

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke)
Energy Ohio, Inc., to Adjust and Set the) Case No. 07-973-EL-UNC
Annually Adjustable Component of its)
Market Based Standard Service Offer.)

ENTRY

The Commission finds:

- (1) Duke Energy Ohio, Inc., (Duke) is an Ohio corporation engaged in the business of providing electric service to customers in Ohio and, as such, is a public utility, as defined by Sections 4905.02 and 4905.03(A)(4), Revised Code.
- (2) The annually adjustable component (AAC) of Duke's standard service offer is designed to recover Duke's incremental costs associated with homeland security, taxes and environmental compliance. On September 1, 2006, Duke filed Case No. 06-1085-EL-UNC, asking the Commission to approve its AAC rider rate for the calendar year 2007. On November 20, 2007, the Commission issued its Opinion and Order in that case, approving a Stipulation and Recommendation that provided for the AAC to be set at a level that would recover \$74,303,086. The AAC revenue was to be trued-up to January 1, 2007, such that the stated amount would be recovered by December 31, 2007. The Commission also ordered Duke to work with staff to determine a reasonable period over which the amount should be trued-up and collected.
- (3) On September 4, 2007, Duke filed the application in the above-captioned case, to establish the AAC rate for the 2008 calendar year. On December 13, 2007, a hearing was held in this case and, on January 16, 2008, the Commission issued an Opinion and Order. The Commission approved Duke's recovery of \$111,381,755 under rider AAC for the year 2008 and authorized Duke to file revised tariffs reflecting that AAC level, to be effective when filed, on a services rendered basis. Revised tariff pages were so filed on January 17, 2008.

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- (4) On February 29, 2008, Duke filed a proposed amendment of its AAC rider rate, intended to true up the 2007 budget to actual environmental reagent variance. Duke stated, in that filing, that the proposed rate was designed to become effective on April 1, 2008. A correction of that filing was docketed on March 7, 2008.
- (5) The proposed tariffs reflect the collection of previously approved AAC revenue requirements as follows: the remainder of the AAC revenue requirement allowed for 2007 at \$13,876,888, less the true up of reagent expense of \$(8,184,159), added to the revenue requirement approved for the 2008 AAC of \$111,381,755. The collection of these amounts will occur, under the proposed tariffs, April through December 2008.
- (6) The Commission finds that the proposed tariff amendment is not unjust or unreasonable. The proposed amendment should be approved.

It is, therefore,

ORDERED, That the proposed tariff amendment be approved with an effective date of April 1, 2008. It is, further,

ORDERED, That Duke shall notify all affected customers via a bill message or via a bill insert within 30 days of the effective date of the tariffs. A copy of the customer notice shall be submitted to the Commission's Service Monitoring and Enforcement Department, Reliability and Service Analysis Division, at least 10 days prior to its distribution to customers. It is, further,

ORDERED, That the AAC rider shall be effective until the costs identified in finding (5) have been fully recovered. Duke shall notify the Accounting and Electricity Division of the Commission's Utilities Department approximately 60 days prior to the full recovery of the costs. Any over-recovered amount shall be refunded through a reconciliation adjustment. It is, further,

ORDERED, That nothing in this entry shall be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule or regulation. It is, further,

ORDERED, That a copy of this entry be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

Alan R. Schriber, Chairman

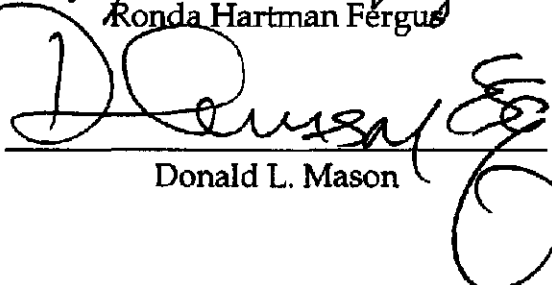


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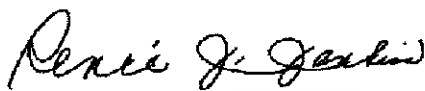


Donald L. Mason

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Entered in the Journal

MAR 26 2008



Renee J. Jenkins

Secretary