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Dianne B. Kuhnelt  
Senior Paralegal

**VIA OVERNIGHT MAIL DELIVERY**

March 1, 2010

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

Re: Case No. 09-974-EL-FAC  
09-975-EL-RDR

Dear Docketing Division:

Enclosed please find for filing an original and twelve copies of the Application to Approve the Fuel Economy Purchased Power Component and the System Reliability Tracker Component; Duke Energy Ohio, Inc.'s Motion for Protective Order; Direct testimony of Timothy J. Thieman and the Direct Testimony of William Don Wathen.

We are also enclosing an envelope containing the Confidential material to be filed under seal as referenced in the Motion filed concurrently.

Please file-stamp and return two copies in the envelope provided.

Should you have any questions, please contact me at (513) 419-1837.

Very truly yours,

Dianne Kuhnelt  
Senior Paralegal

Enclosure

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                      Date Processed **MAR 02 2010**

FILED/EO-DOCKETING DIV  
MAR-2 AM 11:20  
PUCO

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BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO

RECEIVED-DOCKETING DIV  
2010 MAR -2 AM 11:23  
PUCO

In the Matter of the Application of Duke Energy)  
Ohio, Inc. to Establish its Fuel and )  
Economy Purchased Power Component of its )  
Market-Based Standard Service Office for )  
2009. )

Case No. 09-974-EL-FAC

In the Matter of the Application of Duke Energy)  
Ohio, Inc. to Establish its System Reliability )  
Tracker of its Market-Based Standard Service )  
Offer for 2009. )

Case No. 09-975-EL-RDR

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APPLICATION TO APPROVE THE FUEL ECONOMY  
PURCHASED POWER COMPONENT AND THE SYSTEM RELIABILITY  
TRACKER COMPONENT OF ITS  
MARKET-BASED STANDARD SERVICE OFFER FOR THE PERIOD ENDING  
DECEMBER 31, 2009

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TO THE HONORABLE  
THE PUBLIC UTILITIES COMMISSION OF OHIO:

1. Duke Energy Ohio, Inc., (Duke Energy Ohio) is an Ohio corporation engaged in the business of supplying electric transmission, distribution, and generation service in Adams, Brown, Butler, Clinton, Clermont, Hamilton, Montgomery, and Warren Counties in Southwestern Ohio.

2. Duke Energy Ohio is a "public utility" as defined by R. C. 4905.02 and 4905.03; and an "electric distribution company," "electric light company," "electric supplier," and an "electric utility" as defined by R. C. 4928.01.

3. This application is made pursuant to the Commission's December 17, 2008 Opinion and Order in Case No. 08-920-EL-SSO *et al.* (Order), to approve Duke Energy Ohio's Electric Security Plan (ESP).

4. In its Order, the Public Utilities Commission of Ohio (Commission) directed that the Company's Rider PTC-FPP and Rider SRA-SRT would be subject to an annual audit in the first quarter of the subsequent years of the ESP.

5. On September 9, 2009, The Commission established the above-styled proceedings for the annual review of Duke Energy Ohio's Price-to-Compare Fuel and Economy Purchased Power Rider (Rider PTC-FPP) and System Resource Adjustment, System Reliability Tracker (Rider SRA-SRT) for the twelve-month period ending December 31, 2009.

6. Duke Energy Ohio's PTC-FPP consists of four components: (1) Fuel, renewable energy certificates and purchased power cost expense (FC), (2) Reconciliation adjustment (RA), (3) System Loss Adjustment (SLA), and (4) Emission Allowances (EZ).

7. The RA, and SLA components are cost based and a rate per kWh has been developed based upon projected sales.

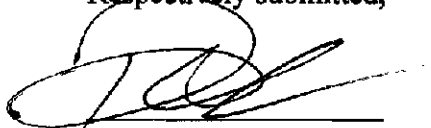
8. The schedules supporting Duke Energy Ohio's calculation of the PTC-FPP component are the quarterly filings made for the period of January 1, 2009 through December 31, 2009. The quarterly filings contain the statement of Fuel Procurement Policies and Practices narrative statement and the applicable Quarterly PTC-FPP forms supporting the proposed calculation of the fuel, renewable energy certificates, economy purchased power, and emission allowance of Duke Energy Ohio's ESP for the period ending December 31, 2009. The supporting documents are contained at Attachment WDW-1 of the Testimony of William Don Wathen, Jr., filed contemporaneously with this Application.

9. The schedules supporting Duke Energy Ohio's calculation of the Rider SRA-SRT costs are attached to the Direct Testimony of witnesses William Don Wathen, Jr. and Salil Pradhan filed contemporaneously with this Application. Specifically, WDW-2 and SP-1 contains the SRA- SRT quarterly filings for the period ending December 31, 2009. SP-1 describes market prices, by rate schedule, commencing with the initial billing cycle for January 1, 2009. SP-1 describes Duke Energy Ohio's Resource Plan, including the type and cost of the various supply-side options.

10. Duke Energy Ohio also requests that the Commission permit it to continue to make quarterly adjustments to the SRA-SRT to avoid volatility in the SRA-SRT price that is detrimental to consumers and the competitive retail electric market. Quarterly adjustments permit Duke Energy Ohio to make incremental changes to the SRA-SRT market price that reflect actual costs instead of projected costs. Such adjustments result in a transparent energy market and therefore encourage the development of the competitive retail electric market.

WHEREFORE, Duke Energy Ohio respectfully requests that the Commission approve its Rider PTC-FPP prices, and Rider SRA-SRT charges for all switched and non-switched load for both residential and non-residential consumers for service rendered during the twelve month period ending December 31, 2009.

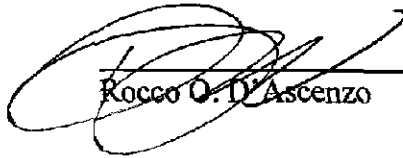
Respectively submitted,



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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Application was served via overnight delivery this 1<sup>st</sup> day of March, 2010 to the following:

  
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