

FILE

BEFORE

22

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of )  
Duke Energy Ohio to Adjust and Set its ) Case No. 11-4076- EL-UEx  
Electric Uncollectible Recovery Rate )  
Under Rider UE-ED. )

APPLICATION OF DUKE ENERGY OHIO  
TO ESTABLISH THE RATE FOR  
ELECTRIC UNCOLLECTIBLE RIDER UE-ED

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Pursuant to R.C. 4909.18, Duke Energy Ohio, Inc., (Duke Energy Ohio or the Company) requests approval to establish the rate for its electric uncollectible rider, Rider UE-ED, and for such accounting authority as may be required to continue to defer uncollectible expense for subsequent recovery.

Duke Energy Ohio is an Ohio corporation engaged in the business of supplying electric transmission, distribution, and generation service to customers in southwestern Ohio, all of whom will be affected by this Application, and is a public utility as defined by R. C. 4905.02 and 4905.03. Duke Energy Ohio serves incorporated communities and unincorporated territory within its entire service area, which includes all or parts of Adams, Brown, Butler, Clinton, Clermont, Hamilton, Montgomery, and Warren Counties in Ohio.

In support of its Application, Duke Energy Ohio states as follows:

1. This Application is made pursuant to the Opinion and Order of the Public Utilities Commission of Ohio (Commission), issued July 8, 2009, in Case Nos. 08-709-EL-AIR, *et al.* (Opinion and Order).<sup>1</sup> In its Opinion and Order, the Commission approved a stipulation in which the signatory parties agreed, among other things, that Duke Energy Ohio would

<sup>1</sup> In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in Electric Rates, Case No. 08-709-EL-AIR, Opinion and Order at 10-11, 19 (July 8, 2009).

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implement an electric uncollectible expense rider (Rider UE-ED) to recover incremental net uncollectible expense above the baseline established in the test period in the Company's most recent electric distribution rate case.<sup>2</sup> Rider UE-ED is subject to an annual review and adjustment initiated through a filing made by Duke Energy Ohio.<sup>3</sup>

2. Pursuant to the Commission's Opinion and Order, in addition to the recovery of net uncollectible expense related to the provision of electric distribution service, above the baseline established in Case No. 08-709-EL-AIR, *et al.*, Rider UE-ED is also intended to recover all percentage of income payment plan (PIPP) installment payments not recovered through the universal service fund rider (USR) or from the customer net of any unused low-income credit funds.<sup>4</sup> The Company is permitted to recover any payment installment amounts, not recovered through the USR or from the customer where the Company demonstrates reasonable attempts to collect said installment payments from customers.<sup>5</sup> Finally, if the Commission determines to use an independent third-party auditor to review the Company's Rider UE-ED filing, the costs of the auditor will be recovered through Rider UE-ED.<sup>6</sup>

3. Pursuant to the terms of the stipulation, as approved in the Opinion and Order, the amounts included in Rider UE-ED, exclusive of PIPP, will only be collected from the class of customers that created the bad debt expense. Bad debt expense associated with PIPP will be allocated in the manner of the USR.<sup>7</sup>

4. The electric uncollectible rider, Rider UE-ED, currently has a monthly charge of \$0.000764 per kWh for residential customers and \$1.19 per bill for non-residential customers,

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<sup>2</sup> *Id.* at 10-11, 19 (July 8, 2009).

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

which were approved in Case No. 10-912-EL-UEX in a Finding and Order dated November 10, 2010.<sup>8</sup>

5. The Company proposes Rider UE-ED monthly charges of \$0.001174 per kWh for residential customers and \$1.24 per bill for non-residential customers. Therefore, pursuant to the terms of the stipulation and the Opinion and Order, Duke Energy Ohio now applies to the Commission to establish a value to recover incremental expenses for Rider UE-ED. The total incremental unrecovered balance as of March 31, 2012, is projected to be approximately \$8,409,829 for residential and \$1,061,908 for non-residential rate classes (exclusive of any fees for a third-party audit that the Commission may determine is required). The schedules supporting the adjustments are attached in the Direct Testimony of James Ziolkowski. Attachment JEZ-1 provides the calculation of proposed rates for Rider UE-ED. Attachments JEZ-2 and JEZ-3 are copies of the tariff for Rider UE-ED, showing tracked changes and final language respectively.

6. As directed by the Commission's Opinion and Order, the uncollectible expenses eligible for recovery through Rider UE-ED will be those expenses generated by the class of customers paying the uncollectible expenses rider.

7. In addition, Duke Energy Ohio notes that, in its Opinion and Order in Case No. 10-912-EL-UEX, the Commission authorized the Company to create a regulatory asset to defer variances in uncollectible expense in future periods for recovery or refund in further proceedings to adjust Rider UE-ED. As such authority was not limited in duration, Duke Energy Ohio respectfully requests that the Commission clarify that the Company's authority to create a regulatory assets, as described in that order, continues.

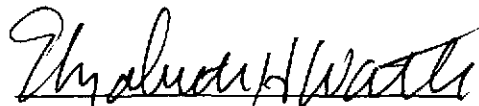
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<sup>8</sup> *In the Matter of the Application of Duke Energy Ohio, Inc. to Adjust and Set its Electric Distribution Uncollectible Expense Rider, Rider UE-ED*, Case Nos. 10-912-EL-UEX, *et al.*, Finding and Order (November 10, 2010).

WHEREFORE, Duke Energy Ohio respectfully requests that the Commission approve this Application, subject to the terms outlined herein and in the testimony filed contemporaneously herewith.

Respectfully submitted,

Duke Energy Ohio, Inc.

A handwritten signature in cursive script, appearing to read "Elizabeth H. Watts".

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**BEFORE**

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of	)	
Duke Energy Ohio to Adjust and Set its	)	Case No. 11-4076-EL-UEx
Electric Uncollectible Recovery Rate	)	
Under Rider UE-ED.	)	

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**DIRECT TESTIMONY OF**

**JAMES E. ZIOLKOWSKI**

**ON BEHALF OF**

**DUKE ENERGY OHIO, INC.**

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### **Attachments:**

JEZ-1: Rider UE-ED – Proposed Rate Calculation

JEZ-2: Rider UE-ED – Tariff Sheet redlined version

JEZ-3: Rider UE-ED – Tariff Sheet clean version

## **I. INTRODUCTION**

1   **Q.   PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2   A.   My name is James E. Ziolkowski, and my business address is 139 East Fourth  
3       Street, Cincinnati, Ohio 45202.

4   **Q.   BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5   A.   I am employed by the Duke Energy Business Services LLC (DEBS) as Rates  
6       Manager. DEBS provides various administrative and other services to Duke  
7       Energy Ohio, Inc., (Duke Energy Ohio or the Company) and other affiliated  
8       companies of Duke Energy Corporation (Duke Energy).

9   **Q.   PLEASE SUMMARIZE YOUR EDUCATION AND PROFESSIONAL**  
10   **EXPERIENCE.**

11   A.   I received a Bachelor of Science degree in Mechanical Engineering from the U.S.  
12       Naval Academy in 1979 and a Master of Business Administration degree from  
13       Miami University in 1988. I am also a licensed Professional Engineer in the state  
14       of Ohio.

15       After graduating from the Naval Academy, I attended the Naval Nuclear  
16       Power School and other follow-on schools. I served as a nuclear-trained officer  
17       on various ships in the U.S. Navy through 1986. From 1988 through 1990, I  
18       worked for Mobil Oil Corporation as a Marine Marketing Representative in the  
19       New York City area.

20       I joined The Cincinnati Gas & Electric Company (CG&E) in 1990 as a  
21       Product Applications Engineer, in which capacity I designed and managed some

1 of CG&E's demand side management programs, including Energy Audits and  
2 Interruptible Rates. From 1996 until 1998, I was an Account Engineer and  
3 worked with large customers to resolve various service-related issues, particularly  
4 in the areas of billing, metering, and demand management. In 1998, I joined  
5 Cinergy Services, Inc.'s, Rate Department, where I focused on rate design and  
6 tariff administration. I was significantly involved with the initial unbundling and  
7 design of CG&E's retail electric rates. I was appointed to my current position in  
8 January 2008.

9 **Q. PLEASE DESCRIBE YOUR DUTIES AS RATES MANAGER.**

10 A. As Rates Manager, I am responsible for rate design, tariff administration, billing,  
11 and revenue reporting issues in Ohio and Kentucky. I also prepare filings to  
12 modify charges and terms in retail tariffs of Duke Energy Ohio and Duke Energy  
13 Kentucky, Inc., (Duke Energy Kentucky) and develop rates for new services.  
14 During major rate cases, I help with the design of the new base rates. I assisted in  
15 the development of the retail electric tariffs in the Company's Case No. 03-93-  
16 EL-ATA, which established the Company's market-based standard service offer.  
17 Additionally, I frequently work with customer contact and billing personnel of  
18 Duke Energy Ohio and Duke Energy Kentucky to answer rate-related questions  
19 and to apply the retail tariffs to specific situations. Occasionally, I meet with  
20 customers and Company representatives to explain rates or provide rate training.  
21 I also prepare reports that are required by regulatory authorities.



1   **Q.   HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC**  
2       **UTILITIES COMMISSION OF OHIO?**

3   A.   Yes. Most recently, I provided testimony before the Public Utilities Commission of  
4       Ohio (Commission) in support of Duke Energy Ohio's application for approval of a  
5       Market Rate Offer (MRO), filed under Case Number 10-2586-EL-SSO.

## II.   OVERVIEW

6   **Q.   WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

7   A.   The purpose of my testimony is to support Duke Energy Ohio's Application to  
8       Adjust and Set its Electric Uncollectible Recovery Rider (Rider UE-ED) and request  
9       to clarify the continued deferral of electric uncollectible expenses for future  
10      recovery. I also sponsor Attachments JEZ-1, JEZ-2 and JEZ-3.

11   **Q.   WHAT IS THE HISTORY OF RIDER UE-ED?**

12   A.   Rider UE-ED was approved as a mechanism for recovery of electric uncollectible  
13      expense by the Commission in Case No. 08-709-EL-AIR, *et al.* Pursuant to the  
14      Commission's Opinion and Order dated July 8, 2009, Rider UE-ED was set at \$0.  
15      On June 30, 2010 Duke Energy Ohio filed an application requesting to set the  
16      Rider UE-ED rate for residential customers at \$0.000764 per kWh and \$1.19 per  
17      bill for non-residential customers in Case No. 10-912-EL-UEX. Rider-ED was  
18      approved on November 10, 2010 with an effective date of December 1, 2010.  
19      Duke Energy Ohio is now seeking to adjust the Rider to recover incremental  
20      electric uncollectible expenses as contemplated and approved in the  
21      Commission's Opinion and Order. The Company's proposed adjustment for the  
22      residential Rider UE-ED is \$0.001174 per kWh and the proposed non-residential

1 Rider UE-ED rate is \$1.24 per bill. Attachment JEZ-1 is a schedule showing the  
2 calculation of Rider UE-ED.

3 **Q. DOES DUKE ENERGY OHIO'S APPLICATION TO ADJUST AND SET**  
4 **RIDER UE-ED COMPLY WITH THE TERMS OF THE OPINION**  
5 **ORDER AND STIPULATION?**

6 A. Yes the filing is in compliance with the terms of the Opinion Order and  
7 Stipulation.

### **III. REVISED TARIFFS AND CALCULATION OF PROPOSED RATE**

8 **Q. ARE REVISED TARIFFS INCLUDED IN THE CURRENT FILING?**

9 A. Yes. Attachments JEZ-2 and JEZ-3 include red-lined and clean tariff sheets  
10 showing proposed changes to Rider UE-ED. The rate for Rider UE-ED, currently  
11 set at \$0.000764 per kWh for residential customers and \$1.19 per bill for non-  
12 residential customers, is updated to reflect the proposed rate of \$0.001174per kWh  
13 and \$1.24 per bill, respectively.

14 **Q. WHY DID YOU USE SEPTEMBER 2010 AS THE BEGINNING MONTH**  
15 **OF THE TRACKER BALANCE?**

16 A. At the request of the Staff, Duke Energy Ohio updated the uncollectible  
17 calculations to include five additional months of actual uncollectible expense and  
18 sales data, substituting forecasted data for actual data through August 2010 in  
19 Case No 10-912-EL-UEx. The Finding and Order dated November 10, 2010  
20 contains actual uncollectible data through August 2010, the true-up calculation  
21 begins September 2010.

1    **Q.    PLEASE DESCRIBE ATTACHMENT JEZ-1, PAGE 1**

2    **A.**    Attachment JEZ-1, page 1, calculates the Rider UE-ED rates for residential and  
3           non-residential customers using actual and projected incremental unrecovered  
4           balances and projected billing determinants for 12 months ending March 31,  
5           2012.

6    **Q.    PLEASE DESCRIBE ATTACHMENT JEZ-1, PAGE 2 – 3**

7    **A.**    Pages 2-3 of Attachment JEZ-1 calculate the monthly residential and non-  
8           residential under/over recovery balance of uncollectible expense revenue  
9           requirement to be recovered through the Rider UE-ED. Actual uncollectible  
10          amounts are for September 2010 – March 2011 and forecasted uncollectible  
11          amounts for April 2011 – March 2012.

12   **Q.    PLEASE DESCRIBE ATTACHMENT JEZ-1, PAGE 4 – 5**

13   **A.**    Page 4-5 of Attachment JEZ-1 include the calculation the actual and projected  
14          recovery of the uncollectible expense in base rates based upon the 2008 base rate  
15          proceeding. Pursuant to paragraph 14 of the Stipulation in Case No. 08-709-EL-  
16          AIR, the parties agreed that up to 10,000 customers may participate in Rate RSLI  
17          (Residential Service – Low Income) and receive a \$4 credit per month. To the  
18          extent that less than \$40,000 is credited to customers during each month, the  
19          deficit is to be used to reduce amounts collected through Rider UE-ED.  
20          Therefore, the incremental electric distribution over the baseline balance consists  
21          of actual net write-offs from pages 6-7 over the baseline recovery amount, less  
22          unused RSLI funds (residential only) plus uncollectible PIPP installment  
23          payments, less recovery from the uncollectible rider. The result for each month is

1 passed over to pages 2-3.

2 **Q. PLEASE DESCRIBE ATTACHMENT JEZ-1, PAGE 6 – 7**

3 A. Pages 6 – 7 of Attachment JEZ-1 allocate the actual and projected net charge-offs  
4 by residential and non-residential customers. The total net charge-offs are  
5 allocated to distribution based on the distribution revenue as a percent of electric  
6 retail revenue. The result for each month is passed over to pages 4-5.

7 **Q. PLEASE DESCRIBE HOW YOU ARRIVED AT THE PROPOSED RIDER**  
8 **RATE.**

9 A. The calculation of the proposed Ride UE-ED rate is shown on Attachment JEZ-1.  
10 As mentioned previously, the proposed residential Rider UE-ED is \$0.001174  
11 cents per kWh and the proposed non-residential Rider UE-ED rate is \$1.24 per  
12 bill. The rates for each were calculated by dividing the incremental actual  
13 unrecovered tracker balance as of March 31, 2011 by the applicable projected  
14 billing determinants (kWh or number of bills) for the twelve months ended March  
15 31, 2012. The incremental unrecovered tracker balance consists of actual net-  
16 write-offs over the baseline recovery amount, less unused RSLI funds (residential  
17 only) plus uncollectible PIPP installment payments, less recovery from the  
18 uncollectible rider. For residential customers the unrecovered tracker balance of  
19 \$8,409,829 is divided by 7,161,922,935 kWh to arrive at \$0.001174per kWh. For  
20 non-residential customers the unrecovered tracker balance of \$1,061,908 is  
21 divided by 855,825 bills to arrive at \$1.24 per bill.

#### **IV. CONCLUSION**

22 **Q. WERE ATTACHMENTS JEZ-1, JEZ-2 and JEZ-3 PREPARED BY YOU**

1           **OR AT YOUR DIRECTION?**

2    A.     Yes.

3    Q.     **DOES THIS CONCLUDE YOUR TESTIMONY?**

4    A.     Yes.

Line	Description	Source	Residential	Non-Residential
1	Total Incremental Unrecovered Balance at March 31, 2012	Page 3	\$8,409,829	\$1,061,908
2	Projected Billing Determinants 12 months ended March 31, 2012	Page 5	7,161,922,935 kWh	855,825 Bills
3	Rider UE-ED Rate		\$0.001174 per kWh	\$1.24 per bill

Line		Apr-10	May-10	Jun-10	Jul-10	10-Aug	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11
	<b>Residential Under-(Over-) Recovery</b>												
1	Unrecovered Balance - Beginning of Month	\$0	\$0	\$0	\$0	\$0	\$3,116,615	\$3,447,760	\$3,772,667	\$4,057,251	\$3,844,577	\$3,829,599	\$3,878,941
2	Total Incremental Residential Bad Debt to Be Recovered	\$0	\$0	\$0	\$0	\$0	\$331,146	\$224,907	\$284,584	(\$212,673)	(\$14,878)	\$49,341	\$28,299
3	Balance Sub-Total	\$0	\$0	\$0	\$0	\$0	\$3,447,760	\$3,772,667	\$4,057,251	\$3,844,577	\$3,829,599	\$3,878,941	\$3,905,240
4	Unrecovered Balance - End of Month	\$0	\$0	\$0	\$0	\$0	\$3,447,760	\$3,772,667	\$4,057,251	\$3,844,577	\$3,829,599	\$3,878,941	\$3,905,240
	<b>Total Non-Residential Under-(Over-) Recovery</b>												
5	Unrecovered Balance - Beginning of Month	\$0	\$0	\$0	\$0	\$0	\$589,594	\$636,391	\$676,978	\$712,531	\$663,841	\$627,269	\$568,152
6	Total Incremental Residential Bad Debt to Be Recovered	\$0	\$0	\$0	\$0	\$0	\$46,797	\$40,586	\$35,554	(\$49,860)	(\$28,572)	(\$61,117)	(\$31,446)
7	Balance Sub-Total	\$0	\$0	\$0	\$0	\$0	\$636,391	\$676,978	\$712,531	\$663,841	\$635,269	\$566,152	\$474,704
8	Unrecovered Balance - End of Month	\$0	\$0	\$0	\$0	\$0	\$636,391	\$676,978	\$712,531	\$663,841	\$635,269	\$566,152	\$474,704

Duke Energy Ohio Electric  
Uncollectible Expense Tractor Balances

ATTACHMENT JEZ-1  
Page 3 of 7

Line		Projected											
		Apr-11	May-11	June-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12
Residential Under- (Over-) Recovery													
1	Unrecovered Balance - Beginning of Month	\$3,905,240	\$4,006,742	\$4,492,555	\$4,826,656	\$5,310,562	\$5,734,825	\$6,251,176	\$6,722,029	\$7,136,285	\$7,641,227	\$8,083,487	\$8,332,928
2	Total Incremental Residential Bad Debt to Be Recovered	\$101,502	\$485,813	\$334,101	\$483,906	\$424,269	\$518,352	\$470,853	\$414,256	\$504,942	\$442,261	\$249,440	\$76,901
3	Balance Sub-Total	\$4,006,742	\$4,492,555	\$4,826,656	\$5,310,562	\$5,734,825	\$6,251,176	\$6,722,029	\$7,136,285	\$7,641,227	\$8,083,487	\$8,332,928	\$8,409,829
4	Unrecovered Balance - End of Month	\$4,006,742	\$4,492,555	\$4,826,656	\$5,310,562	\$5,734,825	\$6,251,176	\$6,722,029	\$7,136,285	\$7,641,227	\$8,083,487	\$8,332,928	\$8,409,828
Total Non-Residential Under- (Over-) Recovery													
5	Unrecovered Balance - Beginning of Month	\$474,704	\$490,318	\$547,110	\$590,188	\$653,698	\$711,409	\$777,286	\$833,502	\$882,908	\$947,438	\$1,008,594	\$1,046,100
6	Total Incremental Residential Bad Debt to Be Recovered	\$15,613	\$68,783	\$43,077	\$63,510	\$57,712	\$65,877	\$56,215	\$49,406	\$64,530	\$51,156	\$37,506	\$15,808
7	Balance Sub-Total	\$490,318	\$557,110	\$590,188	\$653,698	\$711,409	\$777,286	\$833,502	\$882,908	\$947,438	\$1,008,594	\$1,046,100	\$1,061,908
8	Unrecovered Balance - End of Month	\$490,318	\$557,110	\$590,188	\$653,698	\$711,409	\$777,286	\$833,502	\$882,908	\$947,438	\$1,008,594	\$1,046,100	\$1,061,908



Line	Description	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11
<b>Residential</b>													
1	Actual kWh Sales	0	0	0	0	0	701,758,587	478,714,721	452,996,588	703,011,732	827,075,420	890,843,068	598,145,558
2	Base Rate Recovery Rate (\$/kwh)	\$0.0002380	\$0.0002380	\$0.0002380	\$0.0002380	\$0.0002380	\$0.0002380	\$0.0002380	\$0.0002380	\$0.0002380	\$0.0002380	\$0.0002380	\$0.0002380
3	Recovery of Bad Debt in Base Rates	\$0	\$0	\$0	\$0	\$0	\$167,019	\$113,934	\$107,813	\$167,317	\$196,844	\$164,421	\$142,359
4	Actual Net Charge Offs for Month (pages 6-7)	\$0	\$0	\$0	\$0	\$0	\$498,164	\$442,429	\$397,299	\$496,064	\$603,783	\$385,800	\$131,477
5	Incremental Bad Debt (Line 4 minus Line 3)	\$0	\$0	\$0	\$0	\$0	\$331,146	\$328,495	\$289,486	\$328,747	\$406,939	\$221,379	(\$10,881)
6	Shortfall of Customer using Rate RSL	0	0	0	0	0	0	897	1,179	1,472	1,822	2,131	0
7	Customer Charge Monthly Credit	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4
8	LESS: Unused RSL Funds (Reduction to Bad Debt) (b)	\$0	\$0	\$0	\$0	\$0	\$0	\$3,588	\$4,716	\$5,668	\$7,268	\$8,524	\$0
9	PLUS: PIPP Uncollectible Not Recovered in Rider USR	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$178	\$224,399	\$383,035	\$465,221
10	LESS: Recovery from Uncollectible Rider	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$186	\$535,710	\$699,028	\$546,549	\$426,040
11	Total Incremental Residential Bad Debt to Be Recovered	\$0	\$0	\$0	\$0	\$0	\$331,146	\$324,907	\$284,584	(\$212,673)	(\$14,978)	\$49,341	\$26,299
<b>Non-Residential</b>													
12	Actual # Bills	0	0	0	0	0	71,287	71,436	71,391	71,329	71,017	69,831	71,711
13	Base Rate Recovery Rate (\$/bill)	\$0.12	\$0.12	\$0.12	\$0.12	\$0.12	\$0.12	\$0.12	\$0.12	\$0.12	\$0.12	\$0.12	\$0.12
14	Recovery of Bad Debt in Base Rates	\$0	\$0	\$0	\$0	\$0	\$8,534	\$8,572	\$8,567	\$8,559	\$8,522	\$8,380	\$8,605
15	Actual Net Charge Offs for Month (pages 8-7)	\$0	\$0	\$0	\$0	\$0	\$55,352	\$49,159	\$44,144	\$55,118	\$67,087	\$42,887	\$14,809
16	Incremental Bad Debt (Line 15 minus Line 14)	\$0	\$0	\$0	\$0	\$0	\$46,797	\$40,586	\$35,577	\$46,559	\$58,565	\$34,487	\$6,003
17	PLUS: PIPP Uncollectible Not Recovered in Rider USR	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18	LESS: Recovery from Uncollectible Rider	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$24	\$95,249	\$95,137	\$95,604	\$97,451
19	Total Incremental Non-Residential Bad Debt to Be Recovered	\$0	\$0	\$0	\$0	\$0	\$46,797	\$40,586	\$35,554	(\$48,690)	(\$36,572)	(\$61,117)	(\$91,448)
20	Total Incremental Bad Debt (Residential + Non-Residential)	\$0	\$0	\$0	\$0	\$0	\$377,943	\$365,493	\$320,138	(\$261,364)	(\$51,550)	(\$11,775)	(\$65,149)

(a) Per Order dated July 8, 2009 in Case No. 08-709-EL-AIR, Duke Energy Ohio's initial application shall include incremental net uncollectible expenses and eligible PIPP amounts above the baseline incurred after the effective date of the rate increase.

(b) Per item #14 of the Stipulation in Case No. 08-709-EL-AIR, the parties agreed that up to 10,000 customers may participate in Rate RSL and receive a \$4 credit per month. To the extent less than \$40,000 is credited to customers during each month, the deficit shall be used to reduce amounts collected through Rider UE-ED

Duke Energy Ohio Electric  
Revenue Collected for Uncollectible Expense

ATTACHMENT JEZ-1  
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Line	Description	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Total
<b>Residential</b>														
1	Actual kWh Sales	480,538,280	430,013,219	549,874,947	682,550,159	723,347,152	645,239,678	471,744,148	451,849,715	642,448,442	776,793,394	687,271,185	600,252,605	7,161,922,935
2	Base Rate Recovery Rate (\$/kWh)	\$0.0002380	\$0.0002380	\$0.0002380	\$0.0002380	\$0.0002380	\$0.0002380	\$0.0002380	\$0.0002380	\$0.0002380	\$0.0002380	\$0.0002380	\$0.0002380	\$0.0002380
3	Recovery of Bad Debt in Base Rates	\$116,748	\$102,343	\$130,870	\$164,827	\$172,157	\$159,567	\$112,275	\$107,540	\$162,903	\$184,877	\$163,571	\$142,980	\$1,429,980
4	Actual Net Charge Offs for Month (pages 6-7)	\$218,250	\$588,156	\$464,972	\$648,733	\$596,419	\$689,919	\$583,128	\$621,786	\$857,845	\$627,138	\$413,011	\$219,781	\$5,219,781
5	Incremental Bad Debt (Line 4 minus Line 3)	\$101,502	\$485,813	\$334,101	\$483,906	\$424,263	\$516,352	\$470,853	\$414,256	\$504,942	\$442,261	\$249,440	\$76,801	\$76,801
6	Shortfall of Customer using Rate RSL	0	0	0	0	0	0	0	0	0	0	0	0	0
7	Customer Charge Monthly Credit	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4
8	LESS: Unused RSL Funds (Reduction to Bad Debts) (b)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	PLUS: PIPP Uncollectible Not Recovered in Rider USR	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	LESS: Recovery from Uncollectible Rider	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	Total Incremental Residential Bad Debt to Be Recovered	\$101,502	\$485,813	\$334,101	\$483,906	\$424,263	\$516,352	\$470,853	\$414,256	\$504,942	\$442,261	\$249,440	\$76,801	\$76,801
<b>Non-Residential</b>														
12	Actual \$ Bills	\$1,972	\$1,218	\$1,552	\$1,427	\$1,310	\$1,322	\$1,471	\$1,426	\$1,364	\$1,062	\$8,865	\$1,746	855,825
13	Base Rate Recovery Rate (\$/bill)	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12
14	Recovery of Bad Debt in Base Rates	\$8,637	\$8,558	\$8,586	\$8,571	\$8,557	\$8,569	\$8,577	\$8,571	\$8,584	\$8,526	\$8,384	\$8,610	\$8,610
15	Actual Net Charge Offs for Month (pages 6-7)	\$24,250	\$65,351	\$51,684	\$72,081	\$66,269	\$74,435	\$84,792	\$57,977	\$73,094	\$59,662	\$45,890	\$24,418	\$524,418
16	Incremental Bad Debt (Line 15 minus Line 14)	\$15,613	\$56,793	\$43,077	\$63,510	\$57,712	\$65,877	\$66,215	\$49,406	\$64,530	\$61,166	\$37,506	\$15,808	\$15,808
17	PLUS: PIPP Uncollectible Not Recovered in Rider USR	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18	LESS: Recovery from Uncollectible Rider	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19	Total Incremental Non-Residential Bad Debt to Be Recovered	\$15,613	\$56,793	\$43,077	\$63,510	\$57,712	\$65,877	\$66,215	\$49,406	\$64,530	\$61,166	\$37,506	\$15,808	\$15,808
20	Total Incremental Bad Debt (Residential + Non-residential)	\$117,116	\$542,605	\$377,179	\$547,416	\$481,974	\$582,229	\$537,068	\$463,682	\$569,472	\$503,416	\$286,946	\$92,709	\$92,709

(a) Per Order dated July 8, 2009 in Case No. 08-709-EL-AIR, Duke Energy Ohio's initial application shall include incremental net uncollectible expense and eligible PIPP amounts above the baseline incurred after the effective date of the rate increase.

(b) Per item #14 of the Stipulation in Case No. 08-709-EL-AIR, the parties agreed that up to 10,000 customers may participate in Rate RSL and receive a \$4 credit per month. To the extent less than \$40,000 is credited to customers during each month, the deficit shall be used to reduce amounts collected through Rider UE-ED

Line	Description	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Actual	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11
	Net Charge Offs for Month - Residential													
	Net Charge Offs for Month - Non - Residential													
	Net Charge Offs for Month - Total													
	Electric Regulated Distribution Revenue (b)													
	Electric Retail Revenue (c)													
	Distribution Revenue as a % of Electric Retail Revenue													
	Net Charge Offs for Month Allocated to Distribution													
1	Residential													
	Actual Net Charge Offs for Month													
2	Non-Residential													
	Actual Net Charge Offs for Month													

(a) Per Order dated July 8, 2009 in Case No. 08-705-EL-AIR, Duke Energy Ohio's initial application shall include incremental net uncollectible expenses and eligible PIPF amounts above the baseline incurred after the effective date of the rate increase.

(b) Total Regulated Retail Sales (billed) excluding interdepartmental

(c) Total Retail Sales (billed) excluding interdepartmental

Line	Description	Projected											
		Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12
	Net Charge Offs for Month - Residential	\$ 436,441	\$ 1,192,228	\$ 1,018,471	\$ 1,460,192	\$ 1,352,379	\$ 1,444,491	\$ 1,171,294	\$ 1,045,696	\$ 1,347,145	\$ 1,326,912	\$ 887,891	\$ 436,950
	Net Charge Offs for Month - Non-Residential	\$ 48,362	\$ 132,470	\$ 113,143	\$ 182,244	\$ 180,264	\$ 180,488	\$ 130,144	\$ 116,187	\$ 149,683	\$ 147,857	\$ 81,325	\$ 48,741
	Net Charge Offs for Month - Total	\$ 484,803	\$ 1,324,698	\$ 1,131,614	\$ 1,642,436	\$ 1,532,643	\$ 1,624,980	\$ 1,301,438	\$ 1,161,883	\$ 1,496,828	\$ 1,474,769	\$ 969,216	\$ 485,691
	Electric Regulated Distribution Revenue (b)	\$ 40,422,579	\$ 39,243,209	\$ 43,632,012	\$ 49,229,735	\$ 49,768,355	\$ 47,082,296	\$ 40,159,642	\$ 38,093,270	\$ 46,070,963	\$ 51,363,981	\$ 46,996,315	\$ 44,658,700
	Electric Retail Revenue (c)	\$ 80,648,792	\$ 79,548,447	\$ 86,571,372	\$ 110,808,055	\$ 112,851,923	\$ 107,519,729	\$ 80,666,292	\$ 78,343,410	\$ 94,344,964	\$ 108,240,965	\$ 97,801,720	\$ 98,182,703
	Distribution Revenue as a % of Electric Retail Revenue	50.12170%	49.33550%	46.63580%	44.42780%	44.10180%	46.37750%	48.79490%	48.89860%	48.83250%	47.19180%	48.14080%	50.07660%
	Net Charge Offs for Month Allocated to Distribution	\$ 242,600	\$ 603,807	\$ 516,036	\$ 726,814	\$ 682,668	\$ 744,354	\$ 647,920	\$ 578,773	\$ 736,539	\$ 698,819	\$ 468,301	\$ 244,179
1	Residential												
	Actual Net Charge Offs for Month	\$ 218,250	\$ 588,156	\$ 464,872	\$ 648,733	\$ 596,419	\$ 669,919	\$ 563,128	\$ 521,798	\$ 657,945	\$ 627,138	\$ 413,011	\$ 218,761
		90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
2	Non-Residential												
	Actual Net Charge Offs for Month	\$ 24,250	\$ 65,351	\$ 51,684	\$ 72,081	\$ 66,269	\$ 74,435	\$ 64,792	\$ 67,577	\$ 73,084	\$ 69,682	\$ 46,860	\$ 24,418
		10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%

(a) Per Order dated July 8, 2009 in Case No. 08-709-EL-AR, Duke Energy Oh  
(b) Total Regulated Retail Sales (billed) excluding interdepartmental  
(c) Total Retail Sales (billed) excluding interdepartmental

Duke Energy Ohio  
139 East Fourth Street  
Cincinnati, Ohio 45202

P.U.C.O. Electric No. 19  
Sheet No. ~~408.1~~ 108.2  
Cancels and Supersedes  
Original Sheet No. ~~408~~ 108.1  
Page 1 of 1

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**RIDER UE-ED**

**UNCOLLECTIBLE EXPENSE – ELECTRIC DISTRIBUTION RIDER**

**APPLICABILITY**

Applicable to all retail jurisdictional customers in the Company's electric service areas.

**DESCRIPTION**

This rider enables the recovery of incremental uncollectible accounts expense above what is recovered in base rates and includes Percentage of Income Payment ("PIPP") customer installments not collected through the Universal Service Fund Rider. Also, to the extent that less than \$40,000 per month has not been credited to customers through electric Rate RSLI, any shortfall will be used to reduce collections in Rider UE-ED. Base rates in Case No. 08-709-EL-AIR include \$1,786,034 and \$114,941 of uncollectible accounts expense recovery for residential and non-residential customers, respectively. The amounts in the Rider, exclusive of uncollectible PIPP installments, will only be collected from the class (residential or non-residential) that created the uncollectible accounts expense. Uncollectible accounts expense associated with PIPP will be allocated in the manner consistent with the Universal Service Fund Rider. The first application shall be filed in the second quarter of 2010.

**CHARGE**

A charge of ~~\$0.000764~~ \$0.001174 per kWh shall be applied to all kWh delivered to residential customers. A charge of ~~\$0.19~~ \$1.24 per bill shall be applied to each non-residential customer.

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Filed pursuant to an Order dated November 10, 2010 in Case No. ~~10-912-EL-UEX~~ before the Public Utilities Commission Ohio.

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Issued: ~~November 15, 2010~~

Issued by Julie Janson, President

Effective: December 1, 2010

Duke Energy Ohio  
139 East Fourth Street  
Cincinnati, Ohio 45202

P.U.C.O. Electric No. 19  
Sheet No. 108.2  
Cancels and Supersedes  
Original Sheet No. 108.1  
Page 1 of 1

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**RIDER UE-ED**

**UNCOLLECTIBLE EXPENSE – ELECTRIC DISTRIBUTION RIDER**

**APPLICABILITY**

Applicable to all retail jurisdictional customers in the Company's electric service areas.

**DESCRIPTION**

This rider enables the recovery of incremental uncollectible accounts expense above what is recovered in base rates and includes Percentage of Income Payment ("PIPP") customer installments not collected through the Universal Service Fund Rider. Also, to the extent that less than \$40,000 per month has not been credited to customers through electric Rate RSLI, any shortfall will be used to reduce collections in Rider UE-ED. Base rates in Case No. 08-709-EL-AIR include \$1,786,034 and \$114,941 of uncollectible accounts expense recovery for residential and non-residential customers, respectively. The amounts in the Rider, exclusive of uncollectible PIPP installments, will only be collected from the class (residential or non-residential) that created the uncollectible accounts expense. Uncollectible accounts expense associated with PIPP will be allocated in the manner consistent with the Universal Service Fund Rider.

**CHARGE**

A charge of \$0.001174 per kWh shall be applied to all kWh delivered to residential customers. A charge of \$1.24 per bill shall be applied to each non-residential customer.

Filed pursuant to an Order dated \_\_\_\_\_ in Case No. \_\_\_\_\_ before the Public Utilities Commission  
Ohio.

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Issued:

Issued by Julie Janson, President

Effective: