

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke)
Energy Ohio, Inc. to Adjust and Set its) Case No. 10-912-EL-UEx
Electric Distribution Uncollectible Expense)
Rider, Rider UE-ED.)

In the Matter of the Application of Duke)
Energy Ohio, Inc. for a Change in) Case No. 10-913-EL-AAM
Accounting Authority.)

FINDING AND ORDER

The Commission finds:

- (1) Duke Energy Ohio, Inc. (Duke) is a public utility as defined in Section 4905.02, Revised Code, and, as such, is subject to the jurisdiction of this Commission.
- (2) By opinion and order dated July 8, 2009, in *In the Matter of the Application of Duke Energy, Inc. for an Increase in Electric Rates*, Case Nos. 08-709-EL-AIR, et al. (*Duke Rate Case*), the Commission, among other things, approved a stipulation between the parties which established an electric distribution uncollectible expense rider (Rider UE-ED). Rider UE-ED is designed to recover uncollectible expenses incurred by Duke which are in excess of those recovered in base rates, as well as all percentage of income payment plan (PIPP) installment payments not recovered through the universal service fund rider or from the customer net of any unused low-income credit funds. Rider UE-ED was initially set at \$0.00. Pursuant to the stipulation, Duke's initial application to set rider UE-ED was to be filed in the second quarter of 2010.
- (3) On June 30, 2010, Duke filed an application in Case No. 10-912-EL-UEx (10-912) requesting authority to set its Rider UE-ED rate for residential customers at \$0.000888 per kilowatt hour (kWh) and for nonresidential customers at \$1.28 per bill. Duke also filed testimony in support of its application. In the application, Duke states that, due to the current economic environment, it anticipates that uncollectible expenses will significantly exceed the amount for such expenses currently included in base rates; therefore, Duke is

requesting authority to establish a value to recover incremental expenses for Rider UE-ED.

- (4) On June 30, 2010, Duke also filed an application and supporting testimony in Case No. 10-913-EL-AAM (10-913) requesting authority to change its accounting methods, to the extent required, in order to defer uncollectible expenses for subsequent recovery through Rider UE-ED. According to Duke, such authority will allow Duke to defer these variances and to create a regulatory asset or liability in order to recognize amounts due to or from customers. Furthermore, Duke states that this authority will allow it to match revenues and expenses in the appropriate periods. In accordance with the stipulation approved in the *Duke Rate Case*, Duke explains that it will not accrue carrying charges on the monthly unrecovered balance of the incremental net uncollectible expenses and PIPP installment payments, for which recovery is sought through Rider UE-ED.
- (5) On October 14, 2010, Staff filed its comments in the above-captioned cases recommending that Rider UE-ED rates be set at \$0.000764 per kWh for residential customers and \$1.19 per bill for nonresidential customers. Furthermore, Staff recommends that Duke be permitted to create a regulatory asset to defer variances in uncollectible expenses in future periods for recovery or refund in future proceedings to adjust Rider UE-ED.
- (6) On October 21, 2010, Duke filed a letter in these cases stating that Duke is in complete concurrence with Staff's recommendations as set forth in Staff's comments filed on October 14, 2010.
- (7) Having reviewed the applications, Staff's comments, and the letter filed by Duke on October 21, 2010, the Commission finds that Duke's applications in 10-912 and 10-913 are reasonable and in the public interest, and should be approved, consistent with Staff's comments filed on October 14, 2010. Accordingly, Duke should be authorized to set the rates for Rider UE-ED to \$0.000764 per kWh for residential customers and \$1.19 per bill per month for nonresidential customers.

It is, therefore,

ORDERED, That, in accordance with finding (7), Duke's applications be approved, consistent with Staff's comments, and Duke be authorized to set the rates for

Rider UE-ED to \$0.000764 per kWh for residential customers and \$1.19 per bill per month for nonresidential customers. It is, further,

ORDERED, That Duke is authorized to create a regulatory asset to defer variances in uncollectible expense in future periods for recovery or refund in future proceedings to adjust Rider UE-ED. It is, further,

ORDERED, That Duke file, in final form, four complete copies of tariffs consistent with this finding and order. One copy shall be filed with this case docket, one shall be filed with Duke's TRF docket, and the remaining two copies shall be designated for distribution to the Rates and Tariffs Division of the Commission's Utilities Department. Duke shall also update its tariffs previously filed electronically with the Commission's Docketing Division. It is, further,

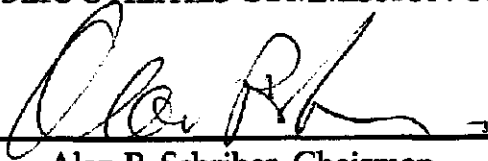
ORDERED, That the effective date of the new tariffs shall be the date upon which four complete copies of final tariffs are filed with the Commission or the date bills are rendered for the first billing cycle in December 2010, whichever occurs later. It is, further,

ORDERED, That Duke shall notify all affected customers via a bill message, a bill insert, or a separate mailing within 30 days of the effective date of the tariffs. A copy of the customer notice shall be submitted to the Commission's Service Monitoring and Enforcement Department, Reliability and Service Analysis Division, at least 10 days prior to its distribution to customers. It is, further,

ORDERED, That nothing in this finding and order shall be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

ORDERED, That a copy of this finding and order be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO



Alan R. Schriber, Chairman



Paul A. Centolella



Valerie A. Lemmie



Steven D. Lesser

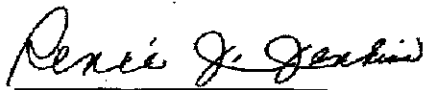


Cheryl L. Roberto

CMTP/KLS/dah

Entered in the Journal

NOV 10 2010



Renee J. Jenkins
Secretary