

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke)
Energy Ohio, Inc. for Approval of an) Case No. 11-2416-GA-UNC
Alternative Supplier for the Percentage of)
Income Payment Plan Customer Class)

FINDING AND ORDER

The Commission finds:

- (1) By Finding and Order dated June 18, 1998, in Case Nos. 98-593-GA-COI et al., the Commission approved the continuation and/or expansion of gas choice pilot programs that were initiated the previous year. Duke Energy Ohio, Inc. (Duke) f/k/a/ The Cincinnati Gas & Electric Company, was directed to continue its system-wide customer choice program, subject to various terms and conditions set forth in the Finding and Order. The Commission also directed that the gas choice programs of each of the companies provide for the bidding out of commodity service to Percentage of Income Payment Plan (PIPP) customers on an aggregated basis.
- (2) By Finding and Order issued March 24, 2010, in Case No. 10-301-GA-UNC, the Commission selected the PIPP supplier to provide service for a period of one year beginning April 1, 2010.
- (3) On January 28, 2011, Duke sent a request for proposal to 36 suppliers to solicit proposals to deliver natural gas volumes to Duke on behalf of the PIPP customer class for a one-year period beginning April 1, 2011. Suppliers were asked to submit a Supplier Bid Credit which would be passed through to the PIPP customers as a discount to the Expected Gas Cost (EGC). Duke received five bids, with Iberdrola Renewables (Iberdrola) being the highest bidder (in terms of their bid credit), with a Supplier Bid Credit of \$0.051 per dekatherm (Dkt), resulting in the lowest price of gas for PIPP customers among the five bids received.
- (4) On April 12, 2011, Duke filed an application requesting that the Commission approve the selection of Iberdrola to be the alternative natural gas supplier for the PIPP customer class. Duke also requests a waiver of any provision of Chapter 4901:1-14, Ohio Administrative Code (O.A.C.), as may be

necessary to enable Duke to obtain these supplies. This chapter of the O.A.C. relates to the Gas Cost Recovery (GCR) procedures, prescribed by this Commission, which do not recognize allocations of gas purchases for use by specific customer classes in calculating the GCR.

- (5) The Commission has reviewed the application and finds that the choice of Iberdrola, as the alternative natural gas provider for the PIPP customer class is reasonable and should be approved. Further, we conclude that, Duke's motion for waiver of the provisions of Chapter 4901:1-14, O.A.C., should be granted with regard to Duke's accounting of gas supplied to its PIPP customer class when determining its GCR.
- (6) As a final matter, the Commission finds that, in the future, Duke should file its application requesting approval of its selection of the alternative natural gas supplier for the PIPP customer class at least 30 days before the expiration of the contract.

It is, therefore,

ORDERED, That Duke's application for approval of its selection of Iberdrola as the alternative natural gas supplier for the PIPP customer class be granted. It is, further,

ORDERED, That Duke is authorized to enter into an agreement with Iberdrola to provide competitive gas purchases for a one-year period commencing April 1, 2011. It is, further,

ORDERED, That Duke's motion for a waiver of those provisions of Chapter 4901:1-14, O.A.C., which do not recognize allocations of gas purchases for use by specific customer classes, be granted. It is, further,

ORDERED, That Duke comply with the directive in finding (6). 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


Todd A. Snitchler, Chairman


Paul A. Centolella


Steven D. Lesser

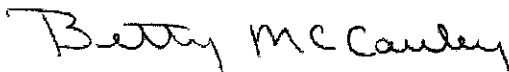

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Betty McCauley
Secretary