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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke Energy)	
Ohio to Adjust and Set Its Gas Uncollectible)	
Recovery Rate Under Rider UE-G and to)	Case No. 09- 773 -GA-UEX
Defer Incremental Uncollectible Expenses)	
In the Matter of the Application of Duke Energy)	
Ohio to Change its Accounting Methods to Defer)	Case No. 09-774 -GA-AAM
Incremental Uncollectible Expenses)	

**APPLICATION TO ESTABLISH THE RATE FOR
DUKE ENERGY OHIO'S GAS UNCOLLECTIBLE RIDER UE-G
AND TO DEFER INCREMENTAL UNCOLLECTIBLE EXPENSES**

Pursuant to R.C. 4929.11, Duke Energy Ohio requests approval to establish the rate for its gas uncollectible rider, Rider UE-G, and for such accounting authority as may be required to defer uncollectible expense for subsequent recovery.

Duke Energy Ohio is an Ohio corporation engaged in the business of supplying natural gas to approximately 425,000 customers in Southwestern Ohio, all of whom will be affected by this Application, and is a public utility as defined by R. C. 4905.02 and 4905.03. Duke Energy Ohio serves incorporated communities and unincorporated territory within its entire service area, which includes all or parts of Adams, Brown, Butler, Clinton, Clermont, Hamilton, Montgomery, and Warren Counties in Ohio.

In support of its Application, Duke Energy Ohio states as follows:

1. This Application is made pursuant to the Public Utilities Commission of Ohio's (Commission) Finding and Order of December 21, 2005, in Case Nos. 05-732-EL-MER, 05-733-EL-AAM, and 05-974-GA-AAM.

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2. In its Finding and Order, the Commission instructed Duke Energy Ohio to purchase receivables of competitive natural gas suppliers without a discount.¹ The Commission also approved Duke Energy Ohio's request for a gas uncollectible expense recovery rider.²
3. The gas uncollectible expense recovery rider approved by the Commission was consistent with the agreement of the Settling Parties to the proceeding as set forth in a Stipulation and Recommendation filed on December 15, 2005.³
4. The gas uncollectible expense rider – Rider UE-G – currently has a monthly charge of \$0 per CCF. Due to the current economic environment, Duke Energy Ohio anticipates that uncollectible expenses will significantly exceed the amount for uncollectible expense currently included in base rates. Therefore, Duke Energy Ohio now applies to this Commission to establish a rate for Rider UE-G.
5. Duke Energy Ohio also applies to this Commission for authority to include carrying costs in Rider UE-G and to defer, for future recovery, the incremental uncollectible expenses not otherwise recovered in base rates or through Rider UE-G after it becomes effective. Such deferral would extend to those incremental uncollectible expenses for the current and subsequent fiscal years.
6. Duke Energy Ohio proposes that the uncollectible expenses eligible for recovery through Rider UE-G will be those expenses generated by the class of customers paying the uncollectible expenses rider.

¹ *In the Matter of the Joint Application of Cinergy Corp., on behalf of The Cincinnati Gas & Electric Company, and Duke Energy Holding Corp. for Consent and Approval of a Change of Control of The Cincinnati Gas & Electric Company*, Case No. 05-732-BL-MER, *et al.*, Finding and Order (December 21, 2005) at page 18.

² *Id.*

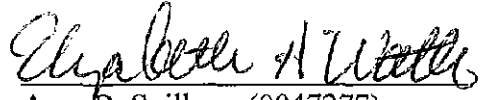
³ *Id.*, at Stipulation and Recommendation (December 15, 2005) at Para. 2.7.

7. Because Duke Energy Ohio purchases accounts receivable from competitive retail natural gas suppliers, it submits that eligible uncollectible expenses should also include the amount associated with the provision of competitive retail natural gas service.
8. Duke Energy Ohio proposes that Rider UE-G contain a mechanism whereby the rate is adjusted annually. Such a mechanism will allow for an annual increase or decrease in the tariffed rate consistent with the amount of eligible uncollectible expenses. The annual filings related to Duke Energy Ohio's gas cost recovery rider appear to be appropriate dockets in which to review this adjustment mechanism.
9. Duke Energy Ohio agrees to file an annual report that details the amounts recovered, deferred and, if applicable, amortized pursuant to Rider UE-G. Duke Energy Ohio suggests that its first report be filed in May 2010.
10. Duke Energy Ohio also proposes that no customer whose arrearages are recovered through the rider should be exempt from the obligation to pay the amount.
11. Duke Energy Ohio agrees to provide the Commission Staff and the Office of the Ohio Consumer's Counsel (OCC) with its credit and collection policies and procedures no sooner than sixty days after the Commission approves Duke Energy Ohio's Rider UE-G as proposed herein. Duke Energy Ohio further states that it is amenable to meeting with Staff and the OCC to discuss possible improvements and/or modifications to these policies and procedures.

WHEREFORE, Duke Energy Ohio respectfully requests that the Commission approve this Application subject to the terms outlined herein and in the testimony filed contemporaneously herewith.

Respectfully submitted,

Duke Energy Ohio

A handwritten signature in cursive script, appearing to read "Elizabeth H. Watts".

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