

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke)
Energy Ohio, Inc., for Approval of an) Case No. 09-773-GA-UEx
Uncollectible Expense Rider.)

In the Matter of the Application of Duke)
Energy Ohio, Inc., to Change its Accounting) Case No. 09-774-GA-UEx
Methods to Defer Incremental Uncollectible)
Expense.)

FINDING AND ORDER

The Commission finds:

- (1) By Finding and Order dated December 17, 2003, in Case No. 03-1127-GA-UNC (Order), the Public Utilities Commission of Ohio (Commission) approved the concept of an uncollectible expense recovery mechanism for five natural gas companies. The mechanism allows for the recovery of actual bad/uncollectible debt through a rider, rather than through base rates.
- (2) On December 15, 2005, in Case Nos. 05-732-EL-MER, 05-733-EL-AAM and 05-974-GA-AAM, Duke Energy of Ohio, Inc., formerly Cincinnati Gas & Electric Company (Duke or Company) entered into a stipulation with several parties to resolve issues related to its merger with Duke Energy Holding Corporation. As a result of the stipulation, Duke agreed to purchase the receivables of the competitive natural gas marketers without a discount. The signatory parties also agreed to an uncollectible expense recovery mechanism similar to those approved in Case No. 03-1127-GA-UNC. On December 21, 2005, the Commission approved the stipulation and an uncollectible expense mechanism was established and initially set at zero.
- (3) On September 3, 2009, Duke filed an application (Case No. 09-773-GA-UEx) and supporting testimony to remove from its base rates uncollectible expenses that were included in the Company's last base rate case (Case No. 07-589-GA-AIR) and to establish an initial uncollectible expense (UEx) rider rate. The Company's testimony detailed its base rate recoveries of

uncollectible expenses and the associated tariff changes. Duke is proposing to reduce its sales service and firm transportation base rates by \$0.081 per thousand cubic feet (Mcf) and to establish its initial UEX rider at \$0.1569 per Mcf, or a net increase to its customers of \$0.0759 per Mcf.

In support of its proposed initial rate, Duke states that, due to the current economic environment, it anticipates that uncollectible expenses will significantly exceed the amount for uncollectible expense currently included in base rates. In addition, Duke requests authority to include carrying costs in the UEX rider.

- (4) Also, on September 3, 2009, Duke filed an application Case No. 09-774-GA-UEx) to change accounting methods to defer incremental uncollectible expenses not otherwise recovered in base rates or through the UEX rider after it becomes effective. The deferrals would apply until such incremental expenses are included in the UEX rider. This request is similar to that which the Commission has previously approved in Case No. 03-1127-GA-UNC.
- (5) Staff reviewed the UEX application and, on November 3, 2009, filed its comments recommending approval of the proposed rider rate. The Staff's comments also recommend the insertion of the word "firm" in the Company's Rider UE-G tariff sheet on the Applicability Section to clarify that the rider is applicable to only firm transportation customers.
- (6) The Commission has reviewed the applications, testimony and the Staff's filed comments and finds the applications are reasonable and in the public interest and should be approved.

It is, therefore,

ORDERED, That Duke is authorized to reduce its sales services and firm transportation base rates by \$0.081 per MCF and to establish its initial UEX rider at \$0.1569 per MCF. It is, further,

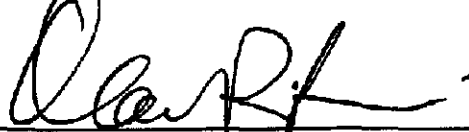
ORDERED, That Duke is authorized to change its accounting methods to defer incremental uncollectible expenses not otherwise recovered in base rates or through the UEX rider until such time as they are included in the UEX rider. It is, further,

ORDERED, That Duke is authorized to file four complete copies of tariffs in final form, consistent with this Finding and Order. Duke shall file one copy in this case docket and one copy in its TRF docket (or may make such filing electronically as directed in Case No. 06-900-AU-WVR). The remaining two copies shall be designated for distribution to the Rates and Tariffs, Energy and Water Division of the Commission's Utilities Department. It is, further,

ORDERED, That the effective date of the new tariffs shall be a date not earlier than both the date of this Finding and Order and the date upon which final tariffs are filed with the Commission. The new tariffs shall be effective for bills rendered on or after such effective date. It is, further,

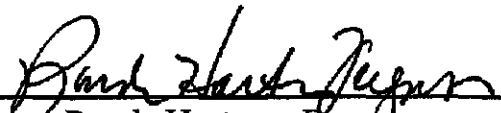
ORDERED, That a copy of this Finding and Order be served upon all parties of record in these proceedings.

THE PUBLIC UTILITIES COMMISSION OF OHIO

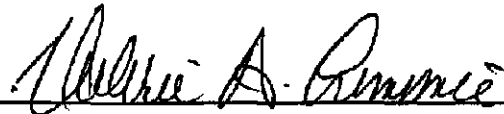


Alan R. Schriber, Chairman

Paul A. Centolella



Ronda Hartman Fergus



Valerie A. Lemmie

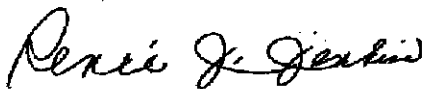


Cheryl L. Roberto

RS:sm

Entered in the Journal

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Renee J. Jenkins
Secretary