

Anita M. Schafer
Sr. Paralegal

VIA OVERNIGHT DELIVERY

February 25, 2010

Public Utilities Commission of Ohio
Docketing Division
180 East Broad Street
Columbus, OH 43215-3716

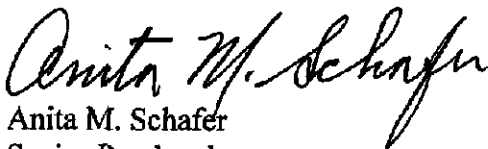
Re: Case No. 10-241-GA-ATA

Dear Sir or Madam:

Enclosed please find the original and twelve copies of the Application of Duke Energy Ohio for Approval to Modify Rider FBS and Rider EFBS in the above captioned case.

Please date-stamp and return the two extra copies to me in the enclosed return envelope.

Sincerely,



Anita M. Schafer
Senior Paralegal

AMS

Enclosures

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**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

| | | |
|--|---|------------------------|
| In The Matter of the Application of Duke |) | |
| Energy Ohio, Inc. for Approval to |) | Case No. 10-241-GA-ATA |
| Modify Rider FBS and Rider EFBS |) | |

**APPLICATION OF DUKE ENERGY OHIO, INC.
FOR APPROVAL TO MODIFY RIDER FBS AND RIDER EFBS**

Duke Energy Ohio, Inc. (Duke Energy Ohio) is an Ohio Corporation engaged in the business of supplying electricity and natural gas service to approximately 660,000 customers in southwestern Ohio. Duke Energy is a public utility as defined by R.C. 4905.02 and R.C. 4905.03.

Duke Energy Ohio is filing this Application pursuant to R.C. 4909.18 for approval to modify the rates in Rider FBS, Firm Balancing Service, and Rider EFBS, Enhanced Firm Balancing Service.

Duke Energy Ohio has been providing Firm Balancing Service since November 1, 1997. Suppliers/aggregators choosing Firm Balancing Service are required to deliver the Target Supply Quantity (TSQ) of natural gas on a daily basis. Since the TSQ is based on forecasted weather, the actual usage will be different than the TSQ. The difference is either withdrawn or injected into storage. Since customers subject to Gas Cost Recovery (GCR) pay for the storage, Rider FBS is designed to recover the estimated portion of storage costs associated with daily balancing from choice suppliers/aggregators and credit the GCR. Duke Energy Ohio's current Rider FBS became effective April 1, 2007, as a result of Case No. 05-732-EL-MER.


The rate is based on the estimated cost of providing daily balancing using a calculation attached as Exhibit 1. No changes are being proposed to the calculation method, but as of April 1, 2010, the demand charge that Duke Energy Ohio pays to Columbia Gas Transmission (TCO) for transportation into and out of storage is increasing from \$3.963 per dth to \$4.2372 per dth. In addition, the amount of total throughput, used as the denominator in the calculation of the rate, has decreased nearly 10%. All of the remaining inputs to the calculation were also updated to reflect current charges from TCO for storage service. The proposed tariff is attached as Exhibit 2, black-line and clean.

As a result of the stipulation in Case No. 05-732-EL-MER, Duke Energy Ohio agreed to collaborative meetings to discuss improvements in the customer choice program. One of the results of these meetings was the creation of Enhanced Firm Balancing Service as an alternative to Firm Balancing Service. Suppliers/aggregators can choose between these options on an annual basis by notifying Duke Energy Ohio by January 15, with any changes becoming effective on April 1. Rider EFBS provides suppliers/aggregators more flexibility than Rider FBS. Duke Energy Ohio's current Rider EFBS became effective June 4, 2008, as a result of Case No. 07-589-GA-AIR. Pursuant to Rider EFBS, suppliers/aggregators can deliver more or less natural gas than the TSQ, at their discretion. At the end of the gas day, actual weather data is used to calculate a Backcast Supply Quantity (BSQ), which is compared to the amount that the supplier/aggregator delivered. The difference will increase or decrease the amount of natural gas held in a "bank" for the supplier/aggregator. Rider EFBS places limits on how much a bank can increase or decrease on a daily and monthly basis. Since this closely imitates storage, suppliers/aggregators choosing Rider EFBS pay the full value of Duke Energy's equivalent storage costs rather than an estimate of the portion used only for daily balancing. Revenues

received from Rider EFBS are also credited to the GCR. All of the factors used in the calculations for both the demand charge and the volumetric charge were updated as shown on the attached Exhibit 3. The increase in storage service transportation rate and decrease in throughput had the most significant impacts. The proposed tariff is attached as Exhibit 4.

For these reasons, Duke Energy Ohio respectfully requests that the Commission approve this modification of the riders. Upon approval of this Application, the Companies will file a sufficient number of copies of its tariff sheets, as directed by the Commission.

Respectfully submitted,


Amy B. Spiller
Associate General Counsel
Elizabeth H. Watts
Assistant General Counsel
Duke Energy Ohio Business Services

Cincinnati Office:
2500 Atrium II, 139 East Fourth Street
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(513) 419-1810

Columbus Office:
155 East Broad Street
21st Floor
Columbus, Ohio 43215
(614) 222-1330

2/24/2010

Duke Energy Ohio
RFT/FT Program Balancing Charge
Effective as of April 1, 2010

CGT FSS Fixed and Variable Storage Costs:

| | | (1) Volume Description | (1) Volumes (in dth) | (2) Monthly Demand Rate (\$/dth) | (3) Time Period (in Months) | (4) Calc (1)*(2)*(3) Total |
|-------------|-----|------------------------------|----------------------------|--|-----------------------------------|----------------------------------|
| Storage MDQ | (A) | | 124,300 | \$1.5060 | 12 | \$ 2,248,356.83 |
| Capacity | (B) | 124,300 * 41.67 | 5,179,598 | \$0.0289 | 12 | \$ 1,796,284.47 |
| SST w/d | (D) | Daily Storage MDQ | 124,300 | \$4.2372 | 9 | \$ 4,740,170.89 |

| | | (1) Volume Description | (1) Volumes (in dth) | (2) Rate (\$/dth) or Fuel % | (3) Gas Cost | (4) Calc (1)*(2)*(3) Total |
|--------------------------|-----|------------------------------|----------------------------|-----------------------------------|--------------------|----------------------------------|
| FSS Withdrawal Fee | (C) | 7,400 dth/d * 123 days | 910,200 | \$0.0153 | | \$ 13,926.06 |
| FSS Injection Fee | (C) | 7,400 dth/d * 123 days | 910,200 | \$0.0153 | | \$ 13,926.06 |
| FSS Retention | (C) | 7,400 dth/d * 123 days | 910,200 | 0.160% | \$ 5.662 | \$ 8,245.79 |
| SST Commodity Withdrawal | (C) | 7,400 dth/d * 123 days | 910,200 | \$0.0195 | | \$ 17,748.90 |
| SST Commodity Injection | (C) | 7,400 dth/d * 123 days | 910,200 | \$0.0214 | | \$ 19,478.28 |
| SST Fuel Shrink Inj | (C) | 7,400 dth/d * 123 days | 910,200 | 2.129% | \$ 5.521 | \$ 109,978.79 |
| SST Fuel Shrink W/D | (C) | 7,400 dth/d * 123 days | 910,200 | 2.129% | \$ 5.686 | \$ 110,193.40 |
| FSS Injection Fee | | Daily Storage MDQ | 124,300 | \$0.0153 | | \$ 1,901.79 |
| FSS Withdrawal Fee | | Daily Storage MDQ | 124,300 | \$0.0153 | | \$ 1,901.79 |
| FSS Retention | | Daily Storage MDQ | 124,300 | 0.160% | \$ 5.662 | \$ 1,126.07 |
| SST Commodity Withdrawal | | Daily Storage MDQ | 124,300 | \$0.0195 | | \$ 2,423.86 |
| SST Commodity Injection | | Daily Storage MDQ | 124,300 | \$0.0214 | | \$ 2,660.03 |
| SST Fuel Shrink Inj | | Daily Storage MDQ | 124,300 | 2.129% | \$ 5.521 | \$ 14,609.43 |
| SST Fuel Shrink W/D | | Daily Storage MDQ | 124,300 | 2.129% | \$ 5.686 | \$ 15,048.43 |

Total Costs (5) \$ 9,112,981

Throughput - projected (in Mcfs) (6) 51,888,665

Balancing Cost per Mcf Calculation of (5)/(6) \$ 0.176

Estimated gas cost at Leach: \$ 5.521 (E)
Estimated gas cost at Storage Gate: \$ 5.662
Estimated inventory rate for withdrawals: \$ 5.686 (F)

- (A) - Based upon the winters of 1995-96 and 1996-97, estimated versus actual daily firm requirements.
(48070+48474)/2*2.575 (@ 98% Confidence)
(B) - Capacity is the MDQ (124,300) times the the 41.67 days of activity.
(C) - 910,200 dth represents the storage injections in May, June, July, and August for Oct/Nov underruns.
(D) - SST w/d of 9 months represents 6 months at full capacity and 6 months at half capacity.
(E) - \$5.521 is the average of the April through October NYMEX strip (\$5.326) price with fuels and commodity included to Leach.
(F) - \$5.686 projected storage inventory rate with \$5.326 gas cost for injections.

NYMEX Close (1/28/10)
Apr-10 5.128
May-10 5.181
Jun-10 5.262
Jul-10 5.333
Aug-10 5.404
Sep-10 5.437
Oct-10 5.545
5.326

| Inventory Rate | Leach | Storage Gate |
|----------------------|--------------------|--------------------|
| NYMEX 5.326 | NYMEX 5.326 | NYMEX 5.326 |
| Basis -0.04 | Basis -0.04 | Basis -0.04 |
| FTS-2 Fuel 0.99106 | FTS-2 Fuel 0.99106 | FTS-2 Fuel 0.99106 |
| FTS-2 Comm 0.0017 | FTS-2 Comm 0.0017 | FTS-2 Comm 0.0017 |
| FTS-1 Fuel 0.96972 | FTS-1 Fuel 0.96972 | FTS-1 Fuel 0.96972 |
| FTS-1 Comm 0.0189 | FTS-1 Comm 0.0189 | FTS-1 Comm 0.0189 |
| TCO Fuel 0.97871 | | TCO Fuel 0.97871 |
| TCO Comm 0.0214 | | TCO Comm 0.0214 |
| Inj Fee 0.0153 | | |
| Inj Fuel 0.99840 | | |
| Inventory Rate 5.686 | Leach Rate 5.521 | Leach Rate 5.662 |

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

P.U.C.O. Gas No. 18
Sheet No. 75.23
Cancels and Supersedes
Sheet No. 75.42
Page 1 of 1

RIDER FBS

FIRM BALANCING SERVICE

APPLICABILITY

Applicable to pools served by gas suppliers/aggregators who secure their own total upstream pipeline capacity necessary to meet the aggregated peak day requirements as more fully described under the Assignment of Capacity provision contained in Rate FRAS, Full Requirements Aggregation Service, Sheet No. 44, and who elect to receive service for such pools under Rider FBS rather than Rider EFBS (Enhanced Firm Balancing Service).

BALANCING SERVICE CHARGE

The FBS charge, which will be applied to all monthly consumption of the supplier's aggregate FT and RFT services not included in a pool receiving service under Rider EFBS, is \$0.4550.176 per Mcf.

Filed pursuant to an Order dated March 21, 2007, _____ in Case Nos. 05-732-EL-MER and 05-733-EL-AAM _____ before the Public Utilities Commission of Ohio.

Issued: March 22, 2007

Effective: April 1, 2007

Issued by Sandra P. Meyer Julie Janson, President

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

P.U.C.O. Gas No. 18
Sheet No. 75.3
Cancels and Supersedes
Sheet No. 75.2
Page 1 of 1

RIDER FBS

FIRM BALANCING SERVICE

APPLICABILITY

Applicable to pools served by gas suppliers/aggregators who secure their own total upstream pipeline capacity necessary to meet the aggregated peak day requirements as more fully described under the Assignment of Capacity provision contained in Rate FRAS, Full Requirements Aggregation Service, Sheet No. 44, and who elect to receive service for such pools under Rider FBS rather than Rider EFBS (Enhanced Firm Balancing Service).

BALANCING SERVICE CHARGE

The FBS charge, which will be applied to all monthly consumption of the supplier's aggregate FT and RFT services not included in a pool receiving service under Rider EFBS, is \$0.176 per Mcf.

Filed pursuant to an Order dated _____ in Case No. _____ before the Public
Utilities Commission of Ohio.

Issued:

Issued by Julie Janson, President

Effective:

**Duke Energy Ohio
Gas Commercial Operations
Storage Cost of Columbia Gas FSS/SST and Texas Gas NNS
As of April 2010**

Duke Energy's Demand & Commodity EFBS Rate (Excluding Fuel)

| | | | | Annual Cost |
|--|---------------|----------|----------|----------------------------|
| Demand Charges | | | | |
| Columbia Gas FSS | | | | |
| FSS SCQ | 9,244,079 dth | \$0.0289 | 12 | \$3,205,846.80 |
| FSS MDWQ | 216,514 | \$1.5060 | 12 | \$3,812,841.01 |
| Winter SST | 216,514 | \$4.2372 | 6 | \$5,504,478.72 |
| Summer SST | 108,257 | \$4.2372 | 6 | \$2,752,239.36 |
| Texas Gas NNS Unnominated | | | | |
| NNS Winter | 25,000 | \$0.4190 | 151 | \$1,581,725.00 |
| NNS April | 15,625 | \$0.4190 | 30 | \$196,406.25 |
| NNS October | 20,625 | \$0.4190 | 31 | \$267,898.13 |
| Texas Gas NNS Nominated * | | | | |
| NNS Winter | 6,250 | \$0.1048 | 151 | \$98,905.00 |
| NNS April - Oct | 10,982 | \$0.1048 | 214 | \$246,295.51 |
| | | | | <u>\$17,766,635.58</u> |
| Divided by MDWQ (TGT & TCO) | | | | 241,514 |
| Divided by # of Months | | | | 12 |
| EFBS Demand Charge per Max Daily Delivery Quantity (MDDQ) | | | | \$6.13 /dth/month |
| Commodity & Fuel | | | | |
| SST Inject | | \$0.0214 | | |
| FSS Inject | | \$0.0153 | | |
| FSS Withdraw | | \$0.0153 | | |
| SST Withdraw | | \$0.0195 | | |
| KO Commodity | | \$0.0136 | | |
| TCO Commodity Charges | 9,244,079 | x | \$0.0851 | \$786,671.12 |
| TGT Commodity Charges | 2,350,000 | x | \$0.0633 | \$148,755.00 |
| Total Commodity Charges | | | | <u>\$935,426.12</u> |
| Total Firm Throughput (Sales and Choice Program) | | | | 51,888,665 mcf |
| EFBS Commodity Charge per dth of throughput | | | | \$0.018 per mcf |

* Rate is based on difference between Texas Gas Transmission's maximum rates for NNS and FT.

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

P.U.C.O. Gas No. 18
Sheet No. 50.42
Cancels and Supersedes
Original Sheet No. 50.1
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RIDER EFBS

ENHANCED FIRM BALANCING SERVICE

APPLICABILITY

Applicable to pools served by gas suppliers/aggregators who secure their own total upstream pipeline capacity necessary to meet the aggregated peak day requirements as more fully described under the Assignment of Capacity provision contained in Rate FRAS, Full Requirements Aggregation Service, Sheet No. 44, and who elect to receive service for such pools under Rider EFBS rather than Rider FBS (Firm Balancing Service).

SERVICE

- a) Service provided under Enhanced Firm Balancing Service ("EFBS") shall be subject to the limitations set forth below. Such service shall be provided on a firm basis and shall apply to all gas delivered to the Company for the Supplier and provided pursuant to this tariff, up to the Bank Contract Quantity ("BCQ") set forth herein. Supplier's Maximum Daily Delivery Quantity ("MDDQ") shall be that specified herein.
- b) Initial allocation of EFBS shall be as follows:
 - 1. Any Supplier whose FRAS Pool Maximum Daily Quantity ("MDQ") exceeds 1,000 Dth/day, shall be allocated EFBS with an MDDQ equal to the proportion of the Company's no-notice balancing service quantity to its firm system design day times the Supplier's MDQ adjusted up to the nearest factor of 3,000.
- c) Suppliers with a FRAS Pool MDQ less than 1,000 Dth/day shall continue under the Company's Rate FBS. Suppliers with a FRAS Pool MDQ greater than 1,000 Dth/day shall have the option of receiving balancing service under EFBS or continuing under the Company's Rate FBS. This annual election shall be made on or before January 15 of each year to become effective on April 1 of each year.

Filed pursuant to an Order dated May 28, 2008 in Case No. 07-580-GA-AIR
before the Public Utilities Commission of Ohio.

Issued: May 29, 2008

Issued by Sandra P. Meyer/Julie Janson, President

Effective: June 4, 2008

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

P.U.C.O. Gas No. 18
Sheet No. 50.42
Cancels and Supersedes
Original Sheet No. 50.1
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SERVICE (Contd.)

d) Incremental allocation/reduction of EFBS shall be as follows:

1. Any Supplier whose MDQ crosses a factor of 3,000 Dth/day (herein, "threshold") shall receive an allocation/reduction of its EFBS with an MDDQ equal to the proportion of the Company's no-notice balancing service quantity to its firm system design day times the Supplier's threshold (3,000 Dth/day), which will remain effective from the first of the following month in which the threshold was reached until such time as another threshold is reached.
 2. For purposes of determining increases to the EFBS bank and MDDQ, the supplier's MDQ must exceed the next threshold by at least 500 dth per day or exceed the threshold by a lower amount for 3 consecutive months. For purposes of determining decreases to the EFBS bank and MDDQ, the supplier's MDQ must be at least 500 dth per day lower than the previous threshold or remain under the previous threshold by a smaller amount for 3 consecutive months. For situations where the threshold has been either exceeded or decreased as stated in the previous two sentences, measurements shall occur on the 25th day of each month, unless such day is not a business day, in which case such measurement shall occur on the next following business day.
- e) The Supplier's BCQ ratio to its allocated MDDQ will be equal to the Company's ratio of daily no-notice balancing service quantity to its annual no-notice storage quantity with its storage service provider. The Company's ratio shall be determined on an annual basis. Both the Company's no-notice balancing service quantity and its annual no-notice storage quantity with its storage service providers will be established prior to the notification deadline for selecting EFBS service, and will not be changed within the associated gas year. The Company may adjust those percentages to reflect changes in the Agreement with its storage service provider, which may also necessitate changes in pricing with respect to the service. Any changes to the percentages or prices will be communicated to Suppliers on or before January 1 each year and will become effective to coincide with the Supplier's opportunity to select either FBS or EFBS service as outlined in Rate FRAS.
- f) When initial or incremental EFBS is allocated to a Supplier, or recalled from a Supplier effective on the first day of any month, and the adjusted BCQ causes the Supplier's percent of EFBS bank to BCQ to be outside of the range specified below, then the Supplier must purchase, sell or transfer the required amount of bank so that the percent of EFBS bank to BCQ is within the specified range, within 3 business days of the first day of the month such change is to become effective.

Filed pursuant to an Order dated May 28, 2008 in Case No. 07-589-GA-AIR
before the Public Utilities Commission of Ohio.

Issued: May 29, 2008

Issued by Sandra P. Meyer/Julie Janson, President

Effective: June 4, 2008

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

P.U.C.O. Gas No. 18
Sheet No. 50.42
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SERVICE (Cont'd.)

| | <u>Minimum</u> | <u>Maximum</u> |
|-----------|----------------|----------------|
| April | 0% | 25% |
| May | 0% | 60% |
| June | 14% | 60% |
| July | 34% | 60% |
| August | 54% | 85% |
| September | 75% | 85% |
| October | 88% | 98% |
| November | 95% | 98% |
| December | 78% | 98% |
| January | 58% | 98% |
| February | 36% | 65% |
| March | 18% | 45% |

1. This designation may require the Supplier to purchase, sell or transfer a specified volume of gas for the Supplier's EFBS bank in one of four ways (as determined by the Supplier, unless Supplier fails to purchase, sell or transfer specified volumes of gas, in which case option A shall be employed): (A) The Supplier may purchase natural gas from the Company, or sell to the Company, a portion of the Company's then current inventory with its storage service provider. The price for the gas purchased or sold by the Supplier for its bank volume shall equal the Company's inventory weighted average cost of gas with its storage service provider. The Company shall communicate the current inventory weighted average cost of gas to Suppliers. (B) The Supplier can purchase or sell the specified volume of gas from/to another Supplier who receives service under the EFBS, by transferring volumes of gas, provided that the transfer does not increase a Suppliers Bank above the maximum levels as defined in the EFBS tariff or decrease a Suppliers Bank below the minimum for the month. Each supplier involved in the transfer must notify the Company in writing of the amount to be transferred and the date on which the transfer is to be effective. (C) The Supplier can transfer the gas to/from its own or a third parties storage account directly into the Company's storage account through an inter-company storage inventory transfer executed through the storage service provider. (D) The Supplier can transfer the gas to/from its IT Pool.
2. Suppliers will be required to pay for or transfer such gas designated for Supplier's BCQ in advance of the third business day of the month in which service is effective unless other arrangements, acceptable to the Company, have been completed.

Filed pursuant to an Order dated May 28, 2008 _____ in Case No. 07-589-GA-AIR _____
before the Public Utilities Commission of Ohio.

Issued: May 29, 2008

Issued by Sandra P. Meyer, Julie Janson, President

Effective: June 4, 2008

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

P.U.C.O. Gas No. 18
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SERVICE (Cont'd.)

- g) Except as specified in h) below, Supplier's EFBS bank shall be increased or decreased by the daily difference between actual natural gas volumes received by the Company at its city gate and Supplier's back-cast Targeted Supply Quantity ("TSQ"), adjusted for fuel retainage in the following manner:
1. If the Supplier delivers more natural gas than the back-casted TSQ, then the Suppliers EFBS bank shall be increased by the amount of the over delivery, calculated at the Company's City Gate, plus the current KO Transmission fuel retainage and minus the current Columbia Gas Transmission SST and FSS fuel retainage.
 2. If the Supplier delivers less natural gas than the back-casted TSQ, then the Supplier EFBS bank shall be decreased by the amount of the under delivery, calculated at the Company's City Gate, plus the current Columbia Gas Transmission SST fuel retainage.
- h) On a day when Supplier's TSQ is greater than or equal to the MDQ, supplier shall have full access to the total MDDQ as specified in the EFBS tariff. The Supplier will not be required to make total deliveries, including the back-casted MDDQ, above the MDQ.
- i) The Company may, at its option, recall EFBS from a Supplier if that Supplier subsequently ceases its participation in the Company's Customer Choice program for any reason. The Company may also recall a proportional amount of the Supplier's gas bank if the Supplier's MDQ decreases below a 3,000 dth increment (as detailed in d) 1. and d) 2. above) and the Supplier's gas bank is above the maximum quantity for that month, to become effective on the first day of the following month.
1. If the Company recalls EFBS, or the Supplier's MDQ decreases below a 3,000 dth increment and Supplier does not elect to proceed under subparagraph i) 2., then the Company shall buy all or a portion of Supplier's gas bank. The price of the gas in the Supplier's bank purchased by the Company shall be the Company's inventory weighted average cost of gas with its storage service provider.
 2. Alternatively, the Supplier can sell or transfer the specified volume of gas as described in Section f(1).
 3. In circumstances other than those described above, if a Supplier requests termination of EFBS other than at the time of the annual election, the Company may agree to termination at its sole discretion, and will elect to purchase any gas volumes remaining in the Supplier's bank at the above price options.

Filed pursuant to an Order dated May 28, 2008 _____ in Case No. 07-589-GA-AIR _____
before the Public Utilities Commission of Ohio.

Issued: May 29, 2008

Issued by Sandra P. Meyer, Julie Janson, President

Effective: June 4, 2008

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

P.U.C.O. Gas No. 18
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SERVICE (Cont'd.)

- j) The Maximum Monthly Bank Quantities ("MMBQ") shall be limited to the following percentages of Supplier's BCQ:

| | | | | | |
|-------|-----|-----------|-----|----------|-----|
| April | 15% | August | 20% | December | 10% |
| May | 20% | September | 13% | January | 10% |
| June | 20% | October | 7% | February | 10% |
| July | 20% | November | 5% | March | 10% |

- k) Supplier's Maximum Daily Bank Quantities ("MDBQ") shall equal 1/25th of the Supplier's then current MMBQ, except during the months of November and December when the MDBQ shall equal 1/30th of the Supplier's then current MMBQ.
- l) A Supplier may have no more than 60% of its BCQ in bank as of June 30, and no more than 85% of its BCQ in bank as of August 31.
- m) The Company shall deliver Supplier's BCQ throughout the year, subject to the limitations set forth. Supplier's MDDQ shall be based upon and limited by Supplier's BCQ inventory remaining in bank determined in accordance with the Company's best estimates as follows:

| % of banked gas in BCQ | % of MDDQ |
|------------------------|-----------|
| 100% to 30% | 100% |
| less than 30% to 20% | 80% |
| less than 20% to 10% | 65% |
| less than 10% to 0% | 50% |

- n) The minimum and maximum monthly net withdrawal quantities for the months November through March shall be as follows:

| <u>Month</u> | <u>Minimum % of BCQ</u> | <u>Maximum % of BCQ</u> |
|--------------|-----------------------------|-----------------------------|
| November | No minimum | 40% |
| December | No minimum | 40% |
| January | No minimum | 40% |
| February | 10% | 30% |
| March | 10% | 20% |

Filed pursuant to an Order dated May 28, 2008 in Case No. 07-589-GA-AIR
before the Public Utilities Commission of Ohio.

Issued: May 28, 2008

Issued by Sandra P. Meyer, Julie Janson, President

Effective: June 4, 2008

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

P.U.C.O. Gas No. 18
Sheet No. 50.42
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Original Sheet No. 50.1
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SERVICE (Cont'd.)

- o) If Supplier exceeds the maximum monthly net withdrawal limit during any of the months November through March, Supplier's maximum monthly net withdrawal quantity for the succeeding month shall be reduced by an amount equal to the excess quantities withdrawn during the excess withdrawal month. Supplier's withdrawals during the months April through October shall not be subject to maximum or minimum withdrawal limits; provided, however, that Supplier's withdrawals during that period shall be subject to the limitations of Supplier's BCQ levels.
- p) Supplier's maximum bank inventory on April 1 shall not exceed 25% of its BCQ. Supplier's maximum bank inventory on February 1 shall not exceed 65% of its BCQ. Quantities in excess of 25% of Supplier's BCQ shall not be carried over beyond April 1.

BANK TRANSFERS

- a) Suppliers may transfer volumes of gas held in their banks under the EFBS with other Suppliers receiving service under EFBS. Each supplier involved in the transfer must notify the Company in writing of the amount to be transferred and the date on which the transfer is to be effective.
- b) The transfer must not increase a Suppliers Bank above the maximum levels as defined in the EFBS tariff. Likewise, the transfer must not decrease a Suppliers Bank below the MBQ for the month.

DELIVERY POINTS

- a) The point of delivery for all gas tendered to the Company shall be the Company's City Gate for EFBS service and, in accordance with the Supplier's FRAS Agreement with the Company, based upon a percentage north/south split. The north/south split for volumes up to the TSQ shall be the same as the split for Suppliers who have elected FBS and system supply. Volumes in excess of the TSQ will be subject to north/south restrictions in accordance with the Company's ability to inject gas per its agreements with the storage service providers.

WAIVER REQUESTS

- a) In regard to the above percentage limitations on withdrawals and injections, the Company shall allow deviations from these limitations to the extent that additional flexibility has been granted to the Company by its storage service providers. Waivers shall be granted by the Company on a non-discriminatory basis.

Filed pursuant to an Order dated May 28, 2008 _____ In Case No. 07-589-GA-AIR _____
before the Public Utilities Commission of Ohio.

Issued: May 29, 2008

Issued by Sandra P. Meyer, Julie Janson, President

Effective: June 4, 2008

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

P.U.C.O. Gas No. 18
Sheet No. 50.12
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RATE

- a) For all services rendered pursuant to this tariff, Supplier each month shall pay the Company the charges set forth below:
 1. Demand Charge: ~~\$5.946.13~~, assessed each month on each Dth of the Supplier's MDDQ;
 2. Commodity Charge: ~~\$0.045018~~, per mcf, applied to all monthly consumption of the supplier's aggregate FT-S, FT-L, RFT and RFT-LI services not included in a pool receiving service under Rider FBS.
- b) Rates will be reviewed quarterly and adjusted based on current charges from the Company's storage service providers.

NON-COMPLIANCE

- a) If Supplier's EFBS bank is less than zero on any day then the Supplier shall purchase a quantity of natural gas from the Company sufficient to bring the Suppliers EFBS bank up to the minimum percent listed in Service, section (f) for the month in which the bank became less than zero. The price shall be 110% of the higher of the inventory weighted average cost of gas with its storage service provider or the highest price at which the company purchased gas for that month plus interstate pipeline fuel, commodity and daily reservation charges.
- b) Except in instances when the Suppliers BCQ has been reduced due to a lower MDQ, if Supplier's EFBS bank is greater than 102% of their BCQ on any day, then the amount in excess of the maximum percent listed in Service section (f) for the month in which the bank exceeded 102% shall be purchased by the Company for a price equal to 90% of the lower of the inventory weighted average cost of gas with its storage service provider or the lowest price at which the company purchased gas for that month plus interstate pipeline fuel, commodity and daily reservation charges.
- c) Supplier must pay any penalties incurred by the Company from one of its storage service providers that can be attributed to actions by the supplier that do not comply with the EFBS tariff.
- d) The Company may recall EFBS from a supplier for Non Compliance with the EFBS tariff. The Supplier will revert to the FBS at the beginning of the revenue month.

Filed pursuant to an Order dated May 28, 2008 in Case No. 07-589-GA-AIR
before the Public Utilities Commission of Ohio.

Issued: May 29, 2008

Issued by Sandra P. Meyer/Julie Janson, President

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Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

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RIDER EFBS

ENHANCED FIRM BALANCING SERVICE

APPLICABILITY

Applicable to pools served by gas suppliers/aggregators who secure their own total upstream pipeline capacity necessary to meet the aggregated peak day requirements as more fully described under the Assignment of Capacity provision contained in Rate FRAS, Full Requirements Aggregation Service, Sheet No. 44, and who elect to receive service for such pools under Rider EFBS rather than Rider FBS (Firm Balancing Service).

SERVICE

- a) Service provided under Enhanced Firm Balancing Service ("EFBS") shall be subject to the limitations set forth below. Such service shall be provided on a firm basis and shall apply to all gas delivered to the Company for the Supplier and provided pursuant to this tariff, up to the Bank Contract Quantity ("BCQ") set forth herein. Supplier's Maximum Daily Delivery Quantity ("MDDQ") shall be that specified herein.
- b) Initial allocation of EFBS shall be as follows:
 - 1. Any Supplier whose FRAS Pool Maximum Daily Quantity ("MDQ") exceeds 1,000 Dth/day, shall be allocated EFBS with an MDDQ equal to the proportion of the Company's no-notice balancing service quantity to its firm system design day times the Supplier's MDQ adjusted up to the nearest factor of 3,000.
- c) Suppliers with a FRAS Pool MDQ less than 1,000 Dth/day shall continue under the Company's Rate FBS. Suppliers with a FRAS Pool MDQ greater than 1,000 Dth/day shall have the option of receiving balancing service under EFBS or continuing under the Company's Rate FBS. This annual election shall be made on or before January 15 of each year to become effective on April 1 of each year.

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SERVICE (Contd.)

d) Incremental allocation/reduction of EFBS shall be as follows:

1. Any Supplier whose MDQ crosses a factor of 3,000 Dth/day (herein, "threshold") shall receive an allocation/reduction of its EFBS with an MDDQ equal to the proportion of the Company's no-notice balancing service quantity to its firm system design day times the Supplier's threshold (3,000 Dth/day), which will remain effective from the first of the following month in which the threshold was reached until such time as another threshold is reached.
 2. For purposes of determining increases to the EFBS bank and MDDQ, the supplier's MDQ must exceed the next threshold by at least 500 dth per day or exceed the threshold by a lower amount for 3 consecutive months. For purposes of determining decreases to the EFBS bank and MDDQ, the supplier's MDQ must be at least 500 dth per day lower than the previous threshold or remain under the previous threshold by a smaller amount for 3 consecutive months. For situations where the threshold has been either exceeded or decreased as stated in the previous two sentences, measurements shall occur on the 25th day of each month, unless such day is not a business day, in which case such measurement shall occur on the next following business day.
- e) The Supplier's BCQ ratio to its allocated MDDQ will be equal to the Company's ratio of daily no-notice balancing service quantity to its annual no-notice storage quantity with its storage service provider. The Company's ratio shall be determined on an annual basis. Both the Company's no-notice balancing service quantity and its annual no-notice storage quantity with its storage service providers will be established prior to the notification deadline for selecting EFBS service, and will not be changed within the associated gas year. The Company may adjust those percentages to reflect changes in the Agreement with its storage service provider, which may also necessitate changes in pricing with respect to the service. Any changes to the percentages or prices will be communicated to Suppliers on or before January 1 each year and will become effective to coincide with the Supplier's opportunity to select either FBS or EFBS service as outlined in Rate FRAS.
- f) When initial or incremental EFBS is allocated to a Supplier, or recalled from a Supplier effective on the first day of any month, and the adjusted BCQ causes the Supplier's percent of EFBS bank to BCQ to be outside of the range specified below, then the Supplier must purchase, sell or transfer the required amount of bank so that the percent of EFBS bank to BCQ is within the specified range, within 3 business days of the first day of the month such change is to become effective.

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SERVICE (Cont'd.)

| | <u>Minimum</u> | <u>Maximum</u> |
|-----------|----------------|----------------|
| April | 0% | 25% |
| May | 0% | 60% |
| June | 14% | 60% |
| July | 34% | 60% |
| August | 54% | 85% |
| September | 75% | 85% |
| October | 88% | 98% |
| November | 95% | 98% |
| December | 78% | 98% |
| January | 58% | 98% |
| February | 36% | 65% |
| March | 18% | 45% |

1. This designation may require the Supplier to purchase, sell or transfer a specified volume of gas for the Supplier's EFBS bank in one of four ways (as determined by the Supplier, unless Supplier fails to purchase, sell or transfer specified volumes of gas, in which case option A shall be employed): (A) The Supplier may purchase natural gas from the Company, or sell to the Company, a portion of the Company's then current inventory with its storage service provider. The price for the gas purchased or sold by the Supplier for its bank volume shall equal the Company's inventory weighted average cost of gas with its storage service provider. The Company shall communicate the current inventory weighted average cost of gas to Suppliers. (B) The Supplier can purchase or sell the specified volume of gas from/to another Supplier who receives service under the EFBS, by transferring volumes of gas, provided that the transfer does not increase a Suppliers Bank above the maximum levels as defined in the EFBS tariff or decrease a Suppliers Bank below the minimum for the month. Each supplier involved in the transfer must notify the Company in writing of the amount to be transferred and the date on which the transfer is to be effective. (C) The Supplier can transfer the gas to/from its own or a third parties storage account directly into the Company's storage account through an inter-company storage inventory transfer executed through the storage service provider. (D) The Supplier can transfer the gas to/from its IT Pool.
2. Suppliers will be required to pay for or transfer such gas designated for Supplier's BCQ in advance of the third business day of the month in which service is effective unless other arrangements, acceptable to the Company, have been completed.

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SERVICE (Cont'd.)

- g) Except as specified in h) below, Supplier's EFBS bank shall be increased or decreased by the daily difference between actual natural gas volumes received by the Company at its city gate and Supplier's back-cast Targeted Supply Quantity ("TSQ"), adjusted for fuel retainage in the following manner:
1. If the Supplier delivers more natural gas than the back-casted TSQ, then the Suppliers EFBS bank shall be increased by the amount of the over delivery, calculated at the Company's City Gate, plus the current KO Transmission fuel retainage and minus the current Columbia Gas Transmission SST and FSS fuel retainage.
 2. If the Supplier delivers less natural gas than the back-casted TSQ, then the Supplier EFBS bank shall be decreased by the amount of the under delivery, calculated at the Company's City Gate, plus the current Columbia Gas Transmission SST fuel retainage.
- h) On a day when Supplier's TSQ is greater than or equal to the MDQ, supplier shall have full access to the total MDDQ as specified in the EFBS tariff. The Supplier will not be required to make total deliveries, including the back-casted MDDQ, above the MDQ.
- i) The Company may, at its option, recall EFBS from a Supplier if that Supplier subsequently ceases its participation in the Company's Customer Choice program for any reason. The Company may also recall a proportional amount of the Supplier's gas bank if the Supplier's MDQ decreases below a 3,000 dth increment (as detailed in d) 1. and d) 2. above) and the Supplier's gas bank is above the maximum quantity for that month, to become effective on the first day of the following month.
1. If the Company recalls EFBS, or the Supplier's MDQ decreases below a 3,000 dth increment and Supplier does not elect to proceed under subparagraph i) 2., then the Company shall buy all or a portion of Supplier's gas bank. The price of the gas in the Supplier's bank purchased by the Company shall be the Company's inventory weighted average cost of gas with its storage service provider.
 2. Alternatively, the Supplier can sell or transfer the specified volume of gas as described in Section f(1).
 3. In circumstances other than those described above, if a Supplier requests termination of EFBS other than at the time of the annual election, the Company may agree to termination at its sole discretion, and will elect to purchase any gas volumes remaining in the Supplier's bank at the above price options.

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SERVICE (Cont'd.)

- j) The Maximum Monthly Bank Quantities ("MMBQ") shall be limited to the following percentages of Supplier's BCQ:

| | | | | | |
|-------|-----|-----------|-----|----------|-----|
| April | 15% | August | 20% | December | 10% |
| May | 20% | September | 13% | January | 10% |
| June | 20% | October | 7% | February | 10% |
| July | 20% | November | 5% | March | 10% |

- k) Supplier's Maximum Daily Bank Quantities ("MDBQ") shall equal 1/25th of the Supplier's then current MMBQ, except during the months of November and December when the MDBQ shall equal 1/30th of the Supplier's then current MMBQ.
- l) A Supplier may have no more than 60% of its BCQ in bank as of June 30, and no more than 85% of its BCQ in bank as of August 31.
- m) The Company shall deliver Supplier's BCQ throughout the year, subject to the limitations set forth. Supplier's MDDQ shall be based upon and limited by Supplier's BCQ inventory remaining in bank determined in accordance with the Company's best estimates as follows:

| % of banked gas in BCQ | % of MDDQ |
|------------------------|-----------|
| 100% to 30% | 100% |
| less than 30% to 20% | 80% |
| less than 20% to 10% | 65% |
| less than 10% to 0% | 50% |

- n) The minimum and maximum monthly net withdrawal quantities for the months November through March shall be as follows:

| <u>Month</u> | <u>Minimum % of BCQ</u> | <u>Maximum % of BCQ</u> |
|--------------|-----------------------------|-----------------------------|
| November | No minimum | 40% |
| December | No minimum | 40% |
| January | No minimum | 40% |
| February | 10% | 30% |
| March | 10% | 20% |

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SERVICE (Cont'd.)

- o) If Supplier exceeds the maximum monthly net withdrawal limit during any of the months November through March, Supplier's maximum monthly net withdrawal quantity for the succeeding month shall be reduced by an amount equal to the excess quantities withdrawn during the excess withdrawal month. Supplier's withdrawals during the months April through October shall not be subject to maximum or minimum withdrawal limits; provided, however, that Supplier's withdrawals during that period shall be subject to the limitations of Supplier's BCQ levels.
- p) Supplier's maximum bank inventory on April 1 shall not exceed 25% of its BCQ. Supplier's maximum bank inventory on February 1 shall not exceed 65% of its BCQ. Quantities in excess of 25% of Supplier's BCQ shall not be carried over beyond April 1.

BANK TRANSFERS

- a) Suppliers may transfer volumes of gas held in their banks under the EFBS with other Suppliers receiving service under EFBS. Each supplier involved in the transfer must notify the Company in writing of the amount to be transferred and the date on which the transfer is to be effective.
- b) The transfer must not increase a Suppliers Bank above the maximum levels as defined in the EFBS tariff. Likewise, the transfer must not decrease a Suppliers Bank below the MBQ for the month.

DELIVERY POINTS

- a) The point of delivery for all gas tendered to the Company shall be the Company's City Gate for EFBS service and, in accordance with the Supplier's FRAS Agreement with the Company, based upon a percentage north/south split. The north/south split for volumes up to the TSQ shall be the same as the split for Suppliers who have elected FBS and system supply. Volumes in excess of the TSQ will be subject to north/south restrictions in accordance with the Company's ability to inject gas per its agreements with the storage service providers.

WAIVER REQUESTS

- a) In regard to the above percentage limitations on withdrawals and injections, the Company shall allow deviations from these limitations to the extent that additional flexibility has been granted to the Company by its storage service providers. Waivers shall be granted by the Company on a non-discriminatory basis.

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RATE

- a) For all services rendered pursuant to this tariff, Supplier each month shall pay the Company the charges set forth below:
1. Demand Charge: \$6.13, assessed each month on each Dth of the Supplier's MDDQ;
 2. Commodity Charge: \$0.018, per mcf, applied to all monthly consumption of the supplier's aggregate FT-S, FT-L, RFT and RFT-LI services not included in a pool receiving service under Rider FBS.
- b) Rates will be reviewed quarterly and adjusted based on current charges from the Company's storage service providers.

NON-COMPLIANCE

- a) If Supplier's EFBS bank is less than zero on any day then the Supplier shall purchase a quantity of natural gas from the Company sufficient to bring the Suppliers EFBS bank up to the minimum percent listed in Service, section (f) for the month in which the bank became less than zero. The price shall be 110% of the higher of the inventory weighted average cost of gas with its storage service provider or the highest price at which the company purchased gas for that month plus interstate pipeline fuel, commodity and daily reservation charges.
- b) Except in instances when the Suppliers BCQ has been reduced due to a lower MDQ, if Supplier's EFBS bank is greater than 102% of their BCQ on any day, then the amount in excess of the maximum percent listed in Service section (f) for the month in which the bank exceeded 102% shall be purchased by the Company for a price equal to 90% of the lower of the inventory weighted average cost of gas with its storage service provider or the lowest price at which the company purchased gas for that month plus interstate pipeline fuel, commodity and daily reservation charges.
- c) Supplier must pay any penalties incurred by the Company from one of its storage service providers that can be attributed to actions by the supplier that do not comply with the EFBS tariff.
- d) The Company may recall EFBS from a supplier for Non Compliance with the EFBS tariff. The Supplier will revert to the FBS at the beginning of the revenue month.

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