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Duke Energy Corporation
139 East Fourth Street
P.O. Box 980
Cincinnati, Ohio 45201-0980

December 5, 2007

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

PUCO

2007 DEC -5 PM 5:25

RECEIVED-DOCKETING DIV

RE: In the Matter of the Application of Duke)
Energy Ohio, Inc., to Adjust and Set) Case No. 06-1085-EL-UNC
the Annually Adjusted Component of)
its Market-Based Standard Service Offer)

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 January 2008. This tariff is being filed in accordance with the Commission's Order dated November 20, 2007, in Case No. 03-93-EL-ATA, *et al.*, (including Case No. 06-1085-EL-UNC). The rates have been set at the 2007 Rider AAC Revenue Requirement plus the projected under-collection of 2007 Rider AAC Revenue Requirements for calendar year 2007.

Sheet No. 51.4, Rider AAC, Annually Adjusted Component Rider

Schedules supporting the calculation of Rider AAC rates in the proposed tariff are also attached. The Company will make available any additional schedules and/or workpapers supporting these calculations to parties of record in this proceeding upon request, subject to applicable confidentiality agreements.

Upon Commission approval of the 2008 Rider AAC Application, in Case No. 07-973-EL-UNC, the attached rates will be updated accordingly.

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

Very truly yours,

Don Wathen

Enclosures

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.
Technician SM Date Processed 12/6/07

www.duke-energy.com

RIDER AAC

ANNUALLY ADJUSTED COMPONENT RIDER

APPLICABILITY

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

CHARGE

The Annually Adjusted Component Rider Charges detailed below are applicable after the end of the Market Development Period, except that they will not apply to those customers that receive a shopping credit or are eligible to avoid the Annually Adjusted Component charge as described below in the AVOIDANCE OF CHARGE section. All applicable kWh are subject to the Annually Adjusted Component Rider Charge. See Section VI, Item 7 of the Electric Service Regulations for the definition of the term "Market Development Period."

The following rates are effective for non-residential customers (including residential service of a commercial or public character) January 1, 2008.

<u>Tariff Sheet</u>	<u>AAC Charge</u> (per kWh/kW)
Rate DS, Service at Secondary Distribution Voltage	
First 1000 kW	\$0.796400
Additional kW	\$0.630000
Billing Demand Times 300	\$0.002036
Additional kWh	\$0.001691
Rate GS-FL, Optional Unmetered For Small Fixed Loads	
kWh Greater Than or Equal to 540 Hours	\$0.006764
kWh Less Than 540 Hours	\$0.007775
Rate CUR, Common Use Residential Service	
Summer, First 1000 kWh	\$0.004594
Summer, Additional kWh	\$0.005821
Winter, First 1000 kWh	\$0.004594
Winter, Additional kWh	\$0.001734
Rate EH, Optional Rate For Electric Space Heating	
All kWh	\$0.002776
Rate DM, Secondary Distribution Service, Small	
Summer, First 2800 kWh	\$0.006091
Summer, Next 3200 kWh	\$0.001555
Summer, Additional kWh	\$0.000679
Winter, First 2800 kWh	\$0.004833
Winter, Next 3200 kWh	\$0.001557
Winter, Additional kWh	\$0.000644

Filed pursuant to an Order dated November 20, 2007 in Case No. 06-1085-EL-UNC before the Public Utilities Commission of Ohio.

Issued: December 5, 2007

Effective: January 2, 2008

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. 51.4
Cancels and Supersedes
Sheet No. 51.3
Page 2 of 4

CHARGES (Contd.)

<u>Tariff Sheet</u>	<u>AAC Charge</u> (per kWh/kW)
Rate DP, Service at Primary Distribution Voltage	
First 1000 kW	\$0.719200
Additional kW	\$0.567300
Billing Demand Times 300	\$0.002293
Additional kWh	\$0.001840
Rate TS, Service at Transmission Voltage	
First 50,000 Kva	\$0.871800
Additional kVA	\$0.628400
Billing Demand Times 300	\$0.001498
Additional kWh	\$0.001703
Rate SL, Street Lighting Service	
All kWh	\$0.002995
Rate TL, Traffic Lighting Service	
All kWh	\$0.001754
Rate OL, Outdoor Lighting Service	
All kWh	\$0.002995
Rate NSU, Street Lighting Service for Non-Standard Units	
All kWh	\$0.002995
Rate NSP, Private Outdoor Lighting for Non-Standard Units	
All kWh	\$0.002995
Rate SC, Street Lighting Service - Customer Owned	
All kWh	\$0.002995
Energy only -- all kWh	\$0.001192
Rate SE, Street Lighting Service - Overhead Equivalent	
All kWh	\$0.002995
Rate UOLS, Unmetered Outdoor Lighting Electric Service	
All kWh	\$0.001234

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CHARGES (Contd.)

The following rates apply to residential customers beginning January 1, 2008.

<u>Tariff Sheet</u>	<u>AAC Charge</u> (per kWh/kW)
Rate RS, Residential Service	
Summer, First 1000 kWh	\$0.006214
Summer, Additional kWh	\$0.006608
Winter, First 1000 kWh	\$0.005214
Winter, Additional kWh	\$0.001967
Rate ORH, Optional Residential Service With Electric Space Heating	
Summer, First 1000 kWh	\$0.004655
Summer, Additional kWh	\$0.005578
Winter, First 1000 kWh	\$0.004653
Winter, Additional kWh	\$0.002409
Winter, kWh greater than 150 times demand	\$0.001606
Rate TD, Optional Time-of-Day Rate	
Summer, On-Peak kWh	\$0.010630
Summer, Off-Peak kWh	\$0.001552
Winter, On-Peak kWh	\$0.008357
Winter, Off-Peak kWh	\$0.001554

AVOIDANCE OF ANNUALLY ADJUSTED COMPONENT RIDER CHARGE

The first 25% of eligible residential load and the first 50% of eligible non-residential load, by customer rate class, to switch to a certified supplier shall not pay the AAC. All remaining 75% of residential load or 50% of non-residential load, by customer rate class, shall pay the AAC. The Company shall calculate the switched load by customer class in the same manner as it calculates switched load pursuant to its transition plan stipulation approved by the Commission in Case No 99-1658-EL-ETP.

The Company shall establish and maintain a queue of switched load, effective January 1, 2005, such that as the load of one customer returns to the Company's market-based standard service offer (MBSSO) market price, the applicable load of the next customer in the queue shall move into the percent of switched load permitted to avoid the AAC in the applicable customer class, in order, until the applicable switched percentage of load has been achieved.

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AVOIDANCE OF ANNUALLY ADJUSTED COMPONENT RIDER CHARGE (Contd.)

To qualify to bypass the AAC, a non-residential customer must enter into a contract with a creditworthy CRES provider to provide firm generation service through December 31, 2008, or a non-residential customer may sign a contract with the Company assuring that it will purchase competitive retail electric generation service from a competitive retail electric service provider through December 31, 2008. Such contract or agreement must satisfy the full capacity, energy, and transmission requirements associated with the customer. The applicable non-residential customer must provide a minimum of 60-days notice to the Company of the effective date of the contract, and may provide notice to the Company beginning November 23, 2004. All loads of customers seeking to avoid the AAC must be in the applicable percentage of switched load of the applicable customer class necessary to avoid the AAC at the time that contract notice is given to the Company. All customers, including those already switched, may give such notice and shall be placed in the queue for avoidance of the AAC at the time notice is given. To calculate the applicable percentage of switched load by customer class the Company shall count all switched customers receiving shopping credits and customers having given the required notice and with the required contract. Switched non-residential customers who return to the Company's generation service will be charged the highest hourly generation cost that the Company incurs for that hour. None of the restrictions or requirements set forth above shall apply to residential customers prior to January 1, 2006. At the end of their market development period at January 1, 2006, residential customers may bypass the RSC if they are in the first 25% of residential load as determined by order and receipt by the Company of a proper Direct Access Service Request as of January 1, 2006. Residential customers returning to the Company due to the default of their contracting competitive retail electric service provider or upon expiration of their contract shall be served at the Company's then existing MBSSO market price calculated as if the consumer had never purchased competitive retail electric service from a certified supplier.

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DUKE ENERGY OHIO

Calculation of Rider AAC as % of Little g ⁽¹⁾

Based on 2007 Rider AAC Revenue Requirement plus True-Up

	2007 Under Collection			2007 Revenue Requirement			2007 Total % of Little g		
	Total	Residential	Non-residential	Total	Residential	Non-residential	Total	Residential	Non-residential
Rider AAC Revenue Requirement									
2007 Per Staff Calculation	\$74,303,086 ⁽¹⁾	\$28,093,997 ⁽²⁾	\$46,209,089 ⁽²⁾	\$74,303,086	\$28,093,997 ⁽²⁾	\$46,209,089 ⁽²⁾			
January - October actual + 2 months budget	86,428,186	20,109,353	66,318,833						
Remaining AAC Revenue	\$13,878,688	\$7,984,644	\$5,894,044	\$74,303,086	\$28,093,997	\$46,209,089			
Little g Revenue ⁽³⁾									
12 months Ended May 2007	\$806,920,711	\$305,099,845	\$501,820,866	\$806,920,711	\$305,099,845	\$501,820,866			
Rider AAC as % of Little g		2.6%	1.2%		3.2%	1.2%	11.8%	10.4%	

Notes:

⁽¹⁾ See Stipulation Attachment 1 (Attachment LET-1) Page 1 of 5. Approved by the Commission on November 20, 2007, in Case No. 06-1085-EL-UNC.

⁽²⁾ Total Rider AAC Revenue allocated between residential and non-residential customers based on Little g revenue as follows:

\$806,920,711	\$305,099,845	\$501,820,866
100.000%	37.810%	62.190%

⁽³⁾ Little g revenue includes book revenue for non-shoppers and imputed revenue for shoppers.

⁽⁴⁾ Applicable beginning with first billing cycle in January 2008. To be updated upon Commission approval of the 2008 Rider AAC.

DUKE ENERGY OHIO
Calculation of Revised Rider AAC Tariff ⁽¹⁾

<u>Tariff Sheet</u>	<u>Current</u> <u>AAC Charge</u> (per kWh/kW)	<u>New % / Old %</u> <u>Ratio ⁽²⁾</u>	<u>Proposed</u> <u>AAC Charge</u> (per kWh/kW)
Rate RS, Residential Service			
Summer, First 1000 kWh	\$ 0.002651	1.9667	\$ 0.005214
Summer, Additional kWh	\$ 0.003359	1.9667	\$ 0.006606
Winter, First 1000 kWh	\$ 0.002651	1.9667	\$ 0.005214
Winter, Additional kWh	\$ 0.001000	1.9667	\$ 0.001987
Rate ORH, Optional Residential Service With Electric Space Heating			
Summer, First 1000 kWh	\$ 0.002367	1.9667	\$ 0.004655
Summer, Additional kWh	\$ 0.002836	1.9667	\$ 0.005578
Winter, First 1000 kWh	\$ 0.002366	1.9667	\$ 0.004653
Winter, Additional kWh	\$ 0.001225	1.9667	\$ 0.002409
Winter, kWh greater than 150 times demand	\$ 0.000766	1.9667	\$ 0.001506
Rate TD, Optional Time-of-Day Rate			
Summer, On-Peak kWh	\$ 0.005405	1.9667	\$ 0.010630
Summer, Off-Peak kWh	\$ 0.000789	1.9667	\$ 0.001552
Winter, On-Peak kWh	\$ 0.004249	1.9667	\$ 0.008357
Winter, Off-Peak kWh	\$ 0.000790	1.9667	\$ 0.001554
Rate DS, Service at Secondary Distribution Voltage			
First 1000 kW	\$ 0.612600	1.3000	\$ 0.796400
Additional kW	\$ 0.464600	1.3000	\$ 0.603000
Billing Demand Times 300	\$ 0.001566	1.3000	\$ 0.002036
Additional kWh	\$ 0.001301	1.3000	\$ 0.001691
Rate GS-FL, Optional nmetered For Small Fixed Loads			
kWh Greater Than or Equal to 540 Hours	\$ 0.005203	1.3000	\$ 0.006764
kWh Less Than 540 Hours	\$ 0.005981	1.3000	\$ 0.007775
Rate CUR, Common Use Residential Service			
Summer, First 1000 kWh	\$ 0.003534	1.3000	\$ 0.004594
Summer, Additional kWh	\$ 0.004478	1.3000	\$ 0.005821
Winter, First 1000 kWh	\$ 0.003534	1.3000	\$ 0.004594
Winter, Additional kWh	\$ 0.001334	1.3000	\$ 0.001734
Rate EH, Optional Rate For Electric Space Heating			
All kWh	\$ 0.002135	1.3000	\$ 0.002776
Rate DM, Secondary Distribution Service, Small			
Summer, First 2800 kWh	\$ 0.004665	1.3000	\$ 0.006091
Summer, Next 3200 kWh	\$ 0.001196	1.3000	\$ 0.001555
Summer, Additional kWh	\$ 0.000522	1.3000	\$ 0.000679
Winter, First 2800 kWh	\$ 0.003718	1.3000	\$ 0.004833
Winter, Next 3200 kWh	\$ 0.001198	1.3000	\$ 0.001557
Winter, Additional kWh	\$ 0.000495	1.3000	\$ 0.000644

DUKE ENERGY OHIO
Calculation of Revised Rider AAC Tariff ⁽¹⁾

<u>Tariff Sheet</u>	<u>Current</u> <u>AAC Charge</u> (per kWh/kW)	<u>New % / Old %</u> <u>Ratio ⁽²⁾</u>	<u>Proposed</u> <u>AAC Charge</u> (per kWh/kW)
Rate DP, Service at Primary Distribution Voltage			
First 1000 kW	\$ 0.553200	1.3000	\$ 0.719200
Additional kW	\$ 0.436400	1.3000	\$ 0.567300
Billing Demand Times 300	\$ 0.001764	1.3000	\$ 0.002293
Additional kWh	\$ 0.001415	1.3000	\$ 0.001840
Rate TS, Service at Transmission Voltage			
First 50,000 Kva	\$ 0.670600	1.3000	\$ 0.871800
Additional Kva	\$ 0.483400	1.3000	\$ 0.628400
Billing Demand Times 300	\$ 0.001152	1.3000	\$ 0.001498
Additional kWh	\$ 0.001310	1.3000	\$ 0.001703
Rate SL, Street Lighting Service			
All kWh	\$ 0.002304	1.3000	\$ 0.002995
Rate TL, Traffic Lighting Service			
All kWh	\$ 0.001349	1.3000	\$ 0.001754
Rate OL, Outdoor Lighting Service			
All kWh	\$ 0.002304	1.3000	\$ 0.002995
Rate NSU, Street Lighting Service for Non-Standard Units			
All kWh	\$ 0.002304	1.3000	\$ 0.002995
Rate NSP, Private Outdoor Lighting for Non-Standard Units			
All kWh	\$ 0.002304	1.3000	\$ 0.002995
Rate SC, Street Lighting Service - Customer Owned			
All kWh	\$ 0.002304	1.3000	\$ 0.002995
Energy Only - All kWh	\$ 0.000917	1.3000	\$ 0.001192
Rate SE, Street Lighting Service - Overhead Equivalent			
All kWh	\$ 0.002304	1.3000	\$ 0.002995
Rate UOLS, Unmetered Outdoor Lighting Electric Service			
All kWh	\$ 0.000949	1.3000	\$ 0.001234

⁽¹⁾ Applicable beginning with first billing cycle in January 2008. To be updated upon Commission approval of the 2008 Rider AAC.

⁽²⁾ Residential = 11.8% / 6%; Non-residential = 10.4% / 8%