



McNees Wallace & Nurick LLC
attorneys at law

Samuel C. Randazzo
(614) 719-2840--Direct Dial
sam@mwncmh.com

RECEIVED-DOCKETING DIV
2008 DEC 16 PM 4:55
PUCO

December 16, 2008

Dr. Alan Schriber, Chairman
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, OH 43215

Re PUCO Case No. 08-920-EL-SSO, *In the Matter of the
Application of Duke Energy Ohio, Inc. for Approval of an
Electric Security Plan, et al.*

Dear Dr. Schriber:

Yesterday, Duke Energy Ohio ("DE-Ohio") filed a letter in this docket indicating that approval and implementation of the Stipulation and Recommendation ("Stipulation") in its electric security plan ("ESP") proceeding, including the effects of the updated Fuel and Purchased Power ("FPP") Rider and its System Reliability Tracker ("SRT"), would result in a "decrease" in generation rates for typical customers. As previously discussed during the briefing phase of this proceeding, the Stipulation itself calls for rate increases for commercial and industrial customers. Thus, any reductions in costs that DE-Ohio may be obligated to pass on to customers through adjustment clauses do not and cannot diminish the fact that the Stipulation itself will work to diminish the ultimate bill impact that these cost-based downward adjustments might otherwise have on electric bills.

While IEU-Ohio welcomes DE-Ohio's announcement that the Stipulation's rate increases may be mitigated somewhat by the downward trend of costs subject to recovery through adjustment clauses, DE-Ohio has predicted that its rates and charges in Ohio will remain the highest rates and charges paid by any customers served by any affiliated operating company in Kentucky, Indiana, and North Carolina. This condition was graphically demonstrated on pages 10-11 of IEU-Ohio's Reply Brief by using information published by Duke Energy. In addition and also according to Duke Energy, the Stipulation contains features that will lock in and grow DE-Ohio's profits while prohibiting smaller customers from benefiting from provisions in Ohio's recent electric legislation.


{C26968;}

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 TM Date Processed 12/16/2008

The letter filed by DE-Ohio was probably not intentionally designed to mask the real and longer term implications of the Stipulation but it certainly did not do anything to make these implications clear either.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Samuel C. Randazzo". The signature is fluid and cursive, with the last name being more prominent.

Samuel C. Randazzo

cc: Commissioner Ronda Hartman Fergus
Commissioner Valerie A. Lemmie
Commissioner Paul A. Centolella
Commissioner Cheryl Roberto
All parties of record in the above-referenced cases