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FILE

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke Energy Ohio, Inc. to Adjust and Set Its Gas and Electric Recovery Rate for 2009 SmartGrid Costs Under Riders AU and Rider DR-IM	))))	Case No. 10-867-GE-RDR

DIRECT TESTIMONY OF

PEGGY A. LAUB

ON BEHALF OF

DUKE ENERGY OHIO, INC.

______	Management policies, practices, and organization
x	Operating income
x	Rate Base
x	Allocations
______	Rate of return
x	Rates and tariffs
x	Other

July 26, 2010

280054

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DIRECT TESTIMONY OF PEGGY A. LAUB

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Peggy A. Laub. My business address is 139 East Fourth Street, Cincinnati, Ohio 45202

Q. WHAT IS YOUR CURRENT POSITION?

A. I am employed by Duke Energy Business Services, LLC as Rates Manager.

Q. PLEASE SUMMARIZE YOUR EDUCATION AND PROFESSIONAL QUALIFICATIONS.

A. I received a Bachelor of Business Administration Degree with a major in accounting from the University of Cincinnati. I am a Certified Public Accountant in the State of Ohio and a member of the American Institute of Certified Public Accountants. I began my career with The Cincinnati Gas & Electric Company, the predecessor of Duke Energy Ohio in the Accounting Department in 1981. I worked in various departments including Tax, Regulated Business Unit's financial group and Fixed Assets. In May 2006, following the merger with Duke Energy Corporation, I transferred to the Midwest US Franchised Electric & Gas accounting group. In November 2008, I transferred to the Midwest wholesale accounting group as Manager of Wholesale and Bulk Power Marketing accounting. In May 2010 I transferred to the Rate Department and to my current position as Rates Manager.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO (COMMISSION)?

A. Yes. I previously testified in a number of cases before this and other regulatory commissions.

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

A. My testimony is divided into several parts. The first part addresses the electric Rider DR-IM (Distribution Reliability – Infrastructure Modernization) and the second part addresses the gas Rider AU (Advanced Utility). In both parts, I provide an overview of the revenue requirement calculation for the respective riders and then describe each schedule supporting the revenue requirement calculation. I will be sponsoring Attachment PAL-1 and Attachment PAL-2 to support the proposed charges for Rider DR-IM and for Rider AU. I also address the inclusion of the Gas Furnace Program in Rider AU.

II. REVENUE REQUIREMENT CALCULATIONS

Q. WOULD YOU DESCRIBE THE COMPONENTS OF THE REVENUE REQUIREMENTS INCLUDED IN RIDER DR-IM AND RIDER AU?

A. The revenue requirement for both riders includes the following components :

- a return on the rate base;
- depreciation and property taxes; and
- incremental expenses.

Q. HOW IS RATE BASE CALCULATED?

A. Rate base is calculated in a manner consistent with the traditional rate base calculation for a general retail rate case. One component is net plant, or gross plant minus accumulated depreciation. Another common component is accumulated deferred income taxes associated with accelerated tax depreciation. The Stipulations approved by the Commission in its Order in Case No. 08-920-EL-SSO, *et al.*, and its Order in Case No. 09-543-GE-RDR, allow an additional component of rate base in the form of post-in-service carrying costs. Because there are deferred income taxes associated with this item, an additional adjustment is made to offset rate base for accumulated deferred income taxes on this item.

Q. ARE THERE COSTS THAT ARE SHARED BETWEEN THE ELECTRIC AND GAS DISTRIBUTION BUSINESSES?

A. Yes. The fact that Duke Energy Ohio is a combination electric and gas utility allows the Company to maximize the potential benefits of the SmartGrid project for both electric and gas customers. For much of the SmartGrid equipment, it is a simple exercise to assign costs directly to electric or to gas. The cost of some equipment and some expenses, however, is incurred for both electric and gas services.

The allocation of costs for "common" equipment is allocated between gas and electric service based on appropriate allocation factors. The development of these allocation factors is based on the Company's determination of the extent to which each type of plant (*e.g.*, communication boxes, IT costs, *etc.*) contributes to the gas or electric SmartGrid function.

Q. DESCRIBE THE COMPUTATION FOR DEPRECIATION AND PROPERTY TAX EXPENSES INCLUDED IN THE RIDER DR-IM AND RIDER AU REVENUE REQUIREMENT.

A. Depreciation expense is annualized by using currently approved accrual rates and the depreciable gross plant for each plant type as of December 31, 2009. Similarly, property tax expense is annualized by applying the latest average property tax rates to the calculated property tax valuation as of December 31, 2009.

Q. WHAT INCREMENTAL EXPENSES ARE INCLUDED IN THE REVENUE REQUIREMENT CALCULATIONS?

A. The only incremental expenses included in the Rider DR-IM and Rider AU revenue requirement calculations are specifically identifiable costs associated with the implementation of the SmartGrid project for gas and electric. Such costs include information technology costs, system support, data transfer fees, and any other costs that can be directly attributed to the SmartGrid program.

Q. DO THE REVENUE REQUIREMENT CALCULATIONS REFLECT THE SAVINGS THAT DISTRIBUTION AUTOMATION AND SMARTGRID PROJECTS WILL GENERATE?

A. Ultimately, the answer is yes. For the revenue requirement calculation being presented in this application, there are no savings to include only because the project is still in the early stages and quantifiable savings have not yet materialized. As the project progresses, savings are expected in the form of meter reading and possibly other meter-related expenses, net of any severance costs. Other potential savings may be included to the extent the Company can eliminate some labor costs in its call center.

The SmartGrid project is expected to generate additional savings that may or may not be included in these riders. Potential savings from the project are expected in the form of reduced line losses, minimized outage durations, improved usage information, and in a number of other forms. Although these savings are real and most will benefit customers, they either flow through to customers through fuel savings or in less tangible ways such as shorter outage durations. If savings such as these can be quantified, they will be included in future revenue requirement calculations.

III. CHANGES FROM PRIOR FILING

Q. HAVE YOU MADE ANY CHANGES IN THE REVENUE REQUIREMENT CALCULATIONS SINCE THE LAST FILING?

A. Yes. The revenue requirement calculations have three changes from last year's filing. First, two adjustments have been made to the December 31, 2008, balances that were approved in Case No. 09-543-GE-RDR. Second, the costs of the Gas Furnace Program for 2009 have been included in Rider AU. Finally, a credit amount has been calculated in Rider AU for the Company's 1,354 gas-only customers located outside of Duke Energy Ohio's electric service territory.

Q. PLEASE EXPLAIN THE ADJUSTMENTS THAT WERE MADE TO THE DECEMBER 31, 2008, BALANCES.

A. While preparing the revenue requirement for this filing, two errors were discovered in the 2008 SmartGrid activity. The first error was inclusion of an invoice for solar panels in the 2008 electric meter additions. The adjustment removes this $174,354 addition from the electric meter balance. The second error was the misclassification of a 2008 VSI Meter Services' invoice in the gas communication nodes project. This invoice in the amount of $194,643 should have been assigned to gas meters in the amount of $178,456 and to electric meters in the amount of $16,187. The net change in 2008 gas additions is ($16,187) and the net change in electric additions is

($158,167), including the solar panel adjustment. The associated reserve for depreciation, post in-service carrying costs and deferred taxes has also been adjusted for these changes.

Q. WHY HAVE THE 2009 GAS FURNACE PROGRAM COSTS BEEN INCLUDED IN THE REVENUE REQUIREMENT?

A. The Stipulation approved by the Commission in the Company's Electric Security Plan, Case No. 08-920-EL-SSO, *et al.,* approved Rider DR-IM and included a provision for recovering the Gas Furnace Program costs through the Smart Grid Rider. Accordingly, those costs have been included in the Rider AU revenue requirement.

Q. WHAT IS THE NATURE AND AMOUNT OF THOSE COSTS?

A. For the year 2009, the Company provided $2,334,400 of incentive payments to customers for installing high efficiency gas furnaces and incurred $571,875 of administrative costs for the program. The total of these costs, $2,906,275, is included in the revenue requirement calculation for recovery through Rider AU.

Q. PLEASE EXPLAIN THE CREDIT FOR THE COMPANY'S GAS-ONLY CUSTOMERS.

A. The Company has 1,354 customers in Adams County, Ohio, for whom it provides only gas service. And, these customers are located in an area outside of Duke Energy Ohio's electric service territory. We have committed to only include the costs of Smart Grid gas deployment in the monthly charge to these customers. The Rider AU revenue requirement includes the gas portion of "common" costs and allocable project management organization (PMO) costs. A monthly credit amount has been calculated to eliminate these costs from the rider for these gas only customers.

Q. HOW HAS THIS ADJUSTMENT BEEN SHOWN IN THE SCHEDULES USED TO CALCULATE THE RIDER AU REVENUE REQUIREMENT?

A. At the bottom of each supporting schedule in Attachment PAL-2, the costs related to "common" and PMO costs have been detailed. These costs are summarized at the bottom of Schedule 1A as a credit revenue requirement amount. On Schedule 14, this credit amount is divided by the total number of gas bills to calculate the monthly credit for the 1,354 gas-only customers.

Q. ARE THE REMAINING CALCULATIONS ESSENTIALLY THE SAME FOR RIDER DR-IM AND RIDER AU?

A. Yes. The remainder of my testimony describes the schedules used for the revenue requirement calculations for both riders. Other than the two items discussed above, the methodology is essentially the same for both riders.

IV. RIDER DR-IM

Q. PLEASE PROVIDE A GENERAL OVERVIEW OF THE SCHEDULES FOR RIDER DR-IM.

A. The schedules provide extensive detail of the revenue requirement calculations for Rider DR-IM, starting with support for the rate base component and the pre-tax rate of return, followed by details for the expenses to be included. Finally, the schedules show the calculation of the proposed monthly rates for Rider DR-IM applicable to the rate classes.

Q. PLEASE EXPLAIN SCHEDULE 1 FOR ELECTRIC.

A. Schedule 1 summarizes the annualized revenue requirement for Duke Energy Ohio's Rider DR-IM rates. The underlying rate base reflects the net balance of the Company's investment in SmartGrid including distribution automation equipment as of December 31, 2009. The rate base shown is incremental to amounts in current rates as of the date certain used in the Company's most recent electric distribution rate case. The information on this schedule is supported in Schedules 2 through 12.

Q. PLEASE EXPLAIN SCHEDULE 2 FOR ELECTRIC.

A. Schedule 2 provides the adjusted balance of plant additions at December 31, 2008, and actual plant additions by month from January 1, 2009, through December 31, 2009. The beginning balance as of December 31, 2008, agrees with the amounts approved in the prior Rider DR-IM filing..

Q. PLEASE EXPLAIN SCHEDULE 3 FOR ELECTRIC.

A. Schedule 3 provides the adjusted balance of accumulated provision for depreciation at December 31, 2008, and actual provision for depreciation by month from January 1, 2009, through December 31, 2009, to arrive at the balance as of December 31, 2009.

Q. PLEASE EXPLAIN SCHEDULE 4 FOR ELECTRIC.

A. Schedule 4 provides the adjusted balance of the Post In-Service Carrying Costs (PISCC) regulatory asset at December 31, 2008, and the PISCC activity by month from January 1, 2009, through December 31, 2009, to arrive at the balance as of December 31, 2009. This schedule also provides the balance of PISCC amortization at December 31, 2008, and actual PISCC amortization by month from January 1, 2009, through December 31, 2009, to calculate the estimated balance at December 31, 2009. Since the rider rates for the prior filing were not effective during 2009, amortization of the PISCC did not begin. Therefore, the amortization amounts are zero. The net electric PISCC Regulatory Asset for the periods is also provided.

Q. PLEASE EXPLAIN SCHEDULE 5 FOR ELECTRIC.

A. Schedule 5 provides the adjusted balance of electric PISCC net deferred tax at December 31, 2008, and the actual PISCC net deferred tax activity and balance from January 1, 2009, through December 31, 2009.

Q. PLEASE EXPLAIN SCHEDULE 6 FOR ELECTRIC.

A. Schedule 6 provides the calculation of the deferred taxes on liberalized depreciation for plant placed in service during vintage years 2008 and 2009. These deferred taxes are calculated only on the electric-related SmartGrid plant in-service since the program's inception.

Q. PLEASE EXPLAIN SCHEDULE 7 FOR ELECTRIC.

A. Schedule 7 provides the calculation of the pre-tax weighted average cost of capital for the return component of the Rider DR-IM revenue requirement calculation. The capital structure and the capital cost rates are from the most recently approved electric distribution rate case, Case No. 08-709-EL-AIR.

Q. PLEASE EXPLAIN SCHEDULE 8 FOR ELECTRIC.

A. Schedule 8 provides the calculation of the annualized depreciation expense associated with additions, based on actual SmartGrid plant additions from the beginning of the program through December 31, 2009, using currently approved depreciation accrual rates.

Q. PLEASE EXPLAIN SCHEDULE 9 FOR ELECTRIC.

A. Schedule 9 provides a calculation of the annualized amortization of the electric PISCC accrued from the beginning of the program through December 31, 2009. The electric-related PISCC Regulatory Assets by account are in agreement with those provided on Schedule 5 and the amortization calculations use the currently approved average service lives.

Q. PLEASE EXPLAIN SCHEDULE 10 FOR ELECTRIC.

A. Schedule 10 is a schedule providing the calculation of the regulatory asset associated with the deferral of O&M and depreciation costs pursuant to the Stipulation approved in the Electric Security Plan, Case No. 08-920-EL-SSO, *et al.*

Q. PLEASE EXPLAIN SCHEDULE 11 FOR ELECTRIC.

A. Schedule 11 provides the calculation of the annualized property tax expense based on actual additions to electric-related SmartGrid plant in-service from the beginning of the program through December 31, 2009. This calculation follows the process used in Duke Energy Ohio's Annual Report to the Ohio Department of Taxation to determine the Net Property Valuation and uses the latest known average electric property tax rate per $1,000 of valuation.

Q. PLEASE EXPLAIN SCHEDULE 12 FOR ELECTRIC.

A. Schedule 12 is a placeholder that, in future filings, will provide a calculation of the actual savings related to certain metering and customer service accounts. Because implementation of the SmartGrid program has only just begun, there are no savings to include in the current year's filing. See the testimony of Company witness Mr. Wyatt for a discussion of savings and benefits.

Q. PLEASE EXPLAIN SCHEDULE 13 FOR ELECTRIC.

A. Schedule 13 provides a calculation of the new Rider DR-IM monthly charge by rate class. Pursuant to the Stipulation approved in Case No. 08-920-EL-SSO, *et al.*, 85% of the revenue requirement is allocable to residential customers and the remaining 15% is allocable to non-residential customers. The allocated revenue requirement is then divided by the number of bills (*i.e.*, customers x 12) for the residential and non-residential rate classes. The result is a per bill charge of $1.18 for all residential customers and a per bill charge of $1.75 for all non-residential customers. The Company excluded all lighting customers from Rider DR-IM.

Q. ARE THERE ANY OTHER PROVISIONS OF THE STIPULATION REACHED IN CASE NO. 08-920-EL-SSO, *ET AL.*, THAT ARE RELEVANT TO THE RIDER DR-IM RATE CALCULATION?

A. Yes. The parties in the Electric Security Plan proceeding agreed to impose a cap on the Rider DR-IM charge for residential customers. The cap represents the maximum monthly per meter rate that can be charged to residential customers for a given year. The agreed-to caps for residential Rider DR-IM charges are as follows:

2009	$0.50
2010	$1.50
2011	$3.25
2012	$5.25
2013	$5.50

Q. DO YOU HAVE AN OPINION REGARDING WHETHER DUKE ENERGY OHIO'S REQUEST FOR NEW RIDER DR-IM RATES IS REASONABLE?

A. Yes.

Q. PLEASE STATE YOUR OPINION.

A. Duke Energy Ohio's rate request is fair and reasonable. I believe that the costs of service are properly allocated to customer classes and the rate design was properly performed in accordance with the terms and conditions of the Stipulation approved in Case No. 08-920-EL-SSO, *et al.* The proposed Rider DR-IM rates are within the rate caps established in the Stipulation for the second year of the rider.

V. RIDER AU

Q. PLEASE PROVIDE A GENERAL OVERVIEW OF THE REVENUE REQUIREMENT CALCULATION FOR RIDER AU.

A. The schedules provide extensive detail of the revenue requirement calculations for Rider AU starting with support for the rate base component and pre-tax rate of return, followed by details for expenses to be included. As discussed earlier in my testimony, many of the schedules provide support for the credit revenue requirement applicable to the Company's 1,354 gas-only customers and that calculation is summarized on Schedule 1A. Finally, the schedules show the calculation of the proposed monthly rates for Rider AU applicable to the rate classes and the monthly credit for the gas-only customers.

Q. PLEASE EXPLAIN SCHEDULE 1 FOR GAS.

A. Schedule 1 summarizes the annualized revenue requirement for Duke Energy Ohio's Rider AU rates. The underlying rate base reflects the net balance of the Company's investment in SmartGrid allocable to its gas distribution business as of December 31, 2009. The rate base shown is incremental to amounts in current rates. The information on this schedule is supported in Schedules 2 through 13. Schedule 1A summarizes the credit to the annualized revenue requirement for the Company's gas only customers.

Q. PLEASE EXPLAIN SCHEDULE 2 FOR GAS.

A. Schedule 2 provides the adjusted balance of SmartGrid plant additions allocable to gas distribution at December 31, 2008, and actual plant additions by month from January 1, 2009, through December 31, 2009. The beginning balance as of December 31, 2008, agrees with the amounts approved in the prior Rider AU filing.

Q. PLEASE EXPLAIN SCHEDULE 3 FOR GAS.

A. Schedule 3 provides the adjusted balance of accumulated depreciation at December 31, 2008, and actual provision for depreciation by month from January 1, 2009, through December 31, 2009, to arrive at the balance as of December 31, 2009.

Q. PLEASE EXPLAIN SCHEDULE 4 FOR GAS.

A. Schedule 4 provides the adjusted balance of the gas PISCC regulatory asset at December 31, 2008, and the PISCC activity by month from January 1, 2009, through December 31, 2009, to arrive at the balance as of December 31, 2009. This schedule also provides the balance of PISCC amortization at December 31, 2008, and actual PISCC amortization by month from January 1, 2009, through December 31, 2009, to calculate the balance at December 31, 2009. Since the rider rates for the prior filing were not effective during 2009, amortization of the PISCC did not begin. Therefore, the amortization amounts are zero. The net gas PISCC regulatory asset for the periods is also provided.

Q. PLEASE EXPLAIN SCHEDULE 5 FOR GAS.

A. Schedule 5 provides the adjusted balance of gas PISCC net deferred tax at December 31, 2008, and the actual PISCC net deferred tax activity and balance from January 1, 2009, through December 31, 2009.

Q. PLEASE EXPLAIN SCHEDULE 6 FOR GAS.

A. Schedule 6 provides the calculation of the deferred taxes on liberalized depreciation for plant placed into service during vintage years 2008 and 2009. These deferred taxes are calculated only on the gas-related SmartGrid plant in-service since the program's inception.

Q. PLEASE EXPLAIN SCHEDULE 7 FOR GAS.

A. Schedule 7 provides the calculation of the pre-tax weighted average cost of capital for the return component of the Rider AU revenue requirement calculation. The capital structure and the capital cost rates are from the most recently approved gas distribution rate case, Case No. 07-589-GA-AIR.

Q. PLEASE EXPLAIN SCHEDULE 8 FOR GAS.

A. Schedule 8 provides the calculation of the annualized depreciation expense associated with additions, based on actual gas-related SmartGrid plant additions from the beginning of the program through December 31, 2009, using currently approved depreciation accrual rates.

Q. PLEASE EXPLAIN SCHEDULE 9 FOR GAS.

A. Schedule 9 provides a calculation of the annualized amortization of the PISCC accrued from the beginning of the program through December 31, 2009. The gas-related PISCC Regulatory Assets by account are in agreement with those provided on Schedule 5 and the amortization calculations use the currently approved average service lives.

Q. PLEASE EXPLAIN SCHEDULE 10 FOR GAS.

A. Schedule 10 is a schedule providing the calculation of the regulatory asset associated with the deferral of O&M and depreciation costs pursuant to the Stipulation approved in the prior filing, Case No. 09-543-GE-RDR.

Q. PLEASE EXPLAIN SCHEDULE 11 FOR GAS.

A. Schedule 11 provides the calculation of the annualized property tax expense based on actual additions to gas-related SmartGrid plant in-service from the beginning of the program through December 31, 2009. This calculation follows the process used in Duke Energy Ohio's Annual Report to the Ohio Department of Taxation to determine the Net Property Valuation and uses the latest known average gas property tax rate per $1,000 of valuation.

Q. PLEASE EXPLAIN SCHEDULE 12 FOR GAS.

A. Schedule 12 is a placeholder that, in future filings, will provide a calculation of the actual savings related to certain metering and customer service accounts. Because implementation of the SmartGrid program has only just begun, there are no savings to include in the current year's filing. See the testimony of Company witness Mr. Wyatt for a discussion of savings and benefits.

Q. PLEASE EXPLAIN SCHEDULE 13 FOR GAS.

A. Schedule 13 provides the monthly detail from January 2009 through December 2009 of the Gas Furnace Program costs. The monthly expense has been separated between incentive payments and administrative costs.

Q. PLEASE EXPLAIN SCHEDULE 14 FOR GAS.

A. Schedule 14 provides the new Rider AU monthly charge per customer. Because the Company is proposing to allocate the Rider AU revenue requirement based on number of bills (*i.e.*, customers x 12), the Rider AU monthly rate shown on Schedule 13 is for all customers. The allocated revenue requirement is divided by the total number of bills. The result is a per bill charge of $1.06 for Rider AU for all customers. The per bill credit amount of $0.34 for the Company's gas only customers is also calculated on this schedule.

Q. DO YOU HAVE AN OPINION REGARDING WHETHER DUKE ENERGY OHIO'S REQUEST FOR NEW RIDER AU RATES IS REASONABLE?

A. Yes.

Q. PLEASE STATE YOUR OPINION.

A. Duke Energy Ohio's rate request is fair and reasonable. The methodology is essentially consistent with the methodology for electric Rider DR-IM, which follows the terms and conditions of the Stipulation approved in Case No. 08-920-EL-SSO, *et al*.

VI. CONCLUSION

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

Duke Energy Ohio
Calculation of Rider AU

Revenue Requirement

Line No.		Balance 12/31/2008	Adjustment	Adjusted Balance 12/31/2008	Activity 2009	Cumulative thru 12/31/09	Reference
	Return on Investment						
	Total Rider AU Revenue Requirement						
1	Additions	$3,445,308	($16,187)	$3,429,121	$3,831,912	$7,261,033	Schedule 2
2	Total Plant In-Service	3,445,308	(16,187)	3,429,121	3,831,912	7,261,033	
	Less: Accumulation Provision for Depreciation						
3	Depreciation Expense	34,433	(2,306)	32,127	146,368	178,495	Schedule 3
4	Total Accumulated Provision for Depreciation	34,433	(2,306)	32,127	146,368	178,495	
5	Net Regulatory Asset--Post In-Service Carrying Cost	73,903	(351)	73,552	286,761	360,313	Schedule 4
6	Net Deferred Tax Balance--PISCC, Deferred Depreciation & CC and Deferred O&M & CC	(51,717)	937	(50,780)	(581,364)	(632,144)	Schedule 5
7	Deferred Taxes on Liberalized Depreciation	(634,582)	5,332	(629,250)	(747,406)	(1,376,656)	Schedule 6
8	Net Rate Base	2,798,479	(7,963)	2,790,516	2,643,535	5,434,051	
9	Approved Pre-tax Rate of Return	11.60%	11.60%	11.60%	11.60%	11.60%	Schedule 7
10	Annualuzed Return on Rate Base	324,624	(924)	323,700	306,650	630,350	
	Operating Expenses						
11	Annualized Provision for Depreciation For Additions				248,558	248,558	Schedule 8
12	Annualized Amortization of PISCC				11,140	11,140	Schedule 9
13	Deferred O&M Expense and Carrying Costs				1,374,276	1,374,276	Schedule 10
14	Annualized Property Tax Expense				158,274	158,274	Schedule 11
15	Reduction in Operation & Maintenance Expense				0	0	Schedule 12
16	**Annualized Revenue Requirement - Smart Grid**				2,098,898	2,422,598	
17	Gas Furnace Program Incentive Payments and Administrative Expenses				2,906,275	2,906,275	Schedule 13
18	**Annualized Revenue Requirement**				$5,005,173	$5,328,873	

Duke Energy Ohio
Calculation of Rider AU Gas Only Customer Credit

Revenue Requirement (Credit)

Line No.		Balance 12/31/2008	Activity 2009	Cumulative thru 12/31/09	Reference
	Return on Investment				
	Total Rider AU Revenue Requirement				
1	Additions	$651,364	$2,031,714	$2,683,078	Schedule 2
2	Total Plant In-Service	651,364	2,031,714	2,683,078	
	Less: Accumulation Provision for Depreciation				
3	Depreciation Expense	10,211	71,215	81,426	Schedule 3
4	Total Accumulated Provision for Depreciation	10,211	71,215	81,426	
5	Net Regulatory Asset--Post In-Service Carrying Cost	9,778	80,396	90,174	Schedule 4
6	Net Deferred Tax Balance--PISCC, Deferred Depreciation & CC and Deferred O&M & CC	(7,031)	(480,818)	(487,849)	Schedule 5
7	Deferred Taxes on Liberalized Depreciation	(126,508)	(396,742)	(523,250)	Schedule 6
8	Net Rate Base	517,392	1,163,335	1,680,727	
9	Approved Pre-tax Rate of Return	11.60%	11.60%	11.60%	Schedule 7
10	Annualuzed Return on Rate Base	60,016	134,947	194,964	
	Operating Expenses				
11	Annualized Provision for Depreciation For Additions		146,927	146,927	Schedule 8
12	Annualized Amortization of PISCC		5,142	5,142	Schedule 9
13	Deferred O&M Expense and Carrying Costs		1,285,463	1,285,463	Schedule 10
14	Annualized Property Tax Expense		58,186	58,186	Schedule 11
15	Reduction in Operation & Maintenance Expense		0	0	Schedule 12
16	**Annualized Revenue Requirement - Smart Grid**		1,630,665	1,690,682	
17	Gas Furnace Program Incentive Payments and Administrative Expenses		0	0	Schedule 13
18	**Annualized Revenue Requirement**		$1,630,665	$1,690,682	

PUCO Case No. 10-867-GE-RDR
Attachment PAL-2
Schedule 1
Gas
Summary

Duke Energy Ohio
Calculation of Rider AU

Plant Additions by Month

Line No.		FERC Account	Balance at 12/31/2008	Adjustment	Adjusted Balance at 12/31/2008	1/31/2009	2/28/2009	3/31/2009	4/30/2009	5/31/2009	6/30/2009	7/31/2009
	Total Rider AU Revenue Requirement											
1	Meters	28102	$2,599,301	$178,456	$2,777,757	$3,011,290	$3,066,853	$3,334,585	$3,483,184	$3,690,658	$3,807,999	$3,905,393
2	Electronic Data Processing Equip Common	19101	12,046		12,046	12,046	12,046	12,046	12,046	12,046	12,046	12,046
3	Communication Equipment Gas	29700	194,643	(194,643)	0	0	0	0	0	0	0	0
4	Communication Equipment Common	19700	639,318		639,318	657,878	714,580	791,654	844,437	876,312	903,293	948,055
5	Total		$3,445,308	($16,187)	$3,429,121	$3,681,214	$3,793,479	$4,138,285	$4,339,667	$4,579,016	$4,723,338	$4,865,494
	Incremental											
6	Meters	28102				$233,533	$55,563	$267,732	$148,599	$207,474	$117,341	$97,394
7	Electronic Data Processing Equip Common	19101				0	0	0	0	0	0	0
8	Communication Equipment Gas	29700				0	0	0	0	0	0	0
9	Communication Equipment Common	19700				18,560	56,702	77,074	52,783	31,875	26,981	44,762
10	Total					$252,093	$112,265	$344,806	$201,382	$239,349	$144,322	$142,156
	PMO and Common Plant Additions											
11	Meters	28102			$0	$18,138	$45,933	$120,659	$175,631	$239,987	$290,190	$338,198
12	Electronic Data Processing Equip Common	19101			12,046	12,046	12,046	12,046	12,046	12,046	12,046	12,046
13	Communication Equipment Gas	29700			0	0	0	0	0	0	0	0
14	Communication Equipment Common	19700			639,318	657,878	714,580	791,654	844,437	876,312	903,293	948,055
15	Total				$651,364	$688,062	$772,559	$924,359	$1,032,114	$1,128,345	$1,205,529	$1,298,299
	Incremental											
16	Meters	28102				$18,138	$27,795	$74,726	$54,972	$64,356	$50,203	$48,008
17	Electronic Data Processing Equip Common	19101				0	0	0	0	0	0	0
18	Communication Equipment Gas	29700				0	0	0	0	0	0	0
19	Communication Equipment Common	19700				18,560	56,702	77,074	52,783	31,875	26,981	44,762
20	Total					$36,698	$84,497	$151,800	$107,755	$96,231	$77,184	$92,770

8/31/2009	9/30/2009	10/31/2009	11/30/2009	12/31/2009	Total Activity
$4,063,116	$4,347,952	$4,609,069	$4,798,957	$5,333,908	
12,046	12,046	12,046	12,046	12,046	
0	0	0	0	0	
1,012,381	1,101,177	1,215,747	1,250,318	1,915,079	
$5,087,543	$5,461,175	$6,836,862	$6,061,321	$7,261,033	
$157,723	$284,836	$261,117	$189,888	$534,951	$2,556,151
0	0	0	0	0	0
0	0	0	0	0	0
64,326	88,796	114,570	34,571	664,761	1,275,761
$222,049	$373,632	$375,687	$224,459	$1,199,712	$3,831,912
$404,577	$476,862	$561,396	$647,419	$755,953	
12,046	12,046	12,046	12,046	12,046	
0	0	0	0	0	
1,012,381	1,101,177	1,215,747	1,250,318	1,915,079	
$1,429,004	$1,590,085	$1,789,189	$1,909,783	$2,683,078	

					Total Activity
$66,379	$72,285	$84,534	$86,023	$108,534	$755,953
0	0	0	0	0	0
0	0	0	0	0	0
64,326	88,796	114,570	34,571	664,761	1,275,761
$130,705	$161,081	$199,104	$120,594	$773,295	$2,031,714

Duke Energy Ohio
Calculation of Rider AU

Provision for Depreciation

Line No.		FERC Account	Balance at 12/31/2008	Adjustment	Adjusted Balance at 12/31/2008	1/31/2009	2/28/2009	3/31/2009	4/30/2009	5/31/2009	6/30/2009	7/31/2009
	Total Rider AU Revenue Requirement											
	Cumulative											
1	Meters	28102	$20,947	$969	$21,916	$27,055	$32,626	$38,300	$44,469	$50,913	$57,741	$64,786
2	Electronic Data Processing Equip Common	19101	1,005	0	1,005	1,206	1,407	1,608	1,809	2,010	2,211	2,412
3	Communication Equipment Gas	29700	3,275	(3,275)	0	0	0	0	0	0	0	0
4	Communication Equipment Common	19700	9,206	0	9,206	12,760	16,417	20,389	24,789	29,483	34,354	39,375
5	Total		$34,433	($2,306)	$32,127	$41,021	$50,450	$60,297	$71,067	$82,406	$94,308	$106,573
6												
	Incremental											
7	Meters	28102				$5,139	$5,571	$5,674	$6,169	$6,444	$6,828	$7,045
8	Electronic Data Processing Equip Common	19101				201	201	201	201	201	201	201
9	Communication Equipment Gas	29700				0	0	0	0	0	0	0
10	Communication Equipment Common	19700				3,554	3,657	3,972	4,400	4,694	4,871	5,021
11	Total					$8,894	$9,429	$9,847	$10,770	$11,339	$11,900	$12,267
	Provision for Depreciation Associated with PMO and Common Plant											
	Cumulative											
12	Meters	28102			$0	$147	$328	$560	$931	$1,403	$1,994	$2,678
13	Electronic Data Processing Equip Common	19101			1,005	1,206	1,407	1,608	1,809	2,010	2,211	2,412
14	Communication Equipment Gas	29700			0	0	0	0	0	0	0	0
15	Communication Equipment Common	19700			9,206	12,760	16,417	20,389	24,789	29,483	34,354	39,375
16	Total				$10,211	$14,113	$18,152	$22,557	$27,529	$32,896	$38,559	$44,465
	Incremental											
17	Meters	28102				$147	$181	$232	$371	$472	$591	$684
18	Electronic Data Processing Equip Common	19101				201	201	201	201	201	201	201
19	Communication Equipment Gas	29700				0	0	0	0	0	0	0

20	Communication Equipment Common	19700		3,554	3,657	3,972	4,400	4,694	4,871	5,021
21	Total			$3,902	$4,039	$4,405	$4,972	$5,367	$5,663	$5,906

			Depreciation Percent
22	Meters	28102	2.22%
23	Electronic Data Processing Equip Common	19101	20.00%
24	Communication Equipment Gas	29700	6.67%
25	Communication Equipment Common	19700	6.67%

8/31/2009	9/30/2009	10/31/2009	11/30/2009	12/31/2009	
$72,011	$79,528	$87,572	$96,099	$104,977	
2,613	2,814	3,015	3,216	3,417	
0	0	0	0	0	
44,645	50,272	56,393	63,151	70,101	
$119,269	$132,614	$146,980	$162,466	$178,495	
					Total Activity
$7,225	$7,517	$8,044	$8,527	$8,878	$83,061
201	201	201	201	201	2,412
0	0	0	0	0	0
5,270	5,627	6,121	6,758	6,950	60,895
$12,696	$13,345	$14,366	$15,486	$16,029	$146,368
$3,451	$4,347	$5,377	$6,563	$7,908	
2,613	2,814	3,015	3,216	3,417	
0	0	0	0	0	
44,645	50,272	56,393	63,151	70,101	
$50,709	$57,433	$64,785	$72,930	$81,426	
					Total Activity
$773	$896	$1,030	$1,186	$1,345	$7,908
201	201	201	201	201	2,412
0	0	0	0	0	0

Duke Energy Ohio
Calculation of Rider AU

Net Regulatory Asset -- Post In-Service Carrying Cost

Line No.	Account	Description	Balance at 12/31/2008	Adjustment	Adjusted Balance at 12/31/2008	1/31/2009	2/28/2009	3/31/2009	4/30/2009	5/31/2009	6/30/2009	7/31/2009
	Total Rider AU Revenue Requirement											
1	018636x	Meters	$60,832	$2,942	$63,774	$14,096	$14,852	$15,693	$16,759	$17,687	$18,546	$19,145
2	018636x	Electronic Data Processing Equip Common	289	0	289	59	59	59	60	60	60	60
3	018636x	Communication Equipment Gas	3,293	(3,293)	0	0	0	0	0	0	0	0
4	018636x	Communication Equipment Common	9,489	0	9,489	3,136	3,330	3,664	3,991	4,212	4,372	4,564
5		Total	$73,903	($351)	$73,552	$17,291	$18,241	$19,416	$20,810	$21,959	$22,978	$23,769
		Cumulative--Regulatory Asset--Deferrals				$90,843	$109,084	$128,500	$149,310	$171,269	$194,247	$218,016
	Regulatory Asset--Amortization											
6	018636x	Meters	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
7	018636x	Electronic Data Processing Equip Common	0	0	0	0	0	0	0	0	0	0
8	018636x	Communication Equipment Gas	0	0	0	0	0	0	0	0	0	0
9	018636x	Communication Equipment Common	0	0	0	0	0	0	0	0	0	0
10		Total	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
11		Cumulative--Regulatory Asset--Amort.				$0	$0	$0	$0	$0	$0	$0
	Regulatory Asset--Net											
12	018636x	Meters	$60,832	$2,942	$63,774	$14,096	$14,852	$15,693	$16,759	$17,687	$18,546	$19,145
13	018636x	Electronic Data Processing Equip Common	289	0	289	59	59	59	60	60	60	60
14	018636x	Communication Equipment Gas	3,293	(3,293)	0	0	0	0	0	0	0	0
15	018636x	Communication Equipment Common	9,489	0	9,489	3,136	3,330	3,664	3,991	4,212	4,372	4,564
16		Total	$73,903	($351)	$73,552	$17,291	$18,241	$19,416	$20,810	$21,959	$22,978	$23,769
17		Cumulative--Regulatory Asset--Net.				$90,843	$109,084	$128,500	$149,310	$171,269	$194,247	$218,016
	Net Regulatory Asset -- Post In-Service Carrying Cost Associated with PMO and Common Plant											
18	018636x	Meters			$0	$429	$541	$788	$1,100	$1,390	$1,669	$1,911

19	018636x	Electronic Data Processing Equip Common		289	59	59	59	60	60	60	60
20	018636x	Communication Equipment Gas		0	0	0	0	0	0	0	0
21	018636x	Communication Equipment Common		9,489	3,136	3,330	3,664	3,991	4,212	4,372	4,564
22		Total		$9,778	$3,624	$3,930	$4,511	$5,151	$5,662	$6,101	$6,535
23		Cumulative--Regulatory Asset--Deferrals			$13,402	$17,332	$21,843	$26,994	$32,656	$38,757	$45,292
	Regulatory Asset--Amortization										
24	018636x	Meters		$0	$0	$0	$0	$0	$0	$0	$0
25	018636x	Electronic Data Processing Equip Common		0	0	0	0	0	0	0	0
26	018636x	Communication Equipment Gas		0	0	0	0	0	0	0	0
27	018636x	Communication Equipment Common		0	0	0	0	0	0	0	0
28		Total		$0	$0	$0	$0	$0	$0	$0	$0
29		Cumulative--Regulatory Asset--Amort.			$0	$0	$0	$0	$0	$0	$0
	Regulatory Asset--Net										
30	018636x	Meters		$0	$429	$641	$788	$1,100	$1,390	$1,669	$1,911
31	018636x	Electronic Data Processing Equip Common		289	59	59	59	60	60	60	60
32	018636x	Communication Equipment Gas		0	0	0	0	0	0	0	0
33	018636x	Communication Equipment Common		9,489	3,136	3,330	3,664	3,991	4,212	4,372	4,564
34		Total		$9,778	$3,624	$3,930	$4,511	$5,151	$5,662	$6,101	$6,535
35		Cumulative--Regulatory Asset--Net.			$13,402	$17,332	$21,843	$26,994	$32,656	$38,757	$45,292
36		PISCC Rate	5.87%								

8/31/2009	9/30/2009	10/31/2009	11/30/2009	12/31/2009	Balance at 12/31/2009
$19,844	$20,993	$22,394	$23,575	$25,414	$292,772
61	61	61	62	62	1,013
0	0	0	0	0	0
4,846	5,234	5,743	6,126	7,821	66,528
$24,751	$26,288	$28,198	$29,763	$33,297	$360,313
$242,767	$269,066	$297,253	$327,016	$360,313	
$0	$0	$0	$0	$0	$0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	
$19,844	$20,993	$22,394	$23,575	$25,414	$292,772
61	61	61	62	62	1,013
0	0	0	0	0	0
4,846	5,234	5,743	6,126	7,821	66,528
$24,751	$26,288	$28,198	$29,763	$33,297	$360,313
$242,767	$269,055	$297,253	$327,016	$360,313	
$2,193	$2,534	$2,919	$3,340	$3,819	$22,633

61	61	61	62	62	1,013
0	0	0	0	0	0
4,846	5,234	5,743	6,126	7,821	66,528
$7,100	$7,829	$8,723	$9,528	$11,702	$90,174
$52,392	$60,221	$68,944	$78,472	$90,174	
$0	$0	$0	$0	$0	$0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	
$2,193	$2,534	$2,919	$3,340	$3,819	$22,633
61	61	61	62	62	1,013
0	0	0	0	0	0
4,846	5,234	5,743	6,126	7,821	66,528
$7,100	$7,829	$8,723	$9,528	$11,702	$90,174
$52,392	$60,221	$68,944	$78,472	$90,174	

Duke Energy Ohio
Calculation of Rider AU

Net Deferred Tax Balance – PISCC

Line No.	Net Deferred Tax Balance - PISCC	Balance at 12/31/2008	Adjustment	Adjusted Balance at 12/31/2008	1/31/2009	2/29/2009	3/31/2009	4/30/2009	5/31/2009	6/30/2009	7/31/2009	8/31/2009
	Total Rider AU Revenue Requirement											
1	Beginning Balance	$73,903	($351)	$73,552	$73,552	$90,843	$109,084	$128,500	$149,310	$171,269	$194,247	$218,016
2	Monthly Activity				$17,291	$18,241	$19,416	$20,810	$21,959	$22,978	$23,769	$24,751
3	Ending Balance	$73,903	($351)	$73,552	$90,843	$109,084	$128,500	$149,310	$171,269	$194,247	$218,016	$242,767
4	Tax Rate	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
5	Cumulative ADIT @ 35%	($25,866)	$123	($25,743)	($31,795)	($38,179)	($44,975)	($52,269)	($59,944)	($67,986)	($76,306)	($84,968)
	Net Deferred Tax Balance - Deferred Depreciation and Carrying Cost											
6	Beginning Balance	$34,732	($2,325)	$32,407	$32,407	$41,480	$51,133	$61,250	$72,341	$84,055	$96,387	$109,146
7	Monthly Activity				9,073	9,653	10,117	11,091	11,714	12,332	12,759	13,249
8	Ending Balance	$34,732	($2,325)	$32,407	$41,480	$51,133	$61,250	$72,341	$84,055	$96,387	$109,146	$122,395
9	Tax Rate	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
10	Cumulative ADIT @ 35%	($12,156)	$814	($11,342)	($14,518)	($17,897)	($21,438)	($25,319)	($29,419)	($33,735)	($38,201)	($42,838)
	Net Deferred Tax Balance - Deferred O&M and Carring Cost											
11	Beginning Balance	$39,128	$0	$39,128	$39,128	$41,095	$44,711	$102,597	$158,157	$219,969	$363,736	$440,592
12	Monthly Activity				1,967	3,616	57,886	55,560	61,812	143,767	76,856	143,249
13	Ending Balance	$39,128	$0	$39,128	$41,095	$44,711	$102,597	$158,157	$219,969	$363,736	$440,592	$583,841
14	Tax Rate	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
15	Cumulative ADIT @ 35%	($13,695)	$0	($13,695)	($14,383)	($15,649)	($35,909)	($55,355)	($76,989)	($127,308)	($154,207)	($204,344)

Duke Energy Ohio
Calculation of Rider AU

Net Deferred Tax Balance -- PISCC

Line No.	Net Deferred Tax Balance - PISCC	Balance at 12/31/2008	Adjustment	Adjusted Balance at 12/31/2008	1/31/2009	2/29/2009	3/31/2009	4/30/2009	5/31/2009	6/30/2009	7/31/2009	8/31/2009

Duke Energy Ohio
Calculation of Rider AU

Net Deferred Tax Balance -- PISCC

Line No.	Net Deferred Tax Balance - PISCC	Balance at 12/31/2008	Adjustment	Adjusted Balance at 12/31/2008	1/31/2009	2/29/2009	3/31/2009	4/30/2009	5/31/2009	6/30/2009	7/31/2009	8/31/2009
	Net Deferred Tax Balance -- PISCC Associated with PMO and Common Plant											
16	Beginning Balance			$9,778	$9,778	$13,402	$17,332	$21,843	$26,994	$32,656	$38,757	$45,292
17	Monthly Activity				$3,624	$3,930	$4,511	$5,151	$5,662	$6,101	$6,535	$7,100
18	Ending Balance			$9,778	$13,402	$17,332	$21,843	$26,994	$32,656	$38,757	$45,292	$52,392
19	Tax Rate			36.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
20	Cumulative ADIT @ 35%			($3,422)	($4,691)	($6,066)	($7,645)	($9,448)	($11,430)	($13,565)	($15,852)	($18,337)
	Net Deferred Tax Balance - Deferred Depreciation and Carrying Cost Associated with PMO and Common Plant											
21	Beginning Balance			10,311	$10,311	$14,272	$18,389	$22,891	$27,982	$33,491	$39,320	$45,418
22	Monthly Activity				3,961	4,117	4,502	5,091	5,509	5,829	6,098	6,462
23	Ending Balance			$10,311	$14,272	$18,389	$22,891	$27,982	$33,491	$39,320	$45,418	$51,880
24	Tax Rate			35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
25	Cumulative ADIT @ 35%			($3,609)	($4,995)	($6,436)	($8,012)	($9,794)	($11,722)	($13,762)	($15,896)	($18,158)
	Net Deferred Tax Balance - Deferred O&M and Carring Cost Associated with PMO and Common Expenses											
26	Beginning Balance			$0	$0	$1,779	$5,207	$62,905	$118,277	$179,901	$323,480	$400,148
27	Monthly Activity				1,779	3,428	57,698	55,372	61,624	143,579	76,668	143,061

Duke Energy Ohio
Calculation of Rider AU

Net Deferred Tax Balance -- PISCC

Line No.	Net Deferred Tax Balance - PISCC	Balance at 12/31/2008	Adjustment	Adjusted Balance at 12/31/2008	1/31/2009	2/29/2009	3/31/2009	4/30/2009	5/31/2009	6/30/2009	7/31/2009	8/31/2009
28	Ending Balance			$0	$1,779	$5,207	$62,905	$118,277	$179,901	$323,480	$400,148	$543,209
29	Tax Rate			35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
30	Cumulative ADIT @ 35%			$0	($623)	($1,822)	($22,017)	($41,397)	($62,965)	($113,218)	($140,052)	($190,123)

9/30/2009	10/31/2009	11/30/2009	12/31/2009
$242,767	$269,055	$297,253	$327,016
$26,288	$28,198	$29,763	$33,297
$269,055	$297,253	$327,016	$360,313
35.00%	35.00%	35.00%	35.00%
($94,169)	($104,039)	($114,456)	($126,110)
$122,395	$136,356	$151,406	$167,649
13,961	15,050	16,243	16,863
$136,356	$151,406	$167,649	$184,512
35.00%	35.00%	35.00%	35.00%
($47,725)	($52,992)	($58,677)	($64,579)
$583,841	$771,514	$960,445	$1,220,960
187,673	188,931	260,515	40,339
$771,514	$960,445	$1,220,960	$1,261,299
35.00%	35.00%	35.00%	35.00%
($270,030)	($336,156)	($427,336)	($441,455)

9/30/2009	10/31/2009	11/30/2009	12/31/2009

9/30/2009	10/31/2009	11/30/2009	12/31/2009
$52,392	$60,221	$68,944	$78,472
$7,829	$8,723	$9,528	$11,702
$60,221	$68,944	$78,472	$90,174
35.00%	35.00%	35.00%	35.00%
($21,077)	($24,130)	($27,465)	($31,561)
$51,880	$58,849	$66,476	$74,929
6,969	7,627	8,453	8,838
$58,849	$66,476	$74,929	$83,767
35.00%	35.00%	35.00%	35.00%
($20,597)	($23,267)	($26,225)	($29,318)
$543,209	$730,694	$919,437	$1,179,764
187,485	188,743	260,327	40,151

9/30/2009	10/31/2009	11/30/2009	12/31/2009
$730,694	$919,437	$1,179,764	$1,219,915
35.00%	35.00%	35.00%	35.00%
($255,743)	($321,803)	($412,917)	($426,970)

Duke Energy Ohio
Calculation of Rider AU

Deferred Taxes on Liberalized Depreciation

Line No.		Tax Year 2008 Vintage 2008 Total	Tax Year 2009: Vintage 2008 Adjustment 7-Year MACRS	Vintage 2008 Adjustment 15-Year MACRS	Vintage 2008 Adjustment Total	Vintage 2008 7-Year MACRS	Vintage 2008 15-Year MACRS	Vintage 2008 Total	Vintage 2009 7-Year MACRS	Vintage 2009 15-Year MACRS
	Total Rider AU Revenue Requirement									
1	Total Plant In-Service	$3,445,308	($194,643)	$178,456	($16,187)	$639,318	$2,789,803	$3,429,121	$1,275,761	$2,556,151
2	Book to Tax Basis Adjustments:	0	0	0	0	0	0	0	0	0
3	Tax Base In-Service subject to:									
4	Bonus Depreciation - 50%	3,445,308	(194,643)	178,456	(16,187)	639,318	2,789,803	3,429,121	1,275,761	2,556,151
5	MACRS	0	0	0	0	0	0	0	0	0
6	Total Tax Depreciation Base	3,445,308	(194,643)	178,456	(16,187)	639,318	2,789,803	3,429,121	1,275,761	2,556,151
7	Tax Depreciation - MACRS	124,871	(13,907)	4,461	(9,446)	78,284	132,516	210,800	91,153	63,904
8	Tax Depreciation - Bonus	1,722,654	(97,322)	89,228	(8,094)	0	0	0	637,881	1,278,076
9	Total Tax Depreciation	1,847,525	(111,229)	93,689	(17,539)	78,284	132,516	210,800	729,034	1,341,980
	Book Depreciation									
10	Total Book Depreciation	34,433	(3,275)	969	(2,306)	42,643	64,075	106,718	18,252	21,398
11	Less: Book Depr on AFUDC Equity	0	0	0	0	0	0	0	0	0
12	Plus: Originating Dif. Exclusive of AFUDC Equity	0	0	0	0	0	0	0	0	0
13	Net Book Depreciation	34,433	(3,275)	969	(2,306)	42,643	64,075	106,718	18,252	21,398
14	Tax Depreciation in Excess of Book Depreciation	1,813,092	(107,954)	92,720	(15,233)	35,641	68,441	104,082	710,781	1,320,582
15	Federal Deferred Taxes @ 35.00%	($634,582)	$37,784	($32,452)	$5,332	($12,475)	($23,954)	($36,429)	($248,773)	($462,204)
16	Federal Deferral Rate	35.00%			35.00%			35.00%		

Deferred Taxes on Liberalized Depreciation Associated with PMO and Common Plant

17	Total Plant In-Service	$651,364	$0	$0	$0	$639,318	$12,046	$651,364	$1,275,761	$755,953
18	Book to Tax Basis Adjustments:	0	0	0	0	0	0	0	0	0
19	Tax Base In-Service subject to:									
21	Bonus Depreciation - 50%	651,364	0	0	0	639,318	12,046	651,364	1,275,761	755,953
22	MACRS	0	0	0	0	0	0	0	0	0
23	Total Tax Depreciation Base	651,364	0	0	0	639,318	12,046	651,364	1,275,761	755,953
24	Tax Depreciation - MACRS	45,980	0	0	0	78,284	572	78,856	91,153	18,899
25	Tax Depreciation - Bonus	325,682	0	0	0	0	0	0	637,881	377,976
26	Total Tax Depreciation	371,662	0	0	0	78,284	572	78,856	729,034	396,875
	Book Depreciation									
27	Total Book Depreciation	10,211	0	0	0	42,643	2,412	45,055	18,252	7,908
28	Less: Book Depr on AFUDC Equity	0	0	0	0	0	0	0	0	0
29	Plus: Originating Dif. Exclusive of AFUDC Equity	0	0	0	0	0	0	0	0	0
30	Net Book Depreciation	10,211	0	0	0	42,643	2,412	45,055	18,252	7,908
31	Tax Depreciation in Excess of Book Depreciation	361,451	0	0	0	35,641	(1,840)	33,801	710,781	388,967
32	Federal Deferred Taxes @ 35.00%	($126,508)	$0	$0	$0	($12,475)	$644	($11,831)	($248,773)	($136,139)
33	Federal Deferral Rate	35.00%			35.00%			35.00%		

Total	Total Tax Year 2009	Total At 12/31/09
$3,831,912	$7,261,033	$7,261,033
0	0	0
3,831,912	7,261,033	7,261,033
0	0	0
3,831,912	7,261,033	7,261,033
155,057	365,857	481,282
1,915,957	1,915,957	3,630,517
2,071,014	2,281,814	4,111,799
39,650	146,368	178,495
0	0	0
0	0	0
39,650	146,368	178,495
2,031,363	2,135,446	3,933,304
($710,977)	($747,406)	($1,376,656)
35.00%		

$2,031,714	$2,683,078	$2,683,078
0	0	0
2,031,714	2,683,078	2,683,078
0	0	0
2,031,714	2,683,078	2,683,078
110,052	188,908	234,888
1,015,857	1,015,857	1,341,539
1,125,909	1,204,765	1,576,427
26,160	71,215	81,426
0	0	0
0	0	0
26,160	71,215	81,426
1,099,748	1,133,549	1,495,001
($384,912)	($396,742)	($523,250)
35.00%		

Duke Energy Ohio
Calculation of Rider AU

Approved Rate of Return [a]

Line No.		Balance at 3/31/2007	Percent of Total	Rate	Weighted Cost	Tax Gross Up Factor	Pre-Tax Rate of Return
1	Long Term Debt	$1,752,639,770	44.24%	5.87%	2.60%	1.000000	2.60%
2	Preferred stock	-	0.00%	0.00%	0.00%	1.538462	0.00%
3	Common equity	2,209,036,300	55.76%	10.50%	5.85%	1.538462	9.00%
4	Total Capitalization	$3,961,676,070	100.00%		8.45%		11.60%

Note: [a] Per Stipulation approved in Case No. 07-589-GA-AIR.

Income before Income Tax	100.000%
Less: State Income Tax	0.000%
Income before Federal Income Tax	100.000%
Federal Income Tax (35% x 100%)	35.000%
Operating Income Percentage	65.000%
Gross Revenue Conversion Factor (1/0.6500)	1.5384615

Duke Energy Ohio
Calculation of Rider AU

Annualized Depreciation Associated with Additions

Line No.	Depreciable Plant Basis	Plant Account	Balance at 12/31/2009	Depreciation Rate	Annualized Depreciation
	Total Rider AU Revenue Requirement				
1	Meters	28102	$5,333,908	2.22%	$118,413
2	Electronic Data Processing Equip Common	19101	12,046	20.00%	2,409
3	Communication Equipment Gas	29700	0	6.67%	0
4	Communication Equipment Common	19700	1,915,079	6.67%	127,736
5	Total		$7,261,033		$248,558
	Annualized Depreciation Associated with PMO and Common Plant Additions				
6	Meters	28102	$755,953	2.22%	$16,782
7	Electronic Data Processing Equip Common	19101	12,046	20.00%	2,409
8	Communication Equipment Gas	29700	0	6.67%	0
9	Communication Equipment Common	19700	1,915,079	6.67%	127,736
10	Total		$2,683,078		$146,927

Duke Energy Ohio
Calculation of Rider AU

Annualized Amortization of PISCC

Line No.		Regulatory Asset Deferrals	Balance at 12/31/2009	Amortization Rate	Annualized Amortization
	Total Rider AU Revenue Requirement				
1	018636x	Meters	$292,772	2.22%	$6,500
2	018636x	Electronic Data Processing Equip	1,013	20.00%	203
3	018636x	Communication Equipment Gas	0	6.67%	0
4	018636x	Communication Equipment Common	66,528	6.67%	4,437
5		Total	$360,313		$11,140
	Annualized Amortization of PISCC Associated with PMO and Common Plant				
	Total Rider AU Revenue Requirement				
6	018636x	Meters	$22,633	2.22%	$502
7	018636x	Electronic Data Processing Equip	1,013	20.00%	203
8	018636x	Communication Equipment Gas	0	6.67%	0
9	018636x	Communication Equipment Common	66,528	6.67%	4,437
10		Total	$90,174		$5,142

Duke Energy Ohio
Calculation of Rider AU

Regulatory Asset -- Deferred O&M Expenses, Carrying Cost and Amortization

Line No.	Account	Description	Balance at 12/31/2008	Adjustments	Adjusted Balance at 12/31/2008	1/31/2009	2/28/2009	3/31/2009	4/30/2009	5/31/2009	6/30/2009	7/31/2009
	Regulatory Asset--Deferred O&M Expenses											
1	182362	Meter O&M	$38,462	$0	$38,462	$0	$0	$0	$0	$0	$0	$0
2	182362	Communication O&M - Common	0	0	0	0	0	51,942	43,535	47,150	116,430	0
3	182362	Information Technology O&M - Common	0	0	0	0	0	0	0	2,598	3,188	51,865
4	182362	PMO O&M	0	0	0	1,775	3,411	5,590	11,396	11,152	22,741	23,050
5	18236x	Book Depreciation	24,222	(2,306)	21,916	5,139	5,571	5,674	6,169	6,444	6,828	7,045
6	18236x	Book Depreciation - Common	10,211	0	10,211	3,755	3,858	4,173	4,601	4,895	5,072	5,222
7		Total	$72,895	($2,306)	$70,589	$10,669	$12,840	$67,379	$65,701	$72,239	$154,257	$87,182
8		Cumulative--Regulatory Asset--Deferrals	$72,895		$70,589	$81,258	$94,098	$161,477	$227,178	$299,417	$453,674	$540,856
	Regulatory Asset--Deferred O&M Expenses Carrying Cost											
9	182362	Deferred O&M Costs	$666	$0	$666	$188	$188	$188	$188	$188	$188	$188
10	182362	Deferred O&M - Common and PMO Costs	0	0	0	4	17	166	441	724	1,222	1,753
11	18236x	Book Depreciation	299	(19)	280	120	146	173	202	233	266	300
12	18236x	Book Depreciation - Common	100	0	100	59	78	97	119	142	166	192
13		Total	$1,065	($19)	$1,046	$371	$429	$624	$950	$1,287	$1,842	$2,433
14		Cumulative--Regulatory Asset--Deferrals	$1,065		$1,046	$1,417	$1,846	$2,470	$3,420	$4,707	$6,549	$8,982
	Regulatory Assets--Total											
15	182362	Deferred O&M Costs	$39,128	$0	$39,128	$188	$188	$188	$188	$188	$188	$188
16	182362	Deferred O&M - Common and PMO Costs	0	0	0	1,779	3,428	57,698	55,372	61,624	143,579	76,668
17	18236x	Book Depreciation	24,521	(2,325)	22,196	5,259	5,717	5,847	6,371	6,677	7,094	7,345
18	18236x	Book Depreciation - Common	10,311	0	10,311	3,814	3,936	4,270	4,720	5,037	5,238	5,414
19		Total	$73,960	($2,325)	$71,635	$11,040	$13,269	$68,003	$66,651	$73,526	$156,099	$89,615
20		Cumulative--Regulatory Asset--Total	$73,960		$71,635	$82,675	$95,944	$163,947	$230,598	$304,124	$460,223	$549,838

Duke Energy Ohio
Calculation of Rider AU

Regulatory Asset – Deferred O&M Expenses, Carrying Cost and Amortization

Line No.	Account	Description	Balance at 12/31/2008	Adjustments	Adjusted Balance at 12/31/2008	1/31/2009	2/28/2009	3/31/2009	4/30/2009	5/31/2009	6/30/2009	7/31/2009
		Regulatory Asset – Deferred O&M Expenses, Carrying Cost and Amortization Associated with PMO and Common Expenses										
		Regulatory Asset–Deferred O&M Expenses										
21	182362	Communication O&M - Common			$0	$0	$0	$51,942	$43,535	$47,150	$116,430	$0
22	182362	Information Technology O&M - Common			0	0	0	0	0	2,598	3,186	51,865
23	182362	PMO O&M			0	1,775	3,411	5,590	11,396	11,152	22,741	23,050
24	18236x	Book Depreciation - PMO and Common			10,211	3,755	3,858	4,173	4,601	4,895	5,072	5,222
25		Total			$10,211	$5,530	$7,269	$61,705	$59,532	$66,795	$147,429	$80,137
26		Cumulative–Regulatory Asset–Deferrals			$10,211	$15,741	$23,010	$84,715	$144,247	$210,042	$357,471	$437,608
		Regulatory Asset–Deferred O&M Expenses Carrying Cost										
27	182362	Deferred O&M - Common and PMO Costs			$0	$4	$17	$166	$441	$724	$1,222	$1,753
28	182388	Book Depreciation - PMO and Common			100	59	78	97	119	142	166	192
29		Total			$100	$63	$95	$263	$560	$866	$1,388	$1,945
30		Cumulative–Regulatory Asset–Deferrals			$100	$163	$258	$521	$1,081	$1,947	$3,335	$5,280
		Regulatory Asset–Total										
31	182362	Deferred O&M - Common and PMO Costs			$0	$1,779	$3,428	$57,698	$55,372	$61,624	$143,579	$76,668
32	18236x	Book Depreciation - PMO and Common			10,311	3,814	3,936	4,270	4,720	5,037	5,238	5,414
33		Total			$10,311	$5,593	$7,364	$61,968	$60,092	$66,661	$148,817	$82,082
34		Cumulative–Regulatory Asset–Total			$10,311	$15,904	$23,268	$85,236	$145,328	$211,989	$360,806	$442,888

Carrying Cost Rate 5.87%

8/31/2009	9/30/2009	10/31/2009	11/30/2009	12/31/2009	Balance at 12/31/2009
$0	$0	$0	$0	$0	$38,462
78,888	119,375	73,582	60,451	(121,329)	470,024
38,375	45,584	73,037	125,833	105,038	445,516
23,517	19,450	38,145	68,988	50,678	279,893
7,225	7,517	8,044	8,527	8,878	104,977
5,471	5,828	6,322	6,859	7,151	73,518
$153,476	$197,754	$199,130	$270,758	$50,416	$1,412,390
$694,332	$892,086	$1,091,216	$1,361,974	$1,412,390	
$188	$188	$188	$188	$188	2,922
2,281	3,076	3,979	5,055	5,764	24,482
335	371	409	449	492	3,776
218	245	275	308	342	2,341
$3,022	$3,880	$4,851	$6,000	$6,786	$33,521
$12,004	$15,884	$20,735	$26,735	$33,521	
$188	$188	$188	$188	$188	$41,384
143,061	187,485	188,743	260,327	40,151	1,219,915
7,560	7,888	8,453	8,976	9,370	108,753
5,689	6,073	6,597	7,267	7,493	75,859
$156,498	$201,634	$203,981	$276,758	$57,202	$1,445,911
$706,336	$907,970	$1,111,951	$1,388,709	$1,445,911	

8/31/2009	9/30/2009	10/31/2009	11/30/2009	12/31/2009	Balance at 12/31/2009
$78,888	$119,375	$73,582	$60,461	($121,329)	$470,024
38,375	45,584	73,037	125,833	105,038	445,516
23,517	19,450	38,146	68,988	50,678	279,893
5,471	5,828	6,322	6,959	7,151	73,518
$146,251	$190,237	$191,086	$282,231	$41,538	$1,268,951
$583,859	$774,096	$965,182	$1,227,413	$1,268,951	
$2,281	$3,076	$3,979	$5,055	$5,764	24,482
218	245	275	308	342	2,341
$2,499	$3,321	$4,254	$5,363	$6,106	$26,823
$7,779	$11,100	$15,354	$20,717	$26,823	
$143,061	$187,485	$188,743	$260,327	$40,151	$1,219,915
5,689	6,073	6,597	7,267	7,493	75,859
$148,750	$193,558	$195,340	$267,594	$47,644	$1,295,774
$591,638	$785,196	$980,536	$1,248,130	$1,295,774	

Duke Energy Ohio
Calculation of Rider AU

Annualized Property Taxes

Line No.	Property Tax Expense (Amounts Exclude Post In-Service Carrying Costs)	YEAR 2008 15-Year General Plant	YEAR 2008 30-Year Distribution Plant	YEAR 2009 15-Year General Plant	YEAR 2009 30-Year Distribution Plant	Total
	Total Rider AU Revenue Requirement					
1	Current Year Investment	$651,364	$2,777,757	$1,275,761	$2,556,151	
2	Less: AFUDC In-Service	0	0	31	108	
3	Net Cost of Taxable Property	651,364	2,777,757	1,275,730	2,556,043	
4	Percent Good [a]	90.0%	95.0%	96.7%	98.3%	
5	True Value of Taxable Property (excluding PISCC)	586,228	2,638,869	1,233,631	2,512,590	
6	Valuation Percent	25%	25%	25%	25%	
7	Total Taxable Value	146,557	659,717	308,408	628,148	
8	Retired Net Taxable Plant End of Year (@ 15%)	-	-	-	-	
9	Net Property Tax Valuation	146,557	659,717	308,408	628,148	
10	Property Tax Valuation	$13,309	$59,912	$28,008	$57,045	$158,274
	Annualized Property Taxes Associated with PMO and Common Plant					
11	Current Year Investment	$651,364	$0	$1,275,761	$755,953	
12	Less: AFUDC In-Service	0	0	31	108	
13	Net Cost of Taxable Property	651,364	0	1,275,730	755,845	
14	Percent Good [a]	90.0%	95.0%	96.7%	98.3%	
15	True Value of Taxable Property (excluding PISCC)	586,228	0	1,233,631	742,996	
16	Valuation Percent	25%	25%	25%	25%	
17	Total Taxable Value	146,557	0	308,408	185,749	
18	Retired Net Taxable Plant End of Year (@ 15%)	-	-	-	-	
19	Net Property Tax Valuation	146,557	0	308,408	185,749	
20	Property Tax of Valuation	$13,309	$0	$28,008	$16,869	$58,186

21	Ohio Property Tax Calculation:	
22	Average Property Tax Rate per $1,000 of Valuation	$90.814

[a] From Gas Company Annual Report -
Schedule C - 15 Year Class Life (General Plant)
Schedule C - 30 Year Class Life (Distribution Plant)

Duke Energy Ohio
Calculation of Rider AU

Incremental Operating & Maintenance Expenses

Line No.		Current Year	Included in Base Rates [a]	Incremental (Savings)/Costs [b]
1	Total Rider AU Revenue Requirement			
2	Acct 878 - Meter and House Regulator Exp	$0	$0	$0
3	Acct 893 - Maint - Meters and House Regulators	-	-	-
4	Acct 902 - Meter Reading Expenses	-	-	-
5	Total Metering Expenses for Period	0	0	0
6	Customer Service Expense			
7	Acct 903 Cust Records & Collection Expense	-	-	-
8	Total Customer Service Expense	0	0	0
9	IT and Other Costs	-	-	-
10	Total	$0	$0	$0

Notes: [a] Base rates for 2008 were established in Case No. 07-589-GA-AIR.
[b] No savings are projected until 2010 and later.

Duke Energy Ohio
Calculation of Rider AU

Gas Furnace Program Expenses

Line No.	Description	Balance at 12/31/2008	1/31/2009	2/29/2009	3/31/2009	4/30/2009	5/31/2009	6/30/2009	7/31/2009	8/31/2009	9/30/2009	10/31/2009
1	Incentive Rebates	$0	$108,600	$220,800	$166,200	$200,900	$148,900	$131,400	$165,000	$166,800	$232,800	$130,200
2	Administrative Expenses	0	11,890	32,266	44,129	64,777	40,877	37,369	41,032	41,799	32,236	52,745
3	Total	$0	$120,490	$253,066	$210,329	$265,677	$189,777	$168,769	$206,032	$208,599	$265,036	$182,945
4	Cumulative--Regulatory Asset--Deferrals	$0	$120,490	$373,556	$583,885	$849,562	$1,039,338	$1,208,107	$1,414,140	$1,622,739	$1,887,774	$2,070,719

11/30/2009	12/31/2009	Balance at 12/31/2009
$232,500	$430,300	$2,334,400
44,923	127,833	571,875
$277,423	$558,133	$2,906,275
$2,348,142	$2,906,275	

Duke Energy Ohio
Calculation of Rider AU

Charge Per Bill

Line No.		Total	Source
1	2009 Rider AU Revenue Requirement - Smart Grid	$2,422,598	Schedule 1
2	2009 Rider AU Revenue Requirement - Gas Furnace	$2,906,275	Schedule 1
3	Total Rider AU Revenue Requirement	$5,328,873	
4	Customer Bills	5,032,428	Internal Company Data
5	Rider AU Charge - Per Bill	$1.06	Line 4 ÷ Line 5
	Credit for PMO and Common Plant and Expenses		
6	Total Rider AU Revenue Requirement	$1,690,682	Schedule 1A
7	Customer Bills	5,032,428	Internal Company Data
8	Rider AU Charge - Per Bill	$0.34	Line 6 ÷ Line 7

Duke Energy Ohio
Calculation of Rider DR-IM

Index of Schedules

Schedule No.	Description
1	Revenue Requirement Summary
2	Plant Additions by Month
3	Depreciation Expense Accrued
4	Post In Service Carrying Costs on Plant Additions Accrued as Regulatory Asset
5	Deferred Income Taxes on Post In Service Carrying Costs and Deferred O&M
6	Deferred Taxes on Liberalized Depreciation Associated with Plant Additions
7	Summary of Weighted-Average Cost of Capital from Most Recent Retail Rate Case
8	Annualized Depreciation Expense on Plant in Service at Year End
9	Annualized Amortization of Post In Service Carrying Charges
10	Regulatory Asset for Deferred O&M and Associated Carrying Costs
11	Annualized Property Taxes on Plant in Service at Year End
12	Incremental O&M Expenses/(Savings) from SmartGrid Implementation
13	Calculation of Rider DR-IM Charges

PUCO Case No. 10-867-GE-RDR
Attachment PAL-1
Schedule 1
Electric
Summary

Duke Energy Ohio
Calculation of Rider DR-IM

Revenue Requirement

Line No.			Balance 12/31/08	Adjustment	Adjusted Balance 12/31/08	Activity 2009	Cumulative thru 12/31/09	Reference
	Return on Investment							
	Plant In-Service							
1	Additions		$19,806,160	($158,167)	$19,647,993	$13,466,449	$33,114,442	Schedule 2
2	Total Plant In-Service		19,806,160	(158,167)	19,647,993	13,466,449	33,114,442	
	Less: Accumulation Provision for Depreciation							
3	Depreciation Expense		226,938	(1,540)	225,398	1,292,994	1,518,392	Schedule 3
4	Total Accumulated Provision for Depreciation		226,938	(1,540)	225,398	1,292,994	1,518,392	
5	Net Regulatory Asset--Post In-Service Carrying Cost		373,427	(4,640)	368,787	1,543,823	1,912,610	Schedule 4
6	Net Deferred Tax Balance--PISCC, Deferred Depreciation & CC and Deferred O&M & CC		(229,269)	2,170	(227,099)	(1,895,911)	(2,123,010)	Schedule 5
7	Deferred Taxes on Liberalized Depreciation		(3,801,708)	29,216	(3,772,492)	(2,846,358)	(6,618,850)	Schedule 6
8	Net Rate Base		15,921,672	(129,881)	15,791,791	8,975,009	24,766,800	
9	Approved Pre-tax Rate of Return		12.47%	12.47%	12.47%	12.47%	12.47%	Schedule 7
10	Annualuzed Return on Rate Base		1,985,432	(16,196)	1,969,236	1,119,184	3,088,420	
	Operating Expenses							
11	Annualized Provision for Depreciation For Additions					1,775,979	1,775,979	Schedule 8
12	Annualized Amortization of PISCC					112,710	112,710	Schedule 9
13	Deferred O&M Expense and Carrying Costs					3,873,063	3,873,063	Schedule 10
14	Annualized Property Tax Expense					1,267,654	1,267,654	Schedule 11
15	Reduction in Operation & Maintenance Expense					0	0	Schedule 12
16	**Annualized Revenue Requirement - Subtotal**					8,148,590	10,117,826	
17	**Commerical Activity Tax Gross Up**	0.26068%				21,242	26,375	
18	**Annualized Revenue Requirement**					$8,169,832	$10,144,201	

Duke Energy Ohio
Calculation of Rider DR-IM

Plant Additions by Month

Line No.		Plant Account	Balance at 12/31/2008	Adjustment	Adjusted Balance at 12/31/2008	1/31/2009	2/28/2009	3/31/2009	4/30/2009	5/31/2009	6/30/2009	7/31/2009	8/31/2009	9/30/2009	10/31/2009	11/30/2009	12/31/2009	Total Activity
	Cumulative																	
1	Station Equipment	36200	$0		$0	$0	$0	$0	$0	$0	$0	$210,231	$552,422	$588,625	$1,502,309	$1,652,861	$2,909,386	
2	Major Equipment	36202	0		0	0	0	0	0	0	0	87,619	216,064	233,536	490,261	763,561	1,185,549	
3	Distribution Station Equipment	36305	0		0	0	0	0	0	0	0	136,837	399,622	404,381	536,556	542,872	741,224	
4	Distribution OH Conduct & Devises	36500	0		0	3,225	7,862	20,415	137,771	270,586	456,719	748,795	972,625	1,139,183	1,506,750	1,851,744	2,149,778	
5	Meters	37000	0		0	242,800	242,800	242,800	242,800	242,800	242,800	242,800	242,800	242,800	242,800	242,800	388,000	
6	Leased Meters	37002	6,733,611	(158,167)	6,575,444	6,491,994	6,577,545	6,718,293	6,934,569	7,203,873	7,387,216	7,508,259	7,643,407	7,896,550	8,052,398	8,254,877	8,798,691	
7	Electronic Data Processing Equip	39101	19,522		19,522	19,522	19,522	19,522	19,522	19,522	19,522	19,522	19,522	19,522	19,522	19,522	19,522	
8	Communication Equipment Electric	39700	12,016,987		12,016,987	12,116,872	12,330,667	12,505,740	12,797,256	12,957,577	12,963,366	13,289,343	13,744,813	13,869,235	14,066,768	14,214,835	13,818,821	
9	Communication Equipment Common	19700	1,036,040		1,036,040	1,066,118	1,158,006	1,282,908	1,368,445	1,420,100	1,463,824	1,536,363	1,640,606	1,784,503	1,970,169	2,026,193	3,103,469	
10	Total		$19,806,160	($158,167)	$19,647,993	$19,940,531	$20,336,402	$20,789,678	$21,500,363	$22,114,458	$22,533,447	$23,779,769	$25,431,871	$26,178,335	$28,387,533	$29,569,285	$33,114,442	
	Incremental																	
11	Station Equipment	36200				$0	$0	$0	$0	$0	$0	$210,231	$342,191	$36,203	$913,684	$150,552	$1,256,527	$2,909,386
12	Major Equipment	36202				0	0	0	0	0	0	87,619	128,435	17,482	256,725	273,300	421,988	1,185,549
13	Distribution Station Equipment	36305				0	0	0	0	0	0	136,837	262,785	4,759	132,175	6,316	198,352	741,224
14	Distribution OH Conduct & Devises	36500				3,225	4,637	12,553	117,356	132,815	186,133	282,076	223,830	166,558	367,567	344,994	298,034	2,149,778
15	Meters	37000				242,800	0	0	0	0	0	0	0	0	0	0	145,200	388,000
16	Leased Meters	37002				(83,450)	85,551	140,748	216,276	269,304	183,343	121,043	135,148	253,143	155,848	202,479	543,814	2,223,247
17	Electronic Data Processing Equip	39101				0	0	0	0	0	0	0	0	0	0	0	0	0
18	Communication Equipment Electric	39700				99,885	213,795	175,073	291,516	160,321	5,789	325,977	455,470	124,422	197,533	148,067	(396,014)	1,801,834
19	Communication Equipment Common	19700				30,078	91,888	124,902	85,537	51,655	43,724	72,539	104,243	143,897	185,666	56,024	1,077,276	2,067,429
20	Total					$292,538	$395,871	$453,276	$710,685	$614,095	$418,989	$1,246,322	$1,652,102	$746,464	$2,209,198	$1,181,732	$3,545,177	$13,466,449

Duke Energy Ohio
Calculation of Rider DR-IM

Provision for Depreciation

Line No.		Plant Account	Balance at 12/31/2008	Adjustment	Adjusted Balance at 12/31/2008	1/31/2009	2/28/2009	3/31/2009	4/30/2009	5/31/2009	6/30/2009	7/31/2009	8/31/2009	9/30/2009	10/31/2009	11/30/2009	12/31/2009	Total Activity
	Cumulative																	
1	Station Equipment	36200	$0		$0	$0	$0	$0	$0	$0	$0	$0	$430	$1,570	$2,774	$5,674	$8,641	
2	Major Equipment	36202	0		0	0	0	0	0	0	0	0	154	531	939	1,866	3,280	
3	Distribution Station Equipment	36305	0		0	0	0	0	0	0	0	0	496	1,957	3,435	5,237	7,060	
4	Distribution OH Conduct & Devises	36500	0		0	0	7	23	66	353	917	1,869	3,429	5,455	7,828	10,967	14,825	
5	Meters	37000	0		0	0	463	926	1,389	1,852	2,315	3,347	4,379	5,411	6,443	7,475	8,507	
6	Leased Meters	37002	60,761	(1,540)	59,221	71,769	84,158	96,710	109,531	122,764	136,511	167,907	199,817	232,301	265,861	300,084	335,167	
7	Electronic Data Processing Equip	39101	1,625		1,625	1,950	2,275	2,600	2,925	3,250	3,575	3,900	4,225	4,550	4,875	5,200	5,525	
8	Communication Equipment Electric	39700	149,633		149,633	216,427	283,777	352,315	421,826	492,957	564,980	637,035	710,902	787,300	864,390	942,578	1,021,589	
9	Communication Equipment Common	19700	14,919		14,919	20,678	26,604	33,041	40,172	47,778	55,671	63,807	72,347	81,466	91,385	102,336	113,598	
10	Total		$226,938	($1,540)	$225,398	$310,824	$397,284	$485,615	$575,909	$668,954	$763,969	$877,865	$996,179	$1,120,541	$1,247,930	$1,381,417	$1,518,392	
	Incremental																	
11	Station Equipment	36200				$0	$0	$0	$0	$0	$0	$0	$430	$1,140	$1,204	$2,900	$3,167	$8,841
12	Major Equipment	36202				0	0	0	0	0	0	0	154	377	408	927	1,414	3,280
13	Distribution Station Equipment	36305				0	0	0	0	0	0	0	496	1,461	1,478	1,802	1,823	7,060
14	Distribution OH Conduct & Devises	36500				0	7	16	43	287	564	952	1,560	2,026	2,373	3,139	3,858	14,825
15	Meters	37000				0	463	463	463	463	463	1,032	1,032	1,032	1,032	1,032	1,032	8,507
16	Leased Meters	37002				12,548	12,389	12,552	12,821	13,233	13,747	31,396	31,910	32,484	33,560	34,223	35,083	275,946
17	Electronic Data Processing Equip	39101				325	325	325	325	325	325	325	325	325	325	325	325	3,900
18	Communication Equipment Electric	39700				66,794	67,350	68,538	69,611	71,131	72,023	72,055	73,867	76,398	77,090	78,188	79,011	871,956
19	Communication Equipment Common	19700				5,759	5,926	6,437	7,131	7,606	7,893	8,136	8,540	9,119	9,919	10,951	11,262	98,679
20	Total					$85,426	$86,460	$88,331	$90,294	$93,045	$95,016	$113,896	$118,314	$124,362	$127,369	$133,487	$136,975	$1,292,994

Line No.		Plant Account	Depreciation Percent
	Incremental		
21	Station Equipment	36200	2.00%
22	Major Equipment	36202	2.18%
23	Distribution Station Equipment	36305	5.00%
24	Distribution OH Conduct & Devises	36500	2.60%
25	Meters - January through June	37000	2.29%
	Meters - July through December	37000	5.10%
26	Leased Meters - January through June	37002	2.29%
	Leased Meters - July through December	37002	5.10%
27	Electronic Data Processing Equip	39101	20.00%
28	Communication Equipment Electric	39700	6.67%
29	Communication Equipment Common	19700	6.67%

PUCO Case No. 10-867-GE-RDR
Attachment PAL-1
Schedule 4
Electric

Duke Energy Ohio
Calculation of Rider DR-IM

Net Regulatory Asset – Post In-Service Carrying Cost

Line No.	Account	Description	Balance at 12/31/2008	Adjustment	Adjusted Balance at 12/31/2008	1/31/2009	2/29/2009	3/31/2009	4/30/2009	5/31/2009	6/30/2009	7/31/2009	8/31/2009	9/30/2009	10/31/2009	11/30/2009	12/31/2009	Balance at 12/31/2009
	Regulatory Asset--Deferrals																	
1	18236x	Station Equipment	$0		$0	$0	$0	$0	$0	$0	$0	$0	$1,165	$2,986	$3,145	$8,046	$8,829	$24,171
2	18236x	Major Equipment	0		0	0	0	0	0	0	0	0	478	1,177	1,253	2,606	4,121	9,635
3	18236x	Distribution Station Equipment	0		0	0	0	0	0	0	0	0	725	2,103	2,138	2,845	2,906	10,717
4	18236x	Distribution OH Conduct & Devises	0		0	8	29	73	410	1,059	1,890	3,166	4,530	5,573	6,997	8,894	10,620	43,249
5	18236x	Meters	0		0	628	1,260	1,266	1,273	1,279	1,286	1,305	1,311	1,318	1,325	1,332	1,718	15,301
6	18236x	Leased Meters	184,634	(4,640)	179,994	34,744	34,929	35,696	36,804	38,251	39,620	40,987	41,870	43,102	44,395	45,563	47,750	663,705
7	18236x	Envision Center Leasehold Improvements	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	18236x	Electronic Data Processing Equip	509		509	104	104	105	105	106	108	108	108	109	110	110	111	1,795
9	18236x	Communication Equipment Electric	171,571		171,571	63,335	64,475	65,815	67,363	68,880	69,667	71,538	73,952	75,853	77,089	78,395	78,156	1,026,089
10	18236x	Communication Equipment Common	16,713		16,713	5,526	5,870	6,461	7,039	7,431	7,716	8,131	8,635	9,328	10,237	10,922	13,939	117,948
11		Total	$373,427	($4,640)	$368,787	$104,345	$106,667	$109,416	$112,994	$117,006	$120,285	$125,235	$132,774	$141,549	$146,689	$158,713	$168,150	$1,912,610
		Cumulative--Regulatory Asset--Deferrals				$473,132	$579,799	$689,215	$802,209	$919,215	$1,039,500	$1,164,735	$1,297,509	$1,439,058	$1,585,747	$1,744,460	$1,912,610	
	Regulatory Asset--Amortization																	
12	18236x	Station Equipment	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
13	18236x	Major Equipment	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	18236x	Distribution Station Equipment	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
15	18236x	Distribution OH Conduct & Devises	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
16	18236x	Meters	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
17	18236x	Leased Meters	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
18	18236x	Envision Center Leasehold Improvements	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
19	18236x	Electronic Data Processing Equip	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
20	18236x	Communication Equipment Electric	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	18236x	Communication Equipment Common	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
22		Total	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
		Cumulative--Regulatory Asset--Deferrals				$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
	Regulatory Asset--Net																	
23	18236x	Station Equipment	$0		$0	$0	$0	$0	$0	$0	$0	$0	$1,165	$2,986	$3,145	$8,046	$8,829	$24,171
24	18236x	Major Equipment	0		0	0	0	0	0	0	0	0	478	1,177	1,253	2,606	4,121	9,635
25	18236x	Distribution Station Equipment	0		0	0	0	0	0	0	0	0	725	2,103	2,138	2,845	2,906	10,717
26	18236x	Distribution OH Conduct & Devises	0		0	8	29	73	410	1,059	1,890	3,166	4,530	5,573	6,997	8,894	10,620	43,249
27	18236x	Meters	0		0	628	1,260	1,266	1,273	1,279	1,286	1,305	1,311	1,318	1,325	1,332	1,718	15,301
28	18236x	Leased Meters	184,634	(4,640)	179,994	34,744	34,929	35,696	36,804	38,251	39,620	40,987	41,870	43,102	44,395	45,563	47,750	663,705
29	18236x	Envision Center Leasehold Improvements	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
30	18236x	Electronic Data Processing Equip	509		509	104	104	105	105	106	106	108	108	109	110	110	111	1,795
31	18236x	Communication Equipment Electric	171,571		171,571	63,335	64,475	65,815	67,363	68,880	69,667	71,538	73,952	75,853	77,089	78,395	78,156	1,026,089
32	18236x	Communication Equipment Common	16,713		16,713	5,526	5,870	6,461	7,039	7,431	7,716	8,131	8,635	9,328	10,237	10,922	13,939	117,948
33		Total	$373,427	($4,640)	$368,787	$104,345	$106,667	$109,416	$112,994	$117,006	$120,285	$125,235	$132,774	$141,549	$146,689	$158,713	$168,150	$1,912,610

PISCC Rate 6.39%

Duke Energy Ohio
Calculation of Rider DR-IM

Net Deferred Tax Balance – PISCC

Line No.		Balance at 12/31/2008	Adjustment	Adjusted Balance at 12/31/2008	1/31/2009	2/29/2009	3/31/2009	4/30/2009	5/31/2009	6/30/2009	7/31/2009	8/31/2009	9/30/2009	10/31/2009	11/30/2009	12/31/2009
	Net Deferred Tax Balance - PISCC															
1	Beginning Balance	$373,427	($4,640)	$368,787	$368,787	$473,132	$579,799	$689,215	$802,209	$919,215	$1,039,500	$1,164,735	$1,297,509	$1,439,056	$1,585,747	$1,744,460
2	Monthly Activity				104,345	106,667	109,416	112,994	117,006	120,285	125,235	132,774	141,549	146,689	158,713	168,150
3	Ending Balance	$373,427	($4,640)	$368,787	$473,132	$579,799	$689,215	$802,209	$919,215	$1,039,500	$1,164,735	$1,297,509	$1,439,056	$1,585,747	$1,744,460	$1,912,610
4	Tax Rate	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
5	Cumulative ADIT @ 35%	($130,699)	$1,624	($129,075)	($165,596)	($202,930)	($241,225)	($280,773)	($321,725)	($363,825)	($407,657)	($454,128)	($503,870)	($555,011)	($610,561)	($669,414)
	Net Deferred Tax Balance - Deferred Depreciation and Carrying Costs															
6	Beginning Balance	$229,304	($1,561)	$227,743	$227,743	$314,616	$402,989	$493,701	$586,856	$683,255	$782,129	$900,446	$1,023,805	$1,153,864	$1,287,627	$1,428,189
7	Monthly Activity				86,875	88,371	90,712	93,155	96,399	98,874	118,317	123,359	130,059	133,763	140,562	144,777
8	Ending Balance	$229,304	($1,561)	$227,743	$314,616	$402,989	$493,701	$586,856	$683,255	$782,129	$900,446	$1,023,805	$1,153,864	$1,287,627	$1,428,189	$1,572,966
9	Tax Rate	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
10	Cumulative ADIT @ 35%	($80,256)	$546	($79,710)	($110,116)	($141,046)	($172,795)	($205,400)	($239,139)	($273,745)	($315,156)	($358,332)	($403,852)	($450,669)	($499,866)	($550,538)
	Net Deferred Tax Balance - Deferred O&M and Carrying Costs															
11	Beginning Balance	$52,327	$0	$52,327	$52,327	$105,117	$116,466	$216,782	$309,744	$417,999	$670,100	$803,704	$1,041,581	$1,352,320	$1,769,617	$2,241,596
12	Monthly Activity				52,790	11,349	100,316	92,962	108,255	252,101	133,604	237,877	310,739	417,297	471,979	338,571
13	Ending Balance	$52,327	$0	$52,327	$105,117	$116,466	$216,782	$309,744	$417,999	$670,100	$803,704	$1,041,581	$1,352,320	$1,769,617	$2,241,596	$2,580,167
14	Tax Rate	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
15	Cumulative ADIT @ 35%	($18,314)	$0	($18,314)	($36,791)	($40,763)	($75,874)	($108,410)	($146,300)	($234,535)	($281,286)	($384,553)	($473,312)	($619,366)	($784,559)	($903,058)

PUCO Case No. 10-867-GE-RDR
Attachment PAL-1
Schedule 6
Electric

Duke Energy Ohio
Calculation of Rider DR-IM

Deferred Taxes on Liberalized Depreciation

Line No.		Tax Year 2008 Vintage 2008 Total	Tax Year 2009 Vintage 2008 Adj 10-Year MACRS	Tax Year 2009 Vintage 2008 7-Year MACRS	Tax Year 2009 Vintage 2008 10-Year MACRS	Tax Year 2009 Vintage 2008 Total Vintage 2008	Tax Year 2009 Vintage 2009 7-Year MACRS	Tax Year 2009 Vintage 2009 10-Year MACRS	Tax Year 2009 Vintage 2009 Total Vintage 2009	Total Tax Year 2009	Total At 12/31/09
1	Total Plant In-Service	$19,806,160	($158,167)	$13,053,027	$6,594,966	$19,647,993	$3,869,263	$9,597,186	$13,466,449	$33,114,442	$33,114,442
2	Book to Tax Basis Adjustments:	0	0	0	0	0	0	0	0	0	0
3	Tax Base In-Service subject to:										
4	Bonus Depreciation - 50%	19,806,160	(158,167)	13,053,027	6,594,966	19,647,993	3,869,263	9,597,186	13,466,449	33,114,442	33,114,442
5	MACRS	0	0	0	0	0	0	0	0	0	0
6	Total Tax Depreciation Base	19,806,160	(158,167)	13,053,027	6,594,966	19,647,993	3,869,263	9,597,186	13,466,449	33,114,442	33,114,442
7	Tax Depreciation - MACRS	1,185,881	(5,931)	1,598,343	457,526	2,055,869	276,459	359,894	636,353	2,692,222	3,872,172
8	Tax Depreciation - Bonus	9,903,080	(79,084)	0	0	0	1,934,632	4,798,593	6,733,224	6,733,224	16,557,221
9	Total Tax Depreciation	11,088,961	(85,015)	1,598,343	457,526	2,055,869	2,211,090	5,158,487	7,369,577	9,425,446	20,429,393
10	Book Depreciation										
11	Total Book Depreciation	226,938	(1,540)	870,637	246,867	1,117,504	99,998	75,492	175,490	1,292,994	1,518,392
12	Less: Book Depr on AFUDC Equity	0	0	0	0	0	0	0	0	0	0
13	Plus: Originating Dif. Exclusive of AFUDC Equity	0	0	0	0	0	0	0	0	0	0
14	Net Book Depreciation	226,938	(1,540)	870,637	246,867	1,117,504	99,998	75,492	175,490	1,292,994	1,518,392
15	Tax Depreciation In Excess of Book Depreciation	10,862,023	(83,475)	727,706	210,659	938,365	2,111,092	5,082,996	7,194,087	8,132,452	18,911,001
16	Federal Deferred Taxes @ 35.00%	($3,801,708)	$29,216	($254,697)	($73,731)	($328,428)	($738,882)	($1,779,048)	($2,517,930)	($2,846,358)	($6,618,850)
17	Federal Deferral Rate	35.00%				35.00%			35.00%		

Duke Energy Ohio
Calculation of Rider DR-IM

Approved Rate of Return [a]

Line No.		Balance at 12/31/2008	Percent of Total [a]	Rate	Weighted Cost	Tax Gross Up Factor [b]	Pre-Tax Rate of Return
1	Long-term debt	$1,787,741,777	41.72%	6.45%	2.70%	1.0140548	2.74%
2	Preferred stock	-	0.00%	5.58%	0.00%	1.5700221	0.00%
3	Common equity	2,497,378,912	58.28%	10.63%	6.20%	1.5700221	9.73%
4	Total Capitalization	$4,285,120,689	100.00%		8.90%		12.47%
5	Operating Revenues			100.000%			
6	Less: Uncollectible Accounts		1.276%				
7	City of Cincinnati Franchise Tax		0.110%				
8	[c] Commercial Activities Tax		0.000%	1.386%			
9	Income before Income Tax			98.614%	1.0140548	Debt Gross Up	
10	State and Municipal Income Tax (.37% * 98.354%)			0.364%			
11	Income before Federal Income Tax			98.250%			
12	Federal Income Tax (35% x 97.990%)			34.388%			
13	Operating Income Percentage			63.862%			
14	Gross Revenue Conversion Factor (100%/63.693%)			1.5658673			

Notes: [a] Per Stipulation approved in Case No. 08-709-EL-AIR. See paragraph 1 of the Stipulation.
[b] Per Schedule A-1.1 in the Staff Report of Investigation in Case No. 08-709-EL-AIR.
[c] Refer to Revenue Requirement Schedule 1 for Commercial Activity Tax gross conversion factor.

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Annualized Depreciation Associated with Additions

Line No.		Plant Account	Balance at 12/31/2009	Depreciation Rate	Annualized Depreciation
	Depreciable Plant Basis				
1	Station Equipment	36200	$2,909,388	2.00%	$58,188
2	Major Equipment	36202	1,185,549	2.18%	25,845
3	Distribution Station Equipment	36305	741,224	5.00%	37,061
4	Distribution OH Conduct & Devises	36500	2,149,778	2.50%	53,744
5	Meters	37000	388,000	5.10%	19,788
6	Leased Meters	37002	8,798,691	5.10%	448,733
7	Electronic Data Processing Equip	39101	19,522	20.00%	3,904
8	Communication Equipment Electric	39700	13,818,821	6.67%	921,715
9	Communication Equipment Common	19700	3,103,469	6.67%	207,001
10	Total		$33,114,442		$1,775,979

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Annualized Amortization of PISCC

Line No.		Balance at 12/31/2009	Amortization Rate	Annualized Amortization
	Regulatory Asset Deferrals			
1	Station Equipment	$24,171	2.00%	$483
2	Major Equipment	9,635	1.82%	175
3	Distribution Station Equipment	10,717	5.00%	536
4	Distribution OH Conduct & Devises	43,249	2.08%	900
5	Meters	15,301	5.00%	765
6	Leased Meters	663,705	5.00%	33,185
7	Electronic Data Processing Equip	1,795	20.00%	359
8	Communication Equipment Electric	1,026,089	6.67%	68,440
9	Communication Equipment Common	117,948	6.67%	7,867
10	Total	$1,912,610		$112,710

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Regulatory Asset -- Deferred O&M Expenses, Carrying Cost and Amortization

Line No.	Account	Description	Balance at 12/31/2008	Adjustments	Adjusted Balance 12/31/2008	1/31/2009	2/28/2009	3/31/2009	4/30/2009	5/31/2009	6/30/2009	7/31/2009	8/31/2009	9/30/2009	10/31/2009	11/30/2009	12/31/2009	Balance at 12/31/2009
		Regulatory Asset--Deferred O&M Expenses																
1	182362	Misc. Material, Labor & Expenses	$50,977	$0	$50,977	$52,375	$10,765	$99,435	$91,568	$106,329	$249,220	$129,704	$233,003	$304,420	$409,061	$461,403	$325,680	$2,524,140
2	18236X	Book Depreciation	226,938	(1,540)	225,398	85,426	86,460	88,331	90,294	93,045	95,015	113,896	118,314	124,362	127,389	133,487	136,975	1,518,392
3		Total	277,915	(1,540)	276,375	137,801	97,225	187,766	181,862	199,374	344,235	243,600	351,317	428,782	536,450	594,890	462,655	4,042,532
		Cumulative--Regulatory Asset--Deferrals	$277,915		$276,375	$414,176	$511,401	$699,187	$881,029	$1,080,403	$1,424,638	$1,668,238	$2,019,555	$2,448,337	$2,984,787	$3,579,677	$4,042,532	
		Regulatory Asset--Deferred O&M Expenses Carrying Cost																
4	182362	Misc. Material, Labor & Expenses	$1,350	$0	$1,350	$415	$584	$881	$1,394	$1,926	$2,881	$3,900	$4,874	$6,319	$8,236	$10,576	$12,891	$56,027
5	18236X	Book Depreciation	2,366	(21)	2,345	1,449	1,911	2,381	2,861	3,354	3,859	4,421	5,045	5,697	6,374	7,075	7,602	54,574
6		Total	3,716	(21)	3,695	1,864	2,495	3,262	4,255	5,280	6,740	8,321	9,919	12,016	14,610	17,651	20,493	110,601
		Cumulative--Regulatory Asset--Deferrals	$3,716		$3,695	$5,559	$8,054	$11,316	$15,671	$20,851	$27,591	$35,912	$45,831	$57,847	$72,457	$90,108	$110,601	
		Regulatory Asset--Total																
7	182362	Misc. Material, Labor & Expenses	$52,327	$0	$52,327	$52,790	$11,349	$100,316	$92,962	$108,255	$252,101	$133,604	$237,877	$310,739	$417,297	$471,979	$338,571	$2,580,167
8	18236X	Book Depreciation	229,304	(1,561)	227,743	86,875	88,371	90,712	93,155	96,399	98,874	118,317	123,359	130,059	133,763	140,562	144,777	1,572,966
9		Total	281,631	(1,561)	280,070	139,665	99,720	191,028	186,117	204,654	350,975	251,921	361,236	440,798	551,060	612,541	483,348	4,153,133
10		Cumulative--Regulatory Asset--Total	$281,631		$280,070	$419,735	$519,455	$710,483	$896,800	$1,101,254	$1,452,229	$1,704,150	$2,065,386	$2,506,184	$3,057,244	$3,669,785	$4,153,133	

Carrying Cost Rate 6.45%

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Annualized Property Taxes

Line No.	OHIO PROPERTY TAX	YEAR 2008		YEAR 2009		
	Property Tax Expense (Amounts Exclude Post In-Service Carrying Costs)	15-Year General Plant	25-Year Distribution Plant	15-Year General Plant	25-Year Distribution Plant	Total
1	Current Year Investment	$13,072,549	$6,575,444	$6,092,510	$7,373,939	
2	Less: AFUDC In-Service	241	28,105	-	-	
3	Net Cost of Taxable Property	13,072,308	6,547,339	6,092,510	7,373,939	
4	Percent Good [a]	90.0%	94.0%	96.7%	98.0%	
5	True Value of Taxable Property (excluding PISCC)	11,765,077	6,154,499	5,891,457	7,226,460	
6	Valuation Percent	24%	85%	24%	85%	
7	Total Taxable Value	2,823,618	5,231,324	1,413,950	6,142,491	
8	Retired Net Taxable Plant End of Year (@ 15%)	0	439,587	0	161,166	
9	Net Property Tax Valuation	2,823,618	4,791,737	1,413,950	5,981,325	
10	Ohio Property Tax Valuation	$238,456	$404,664	$119,409	$505,125	$1,267,654
11	Ohio Property Tax Calculation:					
12	Average Property Tax Rate per $1,000 of Valuation	$84.4504		$84.4504		

13 [a] From Electric Company Annual Report -
14 Schedule C - 15 Year Class Life (General Plant)
15 Schedule C - 25 Year Class Life (Distribution Plant)

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Incremental Operation & Maintenance Expenses/(Savings)

Line No.		Current Year	Included in Base Rates [a]	Incremental (Savings)/Costs [b]
1	Metering Expenses			
2	Acct 586 - Meter Operation Expenses	$0	$0	$0
3	Acct 597 - Maintence of Meter	-	-	-
4	Acct 902 - Meter Reading Expenses	-	-	-
5	Total Metering Expenses for Period	0	0	0
6	Customer Service Expense			
7	Acct 903 Cust Records & Collection Expense	0	0	0
8	Total Customer Service Expense	0	0	0
9	Other Costs	0	0	0
10	Total	$0	$0	$0

Notes: [a] Base rates for 2008 were established in Case No. 05-059-EL-AIR.
[b] No savings are projected until 2010 and later.

PUCO Case No. 10-867-GE-RDR
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Charge Per Bill

Line No.		Total	Residential [a]	Non-Residential	Source
1	2009 Rider DR-IM Revenue Requirement	$10,144,201	$8,622,571	$1,521,630	Schedule 1
2	Customer Bills [b]		7,279,056	871,224	Internal Company Data
3	Rider DR-IM Charge - Per Bill		$1.18	$1.75	Line 1 ÷ Line 2
4	Cap per Stipulation		$1.50	N/A	Stipulation in Case No. 08-920-EL-SSO

Note: [a] Per Stipulation in Case No. 08-920-EL-SSO, residential customer class is allocated 85% of Rider DR-IM revenue requirement.
[b] Excludes all lighting customers.