

FILE

PUCO EXHIBIT FILING

21

Date of Hearing: JAN 25, 2011

Case No. 09-773 GA-UEX; 10-726-GA-UEX; 10-218 GA-GCR

PUCO Case Caption: In re app of Duke energy approval

<u>01</u> In the Matter of the Application of Duke Energy Ohio, Inc., for Approval of an Uncollectible Expense Rider)	Case No. 09-773-GA-UEX
In the Matter of the Application of Duke Energy Ohio, Inc., for Approval of an Adjustment to its Uncollectible Rider Rate)	Case No. 10-726-GA-UEX
In the Matter of the Regulations Of the Purchased Gas Adjustment Clause Combined within the Rate Schedule of Duke Energy Ohio And Related Matters)	Case No. 10-218-GA-GCR

PUCO

RECEIVED-DOCKETING DIV
2011 FEB -8 AM 9:55

List of exhibits being filed:

Exhibit X 1 - Stipulation + Recommendation

Commissioner Ordered X 1 Accountant's Report

Commissioner Ordered X 2 Accountant's Report

Staff X 1 - Direct Testimony of Roger Sawyer

Reporter's Signature: Delia Geyse

Date Submitted: 2/2/11

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

- - -

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

In the Matter of the :
Application of Duke Energy :
Ohio, Inc., for Approval :Case No. 10-726-GA-UEX
of an Adjustment to its :
Uncollectible Rider Rate :

In the Matter of the :
Regulations of the :
Purchased Gas Adjustment :
Clause Contained within :Case No. 10-218-GA-GCR
the Rate Schedules of Duke :
Energy Ohio and Related :
Matters :

- - -

PROCEEDINGS

before Ms. Sarah Parrot and Mr. Henry H.
Phillips-Gary, Hearing Examiners, at the Public
Utilities Commission of Ohio, 180 East Broad Street,
Room 11-D, Columbus, Ohio, called at 10:00 a.m. on
Tuesday, January 25, 2011.

- - -

ARMSTRONG & OKEY, INC.
222 East Town Street, 2nd Floor
Columbus, Ohio 43215-5201
(614) 224-9481 - (800) 223-9481
Fax - (614) 224-5724

- - -

FILE

Joint Exhibit 1

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke Energy Ohio, Inc., for Approval of an Uncollectible Expense Rider)	Case No. 09-773-GA-UEX
In the Matter of the Application of Duke Energy Ohio, Inc., for Approval of an Adjustment to its Uncollectible Rider Rate)	Case No. 10-726-GA-UEX
In the Matter of the Regulations Of the Purchased Gas Adjustment Clause Contained within the Rate Schedules of Duke Energy Ohio And Related Matters)	Case No. 10-218-GA-GCR

STIPULATION AND RECOMMENDATION

Rule 4901-1-30, Ohio Administrative Code provides that any two or more parties to a proceeding may enter into a written stipulation covering the issues presented in such a proceeding. The purpose of this document is to set forth the understanding and agreement of the parties that have signed below (Parties) and to recommend that the Public Utilities Commission of Ohio (Commission) approve and adopt this Stipulation and Recommendation (Stipulation), which resolves all of the issues raised by Parties in these cases relative to the rate schedules of Duke Energy Ohio, Inc. (Duke Energy Ohio or Company) and related matters. This Stipulation is supported by adequate data and information.

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 SUB Date Processed JAN 18 2011

PUCO

**RECEIVED-DOCKETING
2011 JAN 18 AM 8:36**

The Stipulation represents a just and reasonable resolution of the issues raised in these proceedings, violates no regulatory principle or precedent, and is the product of bargaining among knowledgeable and capable Parties in a cooperative process, encouraged by this Commission and undertaken by the Parties representing a wide range of interests, to resolve the aforementioned issues. Although this Stipulation is not binding on the Commission, it is entitled to careful consideration by the Commission. For purposes of resolving all issues raised by this proceeding, the Parties stipulate, agree and recommend as set forth below.

Except for purposes of enforcement of the terms of this Stipulation, neither this Stipulation, nor the information and data contained therein or attached, shall be cited as precedent in any future proceeding for or against any Party or the Commission itself. This Stipulation is a reasonable compromise involving a balancing of competing positions and it does not necessarily reflect the position that one or more of the Parties would have taken if these issues had been fully litigated.

This Stipulation is expressly conditioned upon its adoption by the Commission in its entirety and without material modification. Should the Commission reject or materially modify all or any part of this Stipulation, the Parties shall have the right, within thirty days of issuance of the Commission's Order, to file an application for rehearing. Should the Commission, in issuing an Entry on Rehearing, not adopt the Stipulation in its entirety and without material modification, any Party may terminate and withdraw from the Stipulation. Such termination and withdrawal shall be accomplished by filing a notice with the Commission, including service to all Parties, in the docket within thirty days of the Commission's Entry on Rehearing. Other Parties to this

Stipulation agree to defend and shall not oppose the termination and withdrawal from the Stipulation by any other Party. Upon the filing of a notice of termination and withdrawal, the Stipulation shall immediately become null and void.

Prior to the filing of such a notice, the Party wishing to terminate agrees to work in good faith with the other Parties to achieve an outcome that substantially satisfies the intent of the Stipulation and, if a new agreement is reached that includes the Party wishing to terminate, then the new agreement shall be filed for Commission review and approval. If the discussions to achieve an outcome that substantially satisfies the intent of the Stipulation are unsuccessful in reaching a new agreement that includes all signatory Parties to the present Stipulation, the Commission will convene an evidentiary hearing such that the Parties will be afforded the opportunity to present evidence through witnesses and cross-examination, present rebuttal testimony, and brief all issues that the Commission shall decide based upon the record and briefs as if this Stipulation had never been executed. Either of the Parties may submit a new agreement to the Commission for approval if the discussions achieve an outcome they believe substantially satisfies the intent of the present Stipulation.

The Signatory Parties fully support this Stipulation in its entirety and urge the Commission to accept and approve the terms herein.

The Signatory Parties agree that the settlement and resulting Stipulation are a product of serious bargaining among capable, knowledgeable Parties. This Stipulation is the product of an open process in which all Parties were represented by able counsel and technical experts. The Stipulation represents a comprehensive compromise of issues raised by Parties with diverse interests. The only parties to the proceeding, Duke Energy

Ohio and the Commission Staff¹, have signed the Stipulation and adopted it as a reasonable resolution of all issues. The Signatory Parties believe that the Stipulation that they are recommending for Commission adoption presents a fair and reasonable result.

The Signatory Parties agree that the settlement, as a package, benefits ratepayers and is in the public interest. The Signatory Parties agree that the settlement does not violate any important regulatory principle or practice.

WHEREAS, all of the related issues and concerns raised by the Parties have been addressed in the substantive provisions of this Stipulation, and reflect, as a result of such discussions and compromises by the Parties, an overall reasonable resolution of all such issues;

WHEREAS, this Stipulation is the product of the discussions and negotiations of the Parties and is not intended to reflect the views or proposals that any individual Party may have advanced acting unilaterally;

WHEREAS, this Stipulation represents an accommodation of the diverse interests represented by the Parties and is entitled to careful consideration by the Commission;

WHEREAS, this Stipulation represents a serious compromise of complex issues and involves substantial benefits that would not otherwise have been achievable; and

WHEREAS, the Parties believe that the agreements herein represent a fair and reasonable solution to the issues raised in this matter;

NOW, THEREFORE, the Parties stipulate, agree and recommend that the Commission make the following findings and issue its Opinion and Order in these proceedings approving this Stipulation in accordance with the following:

¹ The Commission Staff is a party for the purpose of entering into this Stipulation by virtue of O.A.C. 4901-1-10(C).

1. Duke Energy Ohio's Gas Cost Recovery (GCR) rates for the twelve month period ending August 30, 2010, were fairly determined by the Company in accordance with the provisions of O.A.C. Chapter 4901-1-14 and related appendices of the Ohio Administrative Code during the audit period by the Company.
2. The GCR rates were accurately computed.
3. Duke Energy Ohio's GCR rates were accurately applied to customer bills during the audit period.
4. A financial audit was conducted by Deloitte & Touche LLP in accordance with the objectives outlined in Appendix C of O.A.C. Chapter 4901:1-14
5. The Independent Accountants' Report on the Uniform Purchased Gas Adjustment for the 12-Month Period Ended August 30, 2010, in Response to Case No. 10-218-GA-GCR, prepared by Deloitte & Touche LLP, was filed with the Commission on November 19, 2010, and shall be admitted into the record in this proceeding and identified as Commission-ordered Exhibit 1.
6. The specific findings presented in the "Summary of Findings" of the Deloitte Audit are reasonable and should be adopted by the Commission.
7. An audit of procedures, agreed upon by the Commission Staff and Duke Energy Ohio, Inc., was also audited by Deloitte & Touche LLP to assist the Commission in evaluating the recovery of uncollectible customer accounts receivable through an uncollectible expense recovery mechanism as set forth in cases 09-773-GA-UEx and 10-726-GA_UEx.

8. The Independent Accountants' Report in regards to the audit of procedures referred to in paragraph 7, prepared by Deloitte & Touche LLP, was filed with the Commission on November 19, 2010 and shall be admitted into the record in this proceeding and identified as Commission-ordered Exhibit 2.
9. The specific findings presented in the letter submitted to the Board of Directors of Duke Energy Ohio, Inc., dated November 19, 2010, are reasonable and should be adopted by the Commission.
10. This Stipulation shall be identified as Joint Exhibit 1 and shall be admitted into evidence in this proceeding. The Parties expressly waive any right to cross examine witnesses on the merits of the Stipulation and further waive any objection to the admissibility of the Stipulation.

The undersigned hereby stipulate and agree and each represents that he or she is authorized to enter into this Stipulation and Recommendation this 18 day of January, 2011.

DUKE ENERGY OHIO, INC.

By: Elizabeth H. Watts / *per e-mail* *authentic* *Stephen A. Reilly*
Elizabeth H. Watts, Assistant General Counsel

STAFF OF THE PUBLIC UTILITIES
COMMISSION OF OHIO

By: *Stephen A. Reilly*
Stephen A. Reilly, Assistant Attorney General

CERTIFICATE OF SERVICE

I certify a copy of the foregoing was served upon the parties of record by regular U.S. mail, postage pre-paid, or electronic mail on January 18, 2011.


Stephen A. Reilly

Elizabeth H. Watts
Assistant General Counsel
Duke Energy Ohio, Inc.
155 East Broad Street, 21st Floor
Columbus, Ohio 43215

FILE

6

RECEIVED-DOCKETING DIV

2010 NOV 19 AM 10:39

PUCO

Duke Energy Ohio, Inc.

Independent Accountants' Report on the
Uniform Purchased Gas Adjustment
for the 12-Month Period Ended August 30, 2010,
in Response to Case No. 10-218-GA-GCR

Commission Ordered Ex. 1

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 Ann Date Processed 11/19/10

DUKE ENERGY OHIO, INC.

TABLE OF CONTENTS

	Page
INDEPENDENT ACCOUNTANTS' REPORT	1
UNIFORM PURCHASED GAS ADJUSTMENT RATES	2
SUMMARY OF FINDINGS:	
Status of Exceptions Reported in Prior-Year Report	3
Other Matters Identified in Current-Year Examination	3-4

INDEPENDENT ACCOUNTANTS' REPORT

To Duke Energy Ohio, Inc.:

We have examined the periodic filings of Duke Energy Ohio, Inc. (the "Company") which support the gas cost recovery ("GCR") rates for the monthly periods ended September 29, 2009, October 28, 2009, November 30, 2009, January 3, 2010, February 1, 2010, March 2, 2010, March 31, 2010, May 2, 2010, June 1, 2010, June 30, 2010, August 1, 2010, and August 30, 2010, for conformity in all material respects with the financial procedural aspects of the uniform purchased gas adjustment as set forth in Chapter 4901:1-14 and related appendices of the Ohio Administrative Code. These filings and the Company's compliance with those requirements are the responsibility of the Company's management. Our responsibility is to express an opinion as to the fair determination of GCR rates calculated within the monthly filings and as to whether those rates have been properly applied to customer bills based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the Company's computation of the GCR rates in accordance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Company's compliance with specified requirements.

In our opinion, the Company has fairly determined, in all material respects, the GCR rates for the periods stated above in accordance with the financial procedural aspects of the uniform purchased gas adjustment as set forth in Chapter 4901:1-14 and related appendices of the Ohio Administrative Code and properly applied the GCR rates to customer bills.

Specific findings, which are presented for the attention of the Public Utilities Commission of Ohio ("PUCO"), are attached in a separate memorandum entitled "Summary of Findings."

This report is intended solely for the information and use of the Company, the PUCO, and the Ohio Consumers' Counsel and is not intended to be, and should not be, used by anyone other than these parties.

Deloitte + Touche LLP

November 12, 2010

DUKE ENERGY OHIO, INC.

UNIFORM PURCHASED GAS ADJUSTMENT RATES

The following is a summary of the uniform purchased gas adjustment rates reviewed as part of the examination (\$/MCF):

Period in Effect	Expected Gas Cost	Supplier Refund and Reconciliation Adjustment	Actual Adjustment	Total Uniform Purchased Gas Adjustment
August 31, 2009 to September 29, 2009	\$ 6.963	\$ 0.000	\$ (0.600)	\$ 6.363
September 30, 2009 to October 28, 2009	6.150	0.000	(0.600)	5.550
October 29, 2009 to November 30, 2009	7.112	0.000	(0.600)	6.512
December 1, 2009 to January 3, 2010	7.133	(0.002)	(0.728)	6.403
January 4, 2010 to February 1, 2010	7.571	(0.002)	(0.728)	6.841
February 2, 2010 to March 2, 2010	7.734	(0.002)	(0.728)	7.004
March 3, 2010 to March 31, 2010	7.450	(0.002)	(0.809)	6.639
April 1, 2010 to May 2, 2010	6.168	(0.002)	(0.809)	5.357
May 3, 2010 to June 1, 2010	5.866	(0.002)	(0.809)	5.055
June 2, 2010 to June 30, 2010	6.386	(0.008)	(0.369)	6.009
July 1, 2010 to August 1, 2010	6.931	(0.008)	(0.369)	6.554
August 2, 2010 to August 30, 2010	6.930	(0.008)	(0.369)	6.553

See summary of findings.

DUKE ENERGY OHIO, INC.

SUMMARY OF FINDINGS

STATUS OF EXCEPTIONS REPORTED IN PRIOR-YEAR REPORT

- The Company understated the market rate used to calculate the commodity component of the Expected Gas Cost ("EGC") rate in the filing effective July 1, 2009 due to a clerical error. This caused an understatement of the EGC rate of \$0.243 per MCF. This error self-corrected in the calculation of the Actual Adjustment ("AA") for GCR rates in the filing effective December 1, 2009.
- The Company understated the jurisdictional sales included in the calculation of the AA in the filing effective June 2, 2009 due to early cutoff of the Company's billing system. The understatement of the jurisdictional sales caused the Monthly Cost Difference credit to be understated by approximately \$870,000, and the Balance Adjustment debit on Schedule IV to be overstated by approximately \$60,000. These misstatements caused an overstatement of the GCR rate of \$0.026 per MCF. As stated in the prior period report, this error self-corrected in the calculation of the AA in the filing effective August 31, 2009.

OTHER MATTERS IDENTIFIED IN CURRENT-YEAR EXAMINATION

- The Company overstated the storage inventory balance used to calculate the storage carrying cost component of the EGC rate in the filing effective December 1, 2009 due to a clerical error. This caused an overstatement of the EGC rate of \$0.005 per MCF. This error self-corrected in the calculation of the AA for GCR rates that were effective March 3, 2010.
- The Company overstated the storage inventory balance used to calculate the storage carrying cost component of the EGC rate in the filing effective January 4, 2010 due to a clerical error. This caused an overstatement of the EGC rate of \$0.002 per MCF. This error was corrected in the calculation of the AA for GCR rates that were effective June 2, 2010.
- The Company understated the storage inventory balance used to calculate the storage carrying cost component of the EGC rate in the filing effective March 3, 2010 due to a clerical error. This caused an understatement of the EGC rate of \$0.004 per MCF. This error was corrected in the calculation of the AA for GCR rates that were effective June 2, 2010.
- The Company understated the storage inventory balance used to calculate the storage carrying cost component of the EGC rate in the filing effective April 1, 2010 due to a clerical error. This caused an understatement of the EGC rate of \$0.007 per MCF. This error was corrected in the calculation of the AA for GCR rates that were effective June 2, 2010.
- The Company understated the storage inventory balance used to calculate the storage carrying cost component of the EGC rate in the filing effective May 3, 2010 due to a clerical error. This caused an understatement of the EGC rate of \$0.025 per MCF. This error was corrected in the calculation of the AA for GCR rates that were effective August 31, 2010.

- The Company overstated the jurisdictional sales included in the calculation of the AA in the filing effective June 2, 2010 due to overestimating customer bills in February 2010. The overstatement of the jurisdictional sales caused the Monthly Cost Difference credit to be overstated by approximately \$1,322,000, and the Balance Adjustment debit on Schedule IV to be understated by approximately \$65,000. These misstatements caused an understatement of the GCR rate of \$0.044 per MCF. This error self-corrected in the calculation of the AA in the filing effective August 31, 2010.

* * * * *

FILE

Deloitte.

RECEIVED-DOCKETING DIV

2011 NOV 19 AM 10:38

PUCO

Deloitte & Touche LLP
250 East Fifth Street
Suite 1900
Cincinnati, OH 45202-5109
USA

Tel: +1 513 784 7100
www.deloitte.com

**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-
UPON PROCEDURES**

Board of Directors
Duke Energy Ohio, Inc.
526 South Church Street
Charlotte, NC 28202

We have performed the procedures enumerated below, which were agreed to by Duke Energy Ohio, Inc. (the "Company") and provided to the Public Utilities Commission of Ohio (the "PUCO") and the Ohio Consumers' Counsel (the "OCC") solely to assist you in evaluating the Company's evaluation of the recovery of uncollectible customer accounts receivable through an uncollectible expense recovery mechanism as described in PUCO Cases 09-773-GA-UEx and 10-726-GA-UEx. The Company's management is responsible for compliance with the uncollectible expense recovery mechanism. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are as follows:

Uncollectible Expense Recovery Mechanism

We performed the following procedures in relation to the uncollectible expense recovery mechanism from January 1, 2009 through December 31, 2009.

- 1) We obtained from Company management and proved the mathematical accuracy of the following schedules from January 1, 2009 through December 31, 2009 within the schedules forming Attachment SSB-1 and Attachment 1 in Duke's applications filed in cases 09-773-GA-UEx and 10-726-GA-UEx, respectively.
 - a. Bad Debts Written Off — Net of Customer Recoveries for the period from January 1, 2009 through December 31, 2009 of \$11,914,652
 - b. Recovery — Base Rates for the period from January 1, 2009 through December 31, 2009 of \$3,746,887
 - c. Recovery — Uncollectible Rider for the period from January 1, 2009 through December 31, 2009 of \$1,118,030
 - d. Carrying Charges for the period from January 1, 2009 through December 31, 2009 of \$93,682

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 ATV Date Processed 11/19/10

Commission Order
EX. 2

Member of
Deloitte Touche Tohmatsu

- 2) We compared bad debts written off — net of customer recoveries from the schedule obtained in 1) a. above to the Company's Customer Management System ("CMS") reports and noted no differences. We noted that charge-offs used in the calculations relate to only the following accounts as these are the customers subject to the uncollectible expense rider: Residential ("RS"), Residential Firm Transportation Service ("RFT"), Residential Service Low Income Pilot ("RSLP"), Residential Firm Transportation Service-Low Income ("RFTLI"), Firm Transportation Service — Large ("FT-L"), Firm Transportation Service — Small ("FT-S"), General Service — Small ("GS-S"), and General Service — Large ("GS-L") for all of 2009 as well as Interruptible Transmission ("IT") up to and including November 2009.
 - a. From the bad debts written off in 2009 from CMS, we randomly selected 25 charge-offs and obtained the customer billing history from CMS. We documented the dates and transactions leading up to the charge off of the customer's outstanding balance, including any subsequent recovery of any portion of the balance written off. For the selected accounts with recoveries, we agreed the recovery from the CMS history to inclusion in the Bad Debts Written Off — Net of Customer Recoveries from 1) a. as a credit noting no exceptions.
- 3) For the monthly recoveries through base rates in 2009 included in the schedules obtained in 1) b. above, we performed the following procedures:
 - a. We compared the sales and transportation volumes to appropriate CMS reports and noted that the volumes included relate to only to RS, RFT, RSLI, RFTLI, FT-L, FT-S, GS-S, and GS-L accounts.
 - b. We compared the bad debt recovery rate used in the calculation to the rate permitted by the PUCO, as outlined in Case No. 07-589-GA-AIR.
- 4) For the monthly recoveries through the uncollectible rider in 2009 included in the schedules obtained in 1) c. above, we compared the amounts to the corresponding amounts recorded as revenue in the Company's Hyperion Financial Management ("HFM") accounting system noting no differences.
- 5) For January, June, and December 2009, we agreed the interest rate utilized by the Company to calculate the monthly carrying charges in 1) d. above to the weighted average monthly intercompany money pool rate from the Company's Treasury Manager system.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of the specified parties listed above and is not intended to be, and should not be, used by anyone other than these specified parties.

Deloitte + Touche LLP

November 12, 2010

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Regulation of :
The Purchased Gas Adjustment Clause : Case No. 10-218-GA-GCR
Contained Within the Rate Schedules of :
Duke Energy Ohio, Inc. and Related Matters. :

RECEIVED-DOCKETING DIV
2011 JAN 20 PM 2:15
PUCO

**DIRECT TESTIMONY OF
ROGER SARVER
ON BEHALF OF THE STAFF OF
THE PUBLIC UTILITIES COMMISSION OF OHIO**

Staff Exhibit 4

January 20, 2011

DIRECT TESTIMONY OF ROGER SARVER

Q. Please state your name and business address.

A. Roger L. Sarver.

180 East Broad Street

Columbus, Ohio 43215.

Q. By who are you employed?

A. The Public Utilities Commission of Ohio.

Q. What is your current position with the Commission?

A. I am an Energy Specialist.

Q. What are your responsibilities in that position, generally?

A. Generally, I supervise gas cost recovery audits as well as uncollectible expense and transportation rider audits.

Q. What is your educational background?

A. I have a Bachelor degree in Accounting and a Masters degree in Business Administration.

Q. Are you familiar with Duke's GCR filings, purchase gas cost calculations and the audit performed by Deloitte & Touche filed in this docket on November 19, 2010?

A. Yes.

Q. Are you aware of and familiar with the 3-part test the Commission uses to examine settlements?

A. Yes.

23 Q. Do you believe the Stipulation & Recommendation docketed in this case is the
24 product of bargaining among capable, knowledgeable parties?

25 A. Yes. The parties have decades of experience with Duke's gas cost recovery
26 calculations, filings and purchase gas costs.

27 Q. Does the stipulation, considered as a package, benefit ratepayers and the public
28 interest?

29 A. Yes. GCR financial audits are conducted to ensure that sales customers pay only
30 fairly determined GCR rates.

31 Q. Do you believe the Stipulation violates any important regulatory principle?

32 A. No.

33 Q. Given you familiarity with this case, your education and experience, what is your
34 recommendation to the Commission regarding Joint Exhibit 1?

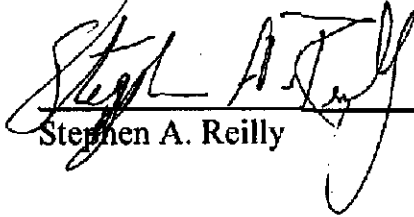
35 A. I believe the Stipulation meets the 3 part test used by the Commission and should
36 be adopted.

37 Q. Does this complete your testimony?]

38 A. Yes.

CERTIFICATE OF SERVICE

I certify a copy of the foregoing was served upon the parties of record by regular U.S. mail, postage pre-paid, or electronic mail on January 20, 2011.



Stephen A. Reilly

Elizabeth H. Watts
Assistant General Counsel
Duke Energy Ohio, Inc.
155 East Broad Street, 21st Floor
Columbus, Ohio 43215