

Respectfully submitted,

DUKE ENERGY OHIO, INC.



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MEMORANDUM IN SUPPORT

I. Test Period and Date Certain

Duke Energy Ohio intends to file an application for an increase in rates for its electric distribution service on or about July 9, 2012. The Company proposes to use the twelve months ending December 31, 2012, as the test year for the filing. Because Duke Energy Ohio uses a calendar year reporting period for its financial results and prepares detailed quarterly financial reports, it is reasonable for Duke Energy Ohio to submit three months of actual financial data that coincides with the end of a quarterly reporting period. This quarterly financial data is subject to more rigorous internal review because it is used for various reporting purposes and, therefore, is a better basis for establishing new rates, as compared with the statutorily predetermined period. The quarterly financial data that Duke Energy Ohio would use for a July 9, 2012, application is the financial data for the quarter ending March 31, 2012.

Under R.C. 4909.15(C), the test period shall be the six months prior to the filing date and the six months after the filing date, unless otherwise ordered by the Commission. Duke Energy Ohio respectfully requests that the Commission issue an order providing that, if Duke Energy Ohio files for an increase in rates for its distribution service on or about July 9, 2012, the test period will be the twelve months ending December 31, 2012. This would coincide with Duke Energy Ohio using three months of actual quarterly financial data for the period ending March 31, 2012, and it will provide the Company the certainty it needs to prepare financial data for its application. A date certain of March 31, 2012, will also be reasonable as the end date of the three months of actual quarterly financial data to be relied upon.

II. Request for Waivers Under O.A.C. 4901-7-01

Pursuant to O.A.C. 4901-7-01, the Commission may grant a utility a waiver from the standard filing requirements for an application for an increase in rates for good cause shown. In determining whether good cause exists for a waiver, the Commission is guided by the following:

- (A) A request for waiver of any of the provisions of the standard filing requirements must set forth the specific reasons in support of the request. The commission shall grant the request for a waiver upon good cause shown by the utility. In determining whether good cause has been shown, the commission shall give due regard, among other things, to:
 - (i) Whether other information, which the utility would provide if the waiver is granted, is sufficient so that the commission staff can effectively and efficiently review the rate application.
 - (ii) Whether the information, which is the subject of the waiver request, is normally maintained by the utility or reasonably available to it from the information which it maintains.
 - (iii) The expense to the utility in providing the information, which is the subject of the waiver request.¹

Duke Energy Ohio respectfully requests, to the extent necessary, that the Commission grant it a waiver, pursuant to O.A.C. 4901-7-01, from certain filing requirements set forth in O.A.C. 4901-7-01, Appendix A, Chapter II, only insofar as said requirements relate to the Company's natural gas utility operations, generation and fuel supply, resource planning, and employee classifications. Duke Energy Ohio submits that good cause exists for the aforementioned waivers and respectfully requests that the Commission grant the Company a waiver from the standard filing requirements discussed more fully below.

Information related to the Company's natural gas utility operations is not relevant to these proceedings and is subject to the Commission's review in the context of a gas distribution

¹ O.A.C. 4901-7-01, Appendix A, Chapter II, Section (A)(4)(d).

rate case. As such, good cause exists to grant a waiver, in these proceedings, from filing requirements that pertain to the Company's natural gas utility operations.

Duke Energy Ohio intends, in these proceedings, only to seek an increase in electric distribution rates and it will not request an increase in any rates associated with electric generation, including fuel. Duke Energy Ohio recently obtained approval of an electric security plan having a term of January 1, 2012, through May 31, 2015, and thus has no immediate need to seek a revision to its standard service offer or rates applicable thereto. Accordingly, information related to generation and fuel is not relevant to Duke Energy Ohio's requested increased in distribution rates and production of said information would not enable an efficient or effective review of the Company's application.

Thus, in the interest of administrative economy, Duke Energy Ohio requests a waiver from the following standard filing requirements to the extent they require the production of generation- or fuel-related information:

1. Five-year capital expenditures budget (O.A.C. 4901-7-01, Appendix A, Chapter II, Section (B)(1));
 2. Five-year financial forecast (O.A.C. 4901-7-01, Appendix A, Chapter II, Section (B)(2));
 3. Underlying assumptions (O.A.C. 4901-7-01, Appendix A, Chapter II, Section (B)(3));
 4. Five-year projection of revenue requirements O.A.C. 4901-7-01, Appendix A, Chapter II, Section (B)(4));
 5. Balance sheet items (O.A.C. 4901-7-01, Appendix A, Chapter II, Section (B)(5));
 6. Materials and supplies (O.A.C. 4901-7-01, Appendix A, Chapter II, Section (C)(13));
- and,

7. Construction projects that are 75 percent complete (O.A.C. 4901-7-01, Appendix A, Chapter II, Section (C)(22)).

Further, for the reasons noted above, Duke Energy Ohio requests a waiver from the requirements of O.A.C. 4901-7-01, Appendix A, Chapter II, Sections (B)(8) and (9), to the extent that the Company's management policies, practices, and organization relate solely to its generation, fuel, wholesale power marketing, and other non-jurisdictional functions or businesses.

Duke Energy Ohio annually submits a long-term forecast and resource plan and therefore respectfully requests a waiver of the requirements set forth in O.A.C. 4901-7-01, Appendix A, Chapter II, Section F. The Company's most recent resource plan was filed under Case No. 12-118-EL-FOR on June 1, 2012. As the Company's resource plan is already before the Commission, including it herein would be unnecessarily duplicative and would detract from the efficient review and evaluation of the application.

Duke Energy Ohio also respectfully requests that the Commission grant it a waiver, pursuant to O.A.C. 4901-7-01, from certain filing requirements set forth in O.A.C. 4901-7-01, Appendix A, Chapter II, relating to payroll analysis by employee classification/payroll distribution. In support thereof, Duke Energy Ohio states that its financial system has changed such that it cannot provide detail between exempt and non-exempt employees. This information is no longer available and cannot be reasonably obtained from the information the Company currently does maintain. Thus, to the extent "employee classification" may be defined as including both exempt and non-exempt status, thereby requiring an analysis predicated upon said interpretation, Duke Energy Ohio seeks a waiver from this requirement. Duke Energy Ohio commits to providing the payroll analysis in respect of the two employee classifications of union

and non-union. In this regard, the limited waiver requested here will not prejudice the parties in that payroll analyses will be produced.

The narrow scope of the waivers as requested herein will not prejudice any party of record in its review and evaluation of Duke Energy Ohio's application. On the contrary, by not unnecessarily complicating the docket with irrelevant information, an efficient and expeditious review is ensured.

III. Conclusion

For the reasons set forth herein, Duke Energy Ohio, Inc., respectfully requests that the Public Utilities Commission of Ohio grant its request to set a test period for the twelve months ending December 31, 2012, with a date certain of March 31, 2012, and its request for waiver from certain of the Commission's standard filing requirements, set forth in O.A.C. 4901-7-01, as discussed herein.

Respectfully submitted,

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