additional kW                                                      | (\$0.227100)                        |
| Billing Demand Times 300                                           | (\$0.000727)                        |
| Additional kWh                                                     | (\$0.000655)                        |
| Rate GS-FL, Optional Unmetered For Small Fixed Loads               |                                     |
| All kWh                                                            | (\$0.001485)                        |
| Rate EH, Optional Rate For Electric Space Heating                  |                                     |
| All kWh                                                            | (\$0.003217)                        |
| Rate DM, Secondary Distribution Service, Small                     |                                     |
| All kWh                                                            | (\$0.001536)                        |
| Rate DP, Service at Primary Distribution Voltage                   |                                     |
| First 1000 kW                                                      | (\$0.244100)                        |
| Additional kW                                                      | (\$0.188900)                        |
| Billing Demand Times 300                                           | (\$0.000784)                        |
| Additional kWh                                                     | (\$0.000648)                        |
| Rate TS, Service at Transmission Voltage                           |                                     |
| First 50,000 kVA                                                   | (\$0.323500)                        |
| Additional kVA                                                     | (\$0.217000)                        |
| Billing Demand Times 300                                           | (\$0.000536)                        |
| Additional kWh                                                     | (\$0.000584)                        |

Filed pursuant to an Order dated November 22, 2005 in Case No. 05-724-EL-UNC before the Public Utilities Commission of Ohio.

Issued: August 29, 2006

Effective: September 28, 2006

Issued by Sandra P. Meyer, President

Duke Energy Ohio  
139 East Fourth Street  
Cincinnati, Ohio 45202

P.U.C.O. Electric No. 19  
Sheet No. 56.4  
Cancels and Supersedes  
Sheet No. 56.3  
Page 2 of 2

| <u>Tariff Sheet</u>                                                  | <u>SRT Charge</u><br>(\$/kWh; \$/kW) |
|----------------------------------------------------------------------|--------------------------------------|
| Rate SL, Street Lighting Service<br>All kWh                          | (\$0.000980)                         |
| Rate TL, Traffic Lighting Service<br>All kWh                         | (\$0.000980)                         |
| Rate OL, Outdoor Lighting Service<br>All kWh                         | (\$0.000980)                         |
| Rate NSU, Street Lighting Service for Non-Standard Units<br>All kWh  | (\$0.000980)                         |
| Rate NSP, Private Outdoor Lighting for Non-Standard Units<br>All kWh | (\$0.000980)                         |
| Rate SC, Street Lighting Service - Customer Owned<br>All kWh         | (\$0.000980)                         |
| Rate SE, Street Lighting Service - Overhead Equivalent<br>All kWh    | (\$0.000980)                         |
| Rate UOLS, Unmetered Outdoor Lighting Electric Service<br>All kWh    | (\$0.000980)                         |

#### **AVOIDANCE OF SYSTEM RELIABILITY TRACKER CHARGE**

Non-residential customers who have signed or will sign a contract with CG&E, or provide a CRES contract to CG&E, or provide a release in the form approved by the Commission in Case No. 03-93-EL-ATA indicating that the customer will remain off of MBSSO service through December 31, 2008, may avoid Rider SRT charges. More specifically, to avoid Rider SRT charges, the customer must be eligible to return to CG&E's MBSSO service at the higher of the Rate Stabilized (RSP) market price, or hourly LMP market price at the applicable node averaged monthly including all applicable MISO charges, as set forth in the Commission's April 13, 2005 Order on Rehearing in Case No. 03-93-EL-ATA (at page 4).

Filed pursuant to an Order dated November 22, 2005 in Case No. 05-724-EL-UNC before the Public Utilities Commission of Ohio.

Issued: August 29, 2006

Effective: September 28, 2006

Issued by Sandra P. Meyer, President

Duke Energy Ohio  
139 East Fourth Street  
Cincinnati, Ohio 45202

P.U.C.O. Electric No. 19  
Sheet No. 10.8  
Cancels and Supersedes  
Sheet No. 10.7  
Page 1 of 1

**INDEX TO APPLICABLE ELECTRIC TARIFF SCHEDULE AND COMMUNITIES SERVED**

|                                                                     | <u>Sheet No.</u> | <u>Effective Date</u> |
|---------------------------------------------------------------------|------------------|-----------------------|
| <b><u>SERVICE REGULATIONS</u></b>                                   |                  |                       |
| Service Agreements.....                                             | 20               | 04/03/06              |
| Supplying and Taking of Service.....                                | 21               | 04/03/06              |
| Customer Choice Enrollment and Participation Guidelines.....        | 22               | 04/03/06              |
| Customer's and Company's Installation.....                          | 23               | 04/03/06              |
| Metering.....                                                       | 24               | 04/03/06              |
| Billing and Payment.....                                            | 25               | 04/03/06              |
| Credit and Deposit Provisions.....                                  | 26               | 04/03/06              |
| Application of Service Regulations.....                             | 27               | 04/03/06              |
| Establishment of Credit (4901:1-17 OAC).....                        | Supplement A     | 04/03/06              |
| Disconnection of Service (4901:1-18 OAC).....                       | Supplement B     | 04/03/06              |
| <b><u>RESIDENTIAL SERVICE</u></b>                                   |                  |                       |
| Rate RS, Residential Service:                                       | 30               | 04/03/06              |
| Summer Period.....                                                  | 30               | 04/03/06              |
| Winter Period.....                                                  | 30               | 04/03/06              |
| Rate ORH, Optional Residential Service with Electric Space Heating: |                  |                       |
| Summer Period.....                                                  | 31               | 04/03/06              |
| Winter Period.....                                                  | 31               | 04/03/06              |
| Rate HEC, Home Energy Check-up Service Program.....                 | 32               | 04/03/06              |
| Rate TD, Optional Time-of-Day Rate                                  |                  |                       |
| Summer Period                                                       |                  |                       |
| On Peak.....                                                        | 33               | 04/03/06              |
| Off Peak.....                                                       | 33               | 04/03/06              |
| Winter Period                                                       |                  |                       |
| On Peak.....                                                        | 33               | 04/03/06              |
| Off Peak.....                                                       | 33               | 04/03/06              |
| Rate CUR, Common Use Residential Service.....                       | 34               | 04/03/06              |
| Reserved for Future Use.....                                        | 35               | 04/03/06              |
| Reserved for Future Use.....                                        | 36               | 04/03/06              |
| Reserved for Future Use.....                                        | 37               | 04/03/06              |
| Reserved for Future Use.....                                        | 38               | 04/03/06              |
| Reserved for Future Use.....                                        | 39               | 04/03/06              |
| <b><u>DISTRIBUTION VOLTAGE SERVICE</u></b>                          |                  |                       |
| Rate DS, Service at Secondary Distribution Voltage                  |                  |                       |
| - Secondary Metered.....                                            | 40               | 04/03/06              |
| - Primary Metered.....                                              | 40               | 04/03/06              |
| Rider LM, Load Management Rider                                     |                  |                       |
| - Load Up to 500 kW:                                                |                  |                       |
| - Churches.....                                                     | 40               | 04/03/06              |
| - Small Business.....                                               | 40               | 04/03/06              |
| - Load Greater than 500 kW                                          |                  |                       |
| - Secondary Metered.....                                            | 40               | 04/03/06              |
| - Primary Metered.....                                              | 40               | 04/03/06              |
| Rate GS-FL, Optional Unmetered for Small Fixed Loads                |                  |                       |
| Less Than 540 Hours Use.....                                        | 41               | 04/03/06              |
| 540 Hours Use or Greater.....                                       | 41               | 04/03/06              |
| Rate EH, Optional Rate for Electric Space Heating                   |                  |                       |
| Winter Billing Rate.....                                            | 42               | 04/03/06              |

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Duke Energy Ohio  
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| <b><u>DISTRIBUTION VOLTAGE SERVICE (Contd.)</u></b>                 |                  |                       |
| <b>Rate DM, Secondary Distribution Service-Small:</b>               |                  |                       |
| Standard Service                                                    |                  |                       |
| Summer Period.....                                                  | 43               | 04/03/06              |
| Winter Period.....                                                  | 43               | 04/03/06              |
| Sports Service                                                      |                  |                       |
| Summer Period.....                                                  | 43               | 04/03/06              |
| Winter Period.....                                                  | 43               | 04/03/06              |
| <b>Rider LM, Load Management Rider:</b>                             |                  |                       |
| Load Up to 500 kW:                                                  |                  |                       |
| - Churches (Summer).....                                            | 43               | 04/03/06              |
| - Churches (Winter).....                                            | 43               | 04/03/06              |
| <b>Rate DP, Service at Primary Distribution Voltage</b>             |                  |                       |
| 12.5Kv                                                              |                  |                       |
| - Secondary Metered.....                                            | 44               | 04/03/06              |
| - Primary Metered.....                                              | 44               | 04/03/06              |
| 34.5 kv                                                             |                  |                       |
| - Secondary Metered.....                                            | 44               | 04/03/06              |
| - Primary Metered.....                                              | 44               | 04/03/06              |
| <b>Rider LM, Load Manager Rider:</b>                                |                  |                       |
| Load Greater than 500 kW:                                           |                  |                       |
| 12.5 kv                                                             |                  |                       |
| - Secondary Metered.....                                            | 44               | 04/03/06              |
| - Primary Metered.....                                              | 44               | 04/03/06              |
| 34.5 kv                                                             |                  |                       |
| - Secondary Metered.....                                            | 44               | 04/03/06              |
| - Primary Metered.....                                              | 44               | 04/03/06              |
| Reserved for Future Use.....                                        | 45               | 04/03/06              |
| <b>Rate SFL-ADPL, Optional Unmetered Rate for Small Fixed Loads</b> |                  |                       |
| Attached Directly to Company's Power Lines .....                    | 46               | 04/03/06              |
| Reserved for Future Use.....                                        | 47               | 04/03/06              |
| Reserved for Future Use.....                                        | 48               | 04/03/06              |
| Rate DI Distribution Interconnection Procedures.....                | 49               | 04/03/06              |
| <b><u>TRANSMISSION VOLTAGE SERVICE</u></b>                          |                  |                       |
| <b>Rate TS, Service at Transmission Voltage Primary Voltage</b>     |                  |                       |
| 89kv                                                                |                  |                       |
| - Secondary Metered.....                                            | 50               | 04/03/06              |
| - Primary Metered.....                                              | 50               | 04/03/06              |
| 138 kv                                                              |                  |                       |
| - Secondary Metered.....                                            | 50               | 04/03/06              |
| - Primary Metered.....                                              | 50               | 04/03/06              |
| <b>Rider LM, Load Management Rider:</b>                             |                  |                       |
| Load Greater than 500 kW:                                           |                  |                       |
| 69 kv                                                               |                  |                       |
| - Secondary Metered.....                                            | 50               | 04/03/06              |
| - Primary Metered.....                                              | 50               | 04/03/06              |
| 138 kv                                                              |                  |                       |
| - Secondary Metered.....                                            | 50               | 04/03/06              |
| - Primary Metered.....                                              | 50               | 04/03/06              |

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| <b><u>OTHER RIDERS</u></b>                                                        |                  |                       |
| Rider AAC, Annually Adjusted Component Rider.....                                 | 61               | 04/03/06              |
| Rider DSMR, Demand Side Management Cost Recovery Rider.....                       | 52               | 04/03/06              |
| Rider FPP, Fuel and Economy Purchased Power Rider.....                            | 53               | 09/28/06              |
| Rider IMF, Infrastructure Maintenance Fund Rider.....                             | 54               | 04/03/06              |
| Rider RSC, Rate Stabilization Charge Rider.....                                   | 55               | 04/03/06              |
| Rider SRT, System Reliability Tracker.....                                        | 56               | 09/28/06              |
| Rider TCR, Transmission Cost Recovery Rider.....                                  | 57               | 04/03/06              |
| Rider DRI, Distribution Reliability Investment Rider.....                         | 58               | 04/03/06              |
| Rider RSS, Rate Stabilization Surcredit Rider.....                                | 59               | 04/03/06              |
| <b><u>LIGHTING SERVICE</u></b>                                                    |                  |                       |
| Rate SL, Street Lighting Service.....                                             | 60               | 04/03/06              |
| Rate TL, Traffic Lighting Service:                                                |                  |                       |
| Energy Only.....                                                                  | 61               | 04/03/06              |
| Limited Maintenance.....                                                          | 61               | 04/03/06              |
| Energy and Limited Maintenance.....                                               | 61               | 04/03/06              |
| Rate OL, Outdoor Lighting Service:                                                |                  |                       |
| Private Outdoor Lighting Service.....                                             | 62               | 04/03/06              |
| Standard Unit Equivalent Service.....                                             | 62               | 04/03/06              |
| Flood Lighting.....                                                               | 62               | 04/03/06              |
| Underground Service.....                                                          | 62               | 04/03/06              |
| Rate NSU, Street Lighting Service for Non-Standard Units:                         |                  |                       |
| Company Owned:                                                                    |                  |                       |
| Energy and Maintenance.....                                                       | 63               | 04/03/06              |
| Customer Owned:                                                                   |                  |                       |
| Energy and Limited Maintenance.....                                               | 63               | 04/03/06              |
| Rate NSP, Private Outdoor Lighting for Non-Standard Units:                        |                  |                       |
| Overhead Distribution.....                                                        | 64               | 04/03/06              |
| Underground Distribution.....                                                     | 64               | 04/03/06              |
| Floodlighting.....                                                                | 64               | 04/03/06              |
| Rate SC, Street Lighting Service – Customer Owned:                                |                  |                       |
| Energy Only.....                                                                  | 65               | 04/03/06              |
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| Rate SE, Street Lighting Service:                                                 |                  |                       |
| Overhead Equivalent.....                                                          | 66               | 04/03/06              |
| Rate UOLS, Unmetered Outdoor Lighting Electric Service                            | 67               | 04/03/06              |
| Rate OL-E, Outdoor Lighting Equipment Installation.....                           | 68               | 04/03/06              |
| Reserved for Future Use.....                                                      | 69               | 04/03/06              |
| <b><u>RIDERS</u></b>                                                              |                  |                       |
| Reserved for Future Use.....                                                      | 70               | 04/03/06              |
| Reserved for Future Use.....                                                      | 71               | 04/03/06              |
| Rider TS, Temporary Service.....                                                  | 72               | 04/03/06              |
| Rider X, Line Extension Policy.....                                               | 73               | 04/03/06              |
| Rider EEPF, Electricity Emergency Procedures for Long<br>Term Fuel Shortages..... | 74               | 04/03/06              |
| Rider EEPF, Emergency Electric Procedures.....                                    | 75               | 04/03/06              |

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| Rider LM, Load Management Rider.....                           | 76               | 04/03/06              |
| Rider BR, Brownfield Redevelopment Rider.....                  | 77               | 04/03/06              |
| Rider TES, Thermal Energy Storage Rider.....                   | 78               | 04/03/06              |
| Reserved for Future Use.....                                   | 79               | 04/03/06              |
| Rider RGR, Residential Generation Rider.....                   | 80               | 04/03/06              |
| Rider EER, Energy Efficiency Revolving Loan Program Rider..... | 81               | 04/03/06              |
| Reserved for Future Use.....                                   | 82               | 04/03/06              |
| Rider OET, Ohio Excise Tax Rider.....                          | 83               | 04/03/06              |
| Rider RTC, Regulatory Transition Charge Rider.....             | 84               | 04/03/06              |
| Rider SC, Shopping Credit Rider.....                           | 85               | 04/03/06              |
| Rider USR, Universal Service Fund Rider.....                   | 86               | 06/13/06              |
| Rider PLM, Peak Load Management Program.....                   | 87               | 04/03/06              |
| Reserved for Future Use.....                                   | 88               | 04/03/06              |
| Rider AG, Optional Alternative Generation Rider.....           | 89               | 04/03/06              |
| <b><u>MISCELLANEOUS</u></b>                                    |                  |                       |
| Rate RTP, Real Time Pricing Program                            |                  |                       |
| Secondary Distribution Voltage (Rate DS):                      |                  |                       |
| - Secondary Metered.....                                       | 90               | 04/03/06              |
| - Primary Metered.....                                         | 90               | 04/03/06              |
| - Secondary Metered - RTP-LM.....                              | 90               | 04/03/06              |
| - Primary Metered - RTP-LM.....                                | 90               | 04/03/06              |
| Primary Distribution Voltage 12.5kV (Rate DP):                 |                  |                       |
| - Secondary Metered.....                                       | 90               | 04/03/06              |
| - Primary Metered.....                                         | 90               | 04/03/06              |
| - Secondary Metered - RTP-LM.....                              | 90               | 04/03/06              |
| - Primary Metered - RTP-LM.....                                | 90               | 04/03/06              |
| Primary Distribution Voltage 34.5kV (Rate DP):                 |                  |                       |
| - Secondary Metered.....                                       | 90               | 04/03/06              |
| - Primary Metered.....                                         | 90               | 04/03/06              |
| - Secondary Metered - RTP-LM.....                              | 90               | 04/03/06              |
| - Primary Metered - RTP-LM.....                                | 90               | 04/03/06              |
| Transmission Voltage (Rate TS):                                |                  |                       |
| - Secondary Metered.....                                       | 90               | 04/03/06              |
| - Primary Metered.....                                         | 90               | 04/03/06              |
| - Secondary Metered - RTP-LM.....                              | 90               | 04/03/06              |
| - Primary Metered - RTP-LM.....                                | 90               | 04/03/06              |
| Bad Check Charge.....                                          | 91               | 04/03/06              |
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| Cogeneration and Small Power Production Sale and Purchases.... | 93               | 04/03/06              |
| Reserved for Future Use.....                                   | 94               |                       |
| Rider MDC, Meter Data Charges.....                             | 95               | 04/03/06              |
| Rider MSC, Meter Service Charges.....                          | 96               | 04/03/06              |
| Reserved for Future Use.....                                   | 97               | 04/03/06              |
| Rider GSS, Generation Support Service.....                     | 98               | 04/03/06              |
| Rider SBS, Optional Summary Billing Service Pilot.....         | 99               | 04/03/06              |
| Rider ED, Economic Development Rider.....                      | 100              | 06/05/06              |
| Rider UR, Urban Redevelopment Rider.....                       | 101              | 06/05/06              |
| Reserved for Future Use.....                                   | 102              |                       |
| Rider MSR-E, Merger Savings Credit Rider-Electric.....         | 103              | 04/03/06              |
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| Rate PA, Pole Attachments Tariff (PUCO No. 1).....             | Sheet 1.4        | 04/03/06              |

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| <u>Division and Town Names</u>     | <u>Town</u> | <u>Division No. 2 (Middletown) (Contd.)</u> | <u>Town</u> |
|------------------------------------|-------------|---------------------------------------------|-------------|
| <u>Division No. 1 (Cincinnati)</u> | <u>No.</u>  |                                             | <u>No.</u>  |
| Addyston .....                     | 17          | Preble County.....                          | 93          |
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| Delhi Township .....               | 70          | Clermont County.....                        | 96          |
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| Glendale.....                      | 07          | Hamilton County.....                        | 91          |
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| Montgomery.....                    | 24          | Newtownville.....                           | 81          |
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| Newtown.....                       | 42          | Russellville.....                           | 77          |
| North Bend.....                    | 26          | St. Martin.....                             | 88          |
| North College Hill.....            | 11          | Terrace Park.....                           | 70          |
| Norwood.....                       | 02          | Warren County.....                          | 92          |
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| Springdale.....                    | 19          | College Corner (Preble Co.) .....           | 66          |
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| Sycamore Township.....             | 74          | Preble County.....                          | 93          |
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| Wyoming.....                       | 16          | Butler County .....                         | 97          |
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| Butler County.....                 | 97          | Hamilton.....                               | 03          |
| Canale.....                        | 54          | Hamilton County.....                        | 91          |
| Franklin.....                      | 43          | Millville.....                              | 08          |
| Jacksonburg.....                   | 46          | New Miami.....                              | 01          |
| Mason.....                         | 06          | Seven Mile.....                             | 02          |

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|----------------------------------|-------------|
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| Middletown.....                  | 42          |
| Monroe.....                      | 40          |
| Montgomery County.....           | 94          |
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| Warren County.....               | 92          |

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DUKE ENERGY OHIO

DETERMINATION OF SYSTEM RELIABILITY TRACKER - RIDER SRT - BY RETAIL RATE GROUP  
REFLECTING RECOVERY OF ESTIMATED SUMMER 2006 CAPACITY AND PURCHASED POWER COSTS (EXCLUDING ENERGY COSTS)  
FOR THE PERIOD OCTOBER THROUGH DECEMBER 2006 TO BE APPLIED TO CUSTOMER BILLS OVER A THREE-MONTH PERIOD

| Line No. | Description                                                 | (A)<br>Allocated Percentage Share of System Peak Demands for the Company's Retail Electric Customers 1/ | (B)<br>Estimate of 2006 Capacity and Purchased Power Costs By Retail Rate Group to be Collected Through System Reliability Tracker - Rider SRT | (C)<br>Estimated Rider SRT Billing for January thru September 2006 2/ | (D)<br>2005 Rider SRT Over-Collections to be Returned to Non-Residential Customers | (E)<br>Estimate of 2006 Net Power Costs By Retail Rate Group to be Collected Through System Reliability Tracker - Rider SRT | (F)<br>Associated Capacity and Purchased Power Costs | (G)<br>Estimated Kilowatt-Hour Sales For The Three Months Ended December 31, 2006 3/ | (H)<br>Estimated Billing LW Demands | (I)<br>SRT Adjustment Factor By Rate Group<br>(\$/MWh) (\$/KWh) | Line No. |
|----------|-------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|--------------------------------------------------------------------------------------|-------------------------------------|-----------------------------------------------------------------|----------|
| 1        | Retail Rate Group RS Rate Group                             |                                                                                                         |                                                                                                                                                |                                                                       |                                                                                    |                                                                                                                             |                                                      |                                                                                      |                                     | -0.005597                                                       | 1        |
| 2        | Non-Residential (Detailed Below)                            |                                                                                                         |                                                                                                                                                |                                                                       |                                                                                    |                                                                                                                             |                                                      |                                                                                      |                                     |                                                                 | 2        |
| 3        | DS Rate Group                                               |                                                                                                         |                                                                                                                                                |                                                                       |                                                                                    |                                                                                                                             |                                                      |                                                                                      |                                     |                                                                 | 3        |
| 4        | Rate DS                                                     |                                                                                                         |                                                                                                                                                |                                                                       |                                                                                    |                                                                                                                             |                                                      |                                                                                      |                                     |                                                                 | 4        |
| 5        | First 1,000 kW                                              |                                                                                                         |                                                                                                                                                |                                                                       |                                                                                    |                                                                                                                             |                                                      |                                                                                      |                                     | -0.2811                                                         | 5        |
| 6        | Additional kW                                               |                                                                                                         |                                                                                                                                                |                                                                       |                                                                                    |                                                                                                                             |                                                      |                                                                                      |                                     | -0.2271                                                         | 6        |
| 7        | First 300 kWh/MWh                                           |                                                                                                         |                                                                                                                                                |                                                                       |                                                                                    |                                                                                                                             |                                                      |                                                                                      |                                     | -0.00727                                                        | 7        |
| 8        | Additional kWh                                              |                                                                                                         |                                                                                                                                                |                                                                       |                                                                                    |                                                                                                                             |                                                      |                                                                                      |                                     | -0.00655                                                        | 8        |
| 9        | Total Rate DS                                               |                                                                                                         |                                                                                                                                                |                                                                       |                                                                                    |                                                                                                                             |                                                      |                                                                                      |                                     |                                                                 | 9        |
| 10       | Rate GS-FL                                                  |                                                                                                         |                                                                                                                                                |                                                                       |                                                                                    |                                                                                                                             |                                                      |                                                                                      |                                     | -0.001485                                                       | 10       |
| 11       | Rate EH                                                     |                                                                                                         |                                                                                                                                                |                                                                       |                                                                                    |                                                                                                                             |                                                      |                                                                                      |                                     | -0.003217                                                       | 11       |
| 12       | Total Rate DS, GS-FL, EH                                    |                                                                                                         |                                                                                                                                                |                                                                       |                                                                                    |                                                                                                                             |                                                      |                                                                                      |                                     |                                                                 | 12       |
| 13       | Rate DM                                                     |                                                                                                         |                                                                                                                                                |                                                                       |                                                                                    |                                                                                                                             |                                                      |                                                                                      |                                     | -0.001536                                                       | 13       |
| 14       | Rate DP                                                     |                                                                                                         |                                                                                                                                                |                                                                       |                                                                                    |                                                                                                                             |                                                      |                                                                                      |                                     |                                                                 | 14       |
| 15       | First 1,000 kW                                              |                                                                                                         |                                                                                                                                                |                                                                       |                                                                                    |                                                                                                                             |                                                      |                                                                                      |                                     | -0.2441                                                         | 15       |
| 16       | Additional kW                                               |                                                                                                         |                                                                                                                                                |                                                                       |                                                                                    |                                                                                                                             |                                                      |                                                                                      |                                     | -0.1888                                                         | 16       |
| 17       | First 300 kWh/MWh                                           |                                                                                                         |                                                                                                                                                |                                                                       |                                                                                    |                                                                                                                             |                                                      |                                                                                      |                                     | -0.00784                                                        | 17       |
| 18       | Additional kWh                                              |                                                                                                         |                                                                                                                                                |                                                                       |                                                                                    |                                                                                                                             |                                                      |                                                                                      |                                     | -0.006546                                                       | 18       |
| 19       | Total Rate DP                                               |                                                                                                         |                                                                                                                                                |                                                                       |                                                                                    |                                                                                                                             |                                                      |                                                                                      |                                     |                                                                 | 19       |
| 20       | Rate TS                                                     |                                                                                                         |                                                                                                                                                |                                                                       |                                                                                    |                                                                                                                             |                                                      |                                                                                      |                                     |                                                                 | 20       |
| 21       | First 50,000 kVA                                            |                                                                                                         |                                                                                                                                                |                                                                       |                                                                                    |                                                                                                                             |                                                      |                                                                                      |                                     | -0.3235                                                         | 21       |
| 22       | Additional kVA                                              |                                                                                                         |                                                                                                                                                |                                                                       |                                                                                    |                                                                                                                             |                                                      |                                                                                      |                                     | -0.2770                                                         | 22       |
| 23       | First 300 kWh/MVA                                           |                                                                                                         |                                                                                                                                                |                                                                       |                                                                                    |                                                                                                                             |                                                      |                                                                                      |                                     | -0.00555                                                        | 23       |
| 24       | Additional kWh                                              |                                                                                                         |                                                                                                                                                |                                                                       |                                                                                    |                                                                                                                             |                                                      |                                                                                      |                                     | -0.00554                                                        | 24       |
| 25       | Total Rate TS                                               |                                                                                                         |                                                                                                                                                |                                                                       |                                                                                    |                                                                                                                             |                                                      |                                                                                      |                                     |                                                                 | 25       |
| 26       | Utility Rate Group Rates SL, TL, OL, NSU, NSP, SC, SE, UOLS |                                                                                                         |                                                                                                                                                |                                                                       |                                                                                    |                                                                                                                             |                                                      |                                                                                      |                                     |                                                                 | 26       |
| 27       |                                                             |                                                                                                         |                                                                                                                                                |                                                                       |                                                                                    |                                                                                                                             |                                                      |                                                                                      |                                     |                                                                 | 27       |
| 28       |                                                             |                                                                                                         |                                                                                                                                                |                                                                       |                                                                                    |                                                                                                                             |                                                      |                                                                                      |                                     | -0.006980                                                       | 28       |
| 29       | Total Retail                                                |                                                                                                         |                                                                                                                                                |                                                                       |                                                                                    |                                                                                                                             |                                                      |                                                                                      |                                     |                                                                 | 29       |

- REDACTED -

1/ Rate Group RS based on applicable peak demands from the Company's cost of service study in Case No. 02-1464-EL-AR. Non-residential based on Case No. 05-0052-EL-AIR.  
2/ January 2006 through July 2006 actual plus estimated August and September 2006.  
3/ Based on actual sales to SRT customers for the 3 months ended December 31, 2006.

DUKE ENERGY OHIO  
Determination of System Reliability Tracker Demand & Energy Rates

| Rate DS Rate Group | Estimated 2006<br>Sales/Demand<br>(kW; kWh) | Generation Rate<br>(\$/kW; ¢/kWh) | Generation<br>Revenue<br>(\$) | Total Revenue % | SRT Revenue<br>Requirement<br>(\$) | October - December<br>Estimated 2006<br>Sales/Demand<br>(kW; kWh) | SRT Rates<br>(\$/kW; \$/kWh) |
|--------------------|---------------------------------------------|-----------------------------------|-------------------------------|-----------------|------------------------------------|-------------------------------------------------------------------|------------------------------|
|--------------------|---------------------------------------------|-----------------------------------|-------------------------------|-----------------|------------------------------------|-------------------------------------------------------------------|------------------------------|

Rate DS  
Generation Revenues  
Demand Charge:  
First 1,000 kW  
Additional kW  
Total

Energy Charge:  
First 300 kWh/kW  
Additional kWh  
Total

Total Rate DS

Rate EH  
All kWh

Rate GS-FL  
Load 540 to 720 hrs. kWh  
Load < 540 hrs. kWh

Total Rate GS-FL

Total DS Rate Group

**- REDACTED -**

DUKE ENERGY OHIO  
Determination of System Reliability Tracker Demand & Energy Rates

| Rate DP | Estimated 2006<br>Sales/Demand<br>(kW; kWh) | Generation Rate<br>(\$/kW; cents/kWh) | Generation<br>Revenue<br>(\$) | Total Revenue % | SRT Revenue<br>Requirement<br>(\$) | October - December<br>Estimated 2006<br>Sales/Demand<br>(kW; kWh) | SRT Rates<br>(\$/kW; \$/kWh) |
|---------|---------------------------------------------|---------------------------------------|-------------------------------|-----------------|------------------------------------|-------------------------------------------------------------------|------------------------------|
|---------|---------------------------------------------|---------------------------------------|-------------------------------|-----------------|------------------------------------|-------------------------------------------------------------------|------------------------------|

Generation Revenues

Demand Charge:

First 1,000 kW

Additional kW

Total

Energy Charge:

First 300 kWh/kW

Additional kWh

Total

Total Rate DP

**- REDACTED -**

DUKE ENERGY OHIO  
Determination of System Reliability Tracker Demand & Energy Rates

| Rate TS | Estimated 2006<br>Sales/Demand<br>(kVA; kWh) | Generation Rate<br>(\$/kW; cents/kWh) | Generation<br>Revenue<br>(\$) | Total Revenue % | SRT Revenue<br>Requirement<br>(\$) | October - December<br>Estimated 2006<br>Sales/Demand<br>(kVA; kWh) | SRT Rates<br>(\$/kVA; \$/kWh) |
|---------|----------------------------------------------|---------------------------------------|-------------------------------|-----------------|------------------------------------|--------------------------------------------------------------------|-------------------------------|
|---------|----------------------------------------------|---------------------------------------|-------------------------------|-----------------|------------------------------------|--------------------------------------------------------------------|-------------------------------|

Generation Revenues

Demand Charge:

First 50,000 kVA

Additional kVA

Total

Energy Charge:

First 300 kWh/kVA

Additional kWh

Total

Total Rate TS

- REDACTED -

DUKE ENERGY OHIO  
Determination of System Reliability Tracker Demand & Energy Rates  
Estimate 2006 SRT Billing Revenue

|    | Actual<br>January | Actual<br>February | Actual<br>March | Actual<br>April | Actual<br>May | Actual<br>June | Actual<br>July | Estimated<br>August | Estimated<br>September | Total |
|----|-------------------|--------------------|-----------------|-----------------|---------------|----------------|----------------|---------------------|------------------------|-------|
| 1  |                   |                    |                 |                 |               |                |                |                     |                        |       |
| 2  |                   |                    |                 |                 |               |                |                |                     |                        |       |
| 3  |                   |                    |                 |                 |               |                |                |                     |                        |       |
| 4  |                   |                    |                 |                 |               |                |                |                     |                        |       |
| 5  |                   |                    |                 |                 |               |                |                |                     |                        |       |
| 6  |                   |                    |                 |                 |               |                |                |                     |                        |       |
| 7  |                   |                    |                 |                 |               |                |                |                     |                        |       |
| 8  |                   |                    |                 |                 |               |                |                |                     |                        |       |
| 9  |                   |                    |                 |                 |               |                |                |                     |                        |       |
| 10 |                   |                    |                 |                 |               |                |                |                     |                        |       |
| 11 |                   |                    |                 |                 |               |                |                |                     |                        |       |
| 12 |                   |                    |                 |                 |               |                |                |                     |                        |       |
| 13 |                   |                    |                 |                 |               |                |                |                     |                        |       |
| 14 |                   |                    |                 |                 |               |                |                |                     |                        |       |
| 15 |                   |                    |                 |                 |               |                |                |                     |                        |       |
| 16 |                   |                    |                 |                 |               |                |                |                     |                        |       |
| 17 |                   |                    |                 |                 |               |                |                |                     |                        |       |
| 18 |                   |                    |                 |                 |               |                |                |                     |                        |       |
| 19 |                   |                    |                 |                 |               |                |                |                     |                        |       |
| 20 |                   |                    |                 |                 |               |                |                |                     |                        |       |
| 21 |                   |                    |                 |                 |               |                |                |                     |                        |       |
| 22 |                   |                    |                 |                 |               |                |                |                     |                        |       |
| 23 |                   |                    |                 |                 |               |                |                |                     |                        |       |
| 24 |                   |                    |                 |                 |               |                |                |                     |                        |       |

- REDACTED -

# Duke Energy Ohio

## Summary of Projected 2006 Capacity and Purchased Power Costs Incurred to Serve SRI Customers

### Total Estimated Capacity Costs and Jurisdictional Allocation

| Line No. | Description                                                         | March (A) | April (B) | May (C) | June (D) | July (E) | August (F) | September (G) | October (H) | November (I) | December (J) | Total (K) | Line No. |
|----------|---------------------------------------------------------------------|-----------|-----------|---------|----------|----------|------------|---------------|-------------|--------------|--------------|-----------|----------|
| 1        | Daily Fixed Strike Energy Firm LD Call Option with Capacity Backing |           |           |         |          |          |            |               |             |              |              |           |          |
| 2        | Mid-Merit Gas Tolling Agreement                                     |           |           |         |          |          |            |               |             |              |              |           |          |
| 3        | Regulatory Capacity Purchase                                        |           |           |         |          |          |            |               |             |              |              |           |          |
| 4        | Base Load Tolling Agreement with Must-Take Firm Energy              |           |           |         |          |          |            |               |             |              |              |           |          |
| 5        | Daily Fixed Call Option with Unit Outage Contingency                |           |           |         |          |          |            |               |             |              |              |           |          |
| 6        | Buffer for Daily Purchases                                          |           |           |         |          |          |            |               |             |              |              |           |          |
| 7        | Total Applicable to Retail Customers                                |           |           |         |          |          |            |               |             |              |              |           |          |

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# Duke Energy Ohio

## Projected Purchased Capacity

| Line No. | Description                            | Amount | Description                             | Amount | Line No. |
|----------|----------------------------------------|--------|-----------------------------------------|--------|----------|
|          | (A)                                    | (B)    | (C)                                     | (D)    |          |
| March    |                                        |        |                                         |        |          |
| 1        | MWs                                    |        | August                                  |        |          |
| 2        | Capacity Charge/Kw/Month               |        |                                         |        |          |
| 3        | CG&E's Capacity Charge (1 Day)         |        | MWs                                     |        | 1        |
| 4        | MWs                                    |        | Capacity Charge/Kw/Month                |        | 2        |
| 5        | Capacity Charge/Kw/Month               |        | CG&E's Capacity Charge                  |        | 3        |
| 6        | CG&E's Capacity Charge (1 Day)         |        |                                         |        |          |
| 7        | MWs                                    |        | MWs                                     |        | 4        |
| 8        | Capacity Charge/Kw/Month               |        | Capacity Charge/Kw/Month                |        | 5        |
| 9        | CG&E's Capacity Charge (1 Day)         |        | CG&E's Capacity Charge                  |        | 6        |
|          | Actual Monthly Costs Recoverable Via   |        | MWs                                     |        | 7        |
| 10       | System Reliability Tracker - Rider SRT |        | Capacity Charge/Kw/Month                |        | 8        |
|          |                                        |        | CG&E's Capacity Charge (2 Days)         |        | 9        |
| April    |                                        |        | MWs                                     |        | 10       |
|          |                                        |        | Capacity Charge/Kw/Month                |        | 11       |
| 11       | MWs                                    |        | CG&E's Capacity Charge (1 Day)          |        | 12       |
| 12       | Capacity Charge/Kw/Month               |        | Actual Monthly Costs Recoverable Via    |        |          |
| 13       | CG&E's Capacity Charge                 |        | System Reliability Tracker - Rider SRT  |        | 13       |
| 14       | MWs                                    |        |                                         |        |          |
| 15       | Capacity Charge/Kw/Month               |        | September                               |        |          |
| 16       | CG&E's Capacity Charge (1 Day)         |        |                                         |        |          |
| 17       | MWs                                    |        | MWs                                     |        | 14       |
| 18       | Capacity Charge/Kw/Month               |        | Capacity Charge/Kw/Month                |        | 15       |
| 19       | CG&E's Capacity Charge (1 Day)         |        | CG&E's Capacity Charge                  |        | 16       |
|          | Actual Monthly Costs Recoverable Via   |        | MWs                                     |        | 17       |
| 20       | System Reliability Tracker - Rider SRT |        | Capacity Charge/Kw/Month                |        | 18       |
|          |                                        |        | CG&E's Capacity Charge                  |        | 19       |
| May      |                                        |        | MWs                                     |        | 20       |
|          |                                        |        | Capacity Charge/Kw/Month                |        | 21       |
| 21       | MWs                                    |        | CG&E's Capacity Charge                  |        | 22       |
| 22       | Capacity Charge/Kw/Month               |        | Actual Monthly Costs Recoverable Via    |        |          |
| 23       | CG&E's Capacity Charge                 |        | System Reliability Tracker - Rider SRT  |        | 23       |
| 24       | MWs                                    |        |                                         |        |          |
| 25       | Capacity Charge/Kw/Month               |        | October                                 |        |          |
| 26       | CG&E's Capacity Charge                 |        |                                         |        |          |
|          | Actual Monthly Costs Recoverable Via   |        | MWs                                     |        | 24       |
| 27       | System Reliability Tracker - Rider SRT |        | Capacity Charge/Kw/Month                |        | 25       |
|          |                                        |        | CG&E's Capacity Charge                  |        | 26       |
| June     |                                        |        |                                         |        |          |
|          |                                        |        | Estimated Monthly Costs Recoverable Via |        |          |
| 28       | MWs                                    |        | System Reliability Tracker - Rider SRT  |        | 27       |
| 29       | Capacity Charge/Kw/Month               |        |                                         |        |          |
| 30       | CG&E's Capacity Charge                 |        |                                         |        |          |
| 31       | MWs                                    |        | November                                |        |          |
| 32       | Capacity Charge/Kw/Month               |        |                                         |        |          |
| 33       | CG&E's Capacity Charge                 |        | MWs                                     |        | 28       |
|          | Actual Monthly Costs Recoverable Via   |        |                                         |        |          |
| 34       | System Reliability Tracker - Rider SRT |        | Capacity Charge/Kw/Month                |        | 29       |
|          |                                        |        | CG&E's Capacity Charge                  |        | 30       |
| July     |                                        |        |                                         |        |          |
|          |                                        |        | Estimated Monthly Costs Recoverable Via |        |          |
| 35       | MWs                                    |        | System Reliability Tracker - Rider SRT  |        | 31       |
| 36       | Capacity Charge/Kw/Month               |        |                                         |        |          |
| 37       | CG&E's Capacity Charge                 |        |                                         |        |          |
| 38       | MWs                                    |        |                                         |        |          |
| 39       | Capacity Charge/Kw/Month               |        |                                         |        |          |
| 40       | CG&E's Capacity Charge                 |        |                                         |        |          |
| 41       | MWs                                    |        |                                         |        |          |
| 42       | Capacity Charge/Kw/Month               |        |                                         |        |          |
| 43       | CG&E's Capacity Charge (5 Days)        |        |                                         |        |          |
| 44       | MWs                                    |        |                                         |        |          |
| 45       | Capacity Charge/Kw/Month               |        |                                         |        |          |
| 46       | CG&E's Capacity Charge (2 Days)        |        |                                         |        |          |
|          | Actual Monthly Costs Recoverable Via   |        |                                         |        |          |
| 47       | System Reliability Tracker - Rider SRT |        | Total Purchased Capacity Charge         |        | 32       |

Updated on August 14, 2006

|  | 2006    |          |       |       |     |      |      |        |           |         |          |          |
|--|---------|----------|-------|-------|-----|------|------|--------|-----------|---------|----------|----------|
|  | January | February | March | April | May | June | July | August | September | October | November | December |

Supply

Maintenance \*

Supply with Maintenance Considerations

Native and Switched Peak Demand

Call Option & RTP

Purchases

DE Ohio Native Load Capacity Position

Margin

Capacity Position @ 15% Reserve Margin

Capacity Position @ 15% Reserve Margin  
without Maintenance

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