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DUKE ENERGY CORPORATION

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VIA OVERNIGHT MAIL DELIVERY

January 18, 2012

Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43215

RECEIVED-DOCKETING DIV
2012 JAN 19 AM 9:10
PUCO

Re: Case No. 12-0331-GA-ATA

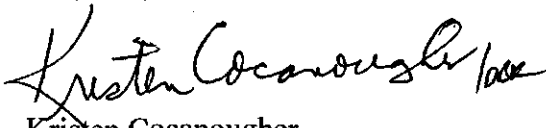
Dear Docketing Division:

Enclosed please find for filing the original and ten copies of the Application of Duke Energy Ohio, Inc. to Cancel its Spark Spread Interruptible Transportation Rate (Rate SSIT).

Please return the two extra copies of the Application in the envelope provided.

Feel free to contact me should you have any questions.

Very truly yours,


Kristen Cocanougher

Enclosure

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 Date Processed JAN 19 2012

**BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke)	
Energy Ohio, Inc., to Cancel Its Spark)	Case No. 12-0331 -GA-ATA
Spread Interruptible Transportation Rate)	
(Rate SSIT) Pursuant to R.C. 4909.18 or)	
In the Alternative Suspend Rate SSIT)	
Pursuant to R.C. 4909.16)	
)	

**APPLICATION OF DUKE ENERGY OHIO, INC.
TO CANCEL ITS SPARK SPREAD INTERRUPTIBLE TRANSPORTATION RATE
(RATE SSIT) PURSUANT TO R.C. 4909.18
OR IN THE ALTERNATIVE TO SUSPEND RATE SSIT PURSUANT TO R.C. 4909.16**

Now comes Duke Energy Ohio, Inc, (Duke Energy Ohio or the Company) pursuant to R.C. 4909.18 and submits this application for authority to cancel its Spark Spread Interruptible Transportation Rate (Rate SSIT). It is necessary to cancel this tariff because it is no longer a calculable rate as it is outdated and contains references to a market index no longer in existence. As a result, the calculation of the Spark Spread cannot be performed as the tariff is currently written. Further, there are no customers currently taking service on Rate SSIT; nor has there ever been a customer on the rate. As such, the cancellation of this rate will not impact any customer taking service on the rate.

In the alternative, if the Commission does not wish to allow the Company to cancel the rate altogether, Duke Energy Ohio requests the Public Utilities Commission of Ohio (Commission) suspend Rate SSIT pursuant to R.C. 4909.16 until the Company can update the pricing index and costs in the context of its next rate case. In either event, Rate SSIT is not a usable rate as written and should be either eliminated or suspended until it can be revised appropriately.

In support of this Application, Duke Energy Ohio submits the following:

1. Duke Energy Ohio is an Ohio corporation with its principal place of business at 139 East Fourth Street, Cincinnati, Ohio 45202.
2. Duke Energy Ohio is engaged in the business of supplying natural gas to approximately 422,000 customers in southwestern Ohio.
3. Duke Energy Ohio 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 service area, which includes all or parts of Adams, Brown, Butler, Clinton, Hamilton, Montgomery, and Warren Counties in Ohio.
4. Duke Energy Ohio's Rate SSIT is a voluntary transportation delivery service for natural gas for commercial gas-fired generators for customers that (1) sign a contract with Duke Energy Ohio for service under the rate; and (2) arrange for the delivery of gas into the Company's system for the customer's sole use at one point of delivery where distribution mains are adjacent to the premises to be served and utilizes natural gas transported under this tariff as the primary fuel source for a combustion gas turbine unit or a combined cycle unit for generation electricity.
5. No customer has ever taken service under Rate SSIT. The Company has recently discovered, after a customer inquiry into the tariff, that there are pricing references in the rate calculation that rely upon an index no longer in existence. Specifically, this rate calculates a Spark Spread price for gas transportation equal to Electric Price – (Gas Price x Heat Rate/ 1,000).¹ The Electric Price is defined as the Weighted Average Index in \$/MWh for "Into Cinergy" as listed in

¹ See Attachment A, Rate SSIT, Net Monthly Billing, page 2 of 4.

Megawatt Daily. There is no longer an “Into Cinergy” Index published in Mega Watt Daily, nor has there been for several years as it was replaced by the CIN HUB with the advent of the MISO Day 2 Markets. Since Duke Energy Ohio has recently realigned with PJM Interconnection LLC, the CIN HUB has been discontinued and the Company has not analyzed what the appropriate index should be for this service. Therefore, Duke Energy Ohio cannot perform the rate calculation in Rate SSIT because the referenced index is no longer available. Additionally, because no customer has ever been serviced by this rate, it was inadvertently overlooked as part of the Company’s last natural gas rate case, Case No., 07-589-GA-AIR. Rate SSIT’s calculation was not included as part of the Company’s most recent cost of service and cost allocations. As such, correcting the rate cannot be achieved by simply replacing a referenced indexed price. The Company needs to reexamine the entire Rate SSIT construct in light of the fact that it has never been used and material changes to Duke Energy Ohio’s gas and electric operations have occurred since its inception. Such analysis should be performed in the context of a base rate proceeding.

6. Duke Energy Ohio respectfully requests to amend the Rate SSIT tariff pursuant to the Commission’s authority under R.C. 4909.18 to cancel the Rate SSIT schedule altogether. Since there are no customers currently taking service under this rate, nor have there ever been any customers on this rate, canceling Rate SSIT will not result in an increase or prejudice. In fact, canceling Rate SSIT is in the public interest as the rate is unusable and canceling the schedule will avoid potential

customer confusion if the rate were to remain published as part of the Company's gas tariff.

7. In the alternative, Duke Energy Ohio requests that the Commission, pursuant to R.C. 4909.16, suspend Rate SSIT until such time as the Company can fix the rate in the context of a natural gas base rate case and update both the pricing index and applicable costs in the rate calculation. Specifically, R.C. 4909.16 provides in relevant part:

When the public utilities commission deems it necessary to prevent injury to the business or interests of the public or of any public utility of this state in case of any emergency to be judged by the commission, it may temporarily alter, amend, or, with the consent of the public utility concerned, suspend any existing rates, schedules, or order relating to or affecting any public utility or part of any public utility in this state. Rates so made by the commission shall apply to one or more of the public utilities in this state, or to any portion thereof, as is directed by the commission, and shall take effect at such time and remain in force for such length of time as the commission prescribes.²

8. Duke Energy Ohio respectfully submits that suspending this tariff is necessary to prevent injury to the business or interests of Duke Energy Ohio and that of its customers. Rate SSIT is no longer calculable based upon the non-existence of an "Into Cinergy Index." To be usable, the rate must be updated to reflect not only a new index, that is yet to be determined, but also to correct costs and the calculation formula of this rate. Given Duke Energy Ohio recently transitioned from the Midwest ISO into PJM Interconnection LLC, currently there is no Duke Energy-specific Index in PJM Interconnection LLC. And the previous CIN Hub that was in effect in the Midwest ISO is no longer in existence. As such, the

² R.C. 4909.16

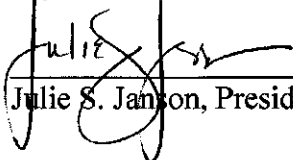
Company has not determined a pricing index that would be applicable for Rate SSIT if it were to continue. Nor has the Company determined the costs of such a rate as it has never been used. Even though no customer is currently being served by this rate, absent outright cancellation, suspension is necessary to avoid confusion among customers who may be interested in this rate prior to the Company' actually updating the costs and pricing indexes.

9. Included with this Application is Attachment B, a copy of the current Duke Energy Ohio Gas No. 18, Sheet No. 54.2, Spark Spread Interruptible Transportation Rate (Rate SSIT) in redline form indicating that the rate is canceled and withdrawn.
10. Attachment C is a clean copy of the current Duke Energy Ohio Gas No. 18, Sheet No. 54.2, Spark Spread Interruptible Transportation Rate (Rate SSIT) with changes accepted.
11. Because Duke Energy Ohio is canceling this rate as it is not calculable, and no customers are taking service under this rate, these proposed tariff amendments will not result in an increase.

WHEREFORE, Duke Energy Ohio respectfully requests that the Commission issue its Order approving the changes herein and directing Duke Energy Ohio to file an amended tariff in conformance therewith.

Respectfully submitted,

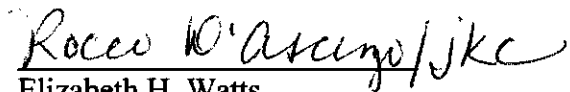
DUKE ENERGY OHIO, INC.


Julie S. Janson, President

Company Official to be contacted
Regarding the Application:

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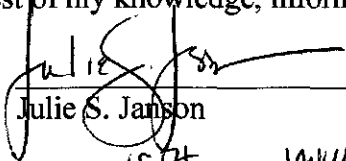
A handwritten signature in cursive script, reading "Rocco O'Ascenzo/jkc".

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VERIFICATION

STATE OF OHIO)
)
COUNTY OF HAMILTON)

I, Julie S. Janson, President of Duke Energy Ohio, Inc. and Duke Energy Kentucky, Inc., being first duly sworn, hereby verify that the information contained in this Application is true and correct to the best of my knowledge, information and belief.



Julie S. Janson

Sworn to and subscribed in my presence this 18TH day of JANUARY 2012.

ADELE M. DOCKERY
Notary Public, State of Ohio
My Commission Expires 01-05-2014



Notary Public

VERIFICATION

STATE OF NORTH CAROLINA)
)
COUNTY OF MECKLENBURG)

I, Stephen G. De May, Vice President and Treasurer of Duke Energy Corporation and Treasurer of Duke Energy Ohio, Inc., being first duly sworn, hereby verify that the information contained in this Application is true and correct to the best of my knowledge, information and belief.



Stephen G. De May

Sworn to and subscribed in my presence this 17 day of January 2012.



Katie Jamieson
Notary Public

