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12-1688-GA-AAM

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APPLICATION



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Dianne B. Kuhnell
Senior Paralegal

VIA HAND DELIVERY

PUCO

July 9, 2012

The Public Utilities Commission of Ohio
Docketing – 13th Floor
180 East Broad Street
Columbus, OH 43255-0573

Re: In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in Gas Rates,
Case No. 12-1685-GA-AIR

In the Matter of the Application of Duke Energy Ohio, Inc., for Tariff Approval,
Case No. 12-1686-GA-ATA

In the Matter of the Application of Duke Energy Ohio, Inc., for Approval of an
Alternative Rate Plan for Gas Distribution Service, Case No. 12-1687-GA-ALT

In the Matter of the Application of Duke Energy Ohio, Inc., for Approval to Change
Accounting Methods, Case No. 12-1688-GA-AAM

Dear Sir or Madam:

Enclosed please find an original and 20 copies of Duke Energy Ohio, Inc.'s application in the above-referenced cases, indexed with the Commission's Standard Filing requirements. The filing consists of fourteen volumes and we have enclosed five copies of the filing on CD.

Please date-stamp and return the two extra copies of this letter, the application, and the cover sheets of the fourteen volumes in the enclosed return-addressed envelope.

Should you have any questions, please feel free to call me at (513) 287-4337. Thank you.

Sincerely,

Dianne Kuhnell
Senior Paralegal

cc: Parties of Record (w/enclosures)

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BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

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PUCO

In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in Gas Rates.)	Case No. 12-1685-GA-AIR
In the Matter of the Application of Duke Energy Ohio, Inc., for Tariff Approval.)	Case No. 12-1686-GA-ATA
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In the Matter of the Application of Duke Energy Ohio, Inc., for Approval to Change Accounting Methods.)	Case No. 12-1688-GA-AAM

VOLUME 1

APPLICATION

SCHEDULES (S-1), (S-2), (S-3)

July 9, 2012

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14	A	O.A.C. 4901:1-19-05 Appendix A, Chapter II, Section (C)(2)(a)	Schedule Alt A	Detailed alternative rate plan (ARP). Rationale for proposed tariff changes for all impacted gas services
14	B	O.A.C. 4901:1-19-05 Appendix A, Chapter II, Section (C)(2)(b)	Schedule Alt A-Reg B	Justify any proposal to deviate from traditional ROR regulation
14	C	O.A.C. 4901:1-19-05 Appendix A, Chapter II, Section (C)(2)(c)	Schedule Alt A Reg C	If severing of costs and rates proposed, applicant shall compare how its proposed ARP would have impacted actual performance measures during the most recent 5 calendar years
14	D	O.A.C. 4901:1-19-05 Appendix A, Chapter II, Section (C)(2)(d)	Schedule Alt A Reg D	If authorized to exempt any services, applicant shall provide a listing of those services
14	E	O.A.C. 4901:1-19-05 Appendix A, Chapter II, Section (C)(2)(e)	Schedule Alt A Reg E	Complete matrix showing each rate, service, or regulation included in the plan and explain how it may be affected during term of plan
14	F	O.A.C. 4901:1-19-05 Appendix A, Chapter II, Section (C)(2)(f)	Schedule Alt A Reg F	Detailed discussion of how potential issues concerning cross- subsidization of services have been addressed in the plan
14	G	O.A.C. 4901:1-19-05 Appendix A, Chapter II, Section (C)(2)(g)	Schedule Alt A Reg G	Detailed discussion of how the application is in compliance with R.C. 4905.35 and 4929.02
14	H	O.A.C. 4901:1-19-05 Appendix A, Chapter II, Section (C)(2)(h)	Schedule Alt A Reg H	Projected financial data required in section F of Chapter II of appendix A of OAC 4901-7-01
14	I	O.A.C. 4901:1-19-05 Appendix A, Chapter II, Section (C)(2)(i)	Schedule Alt A Reg I	Projected financial data through the term of the proposed plan under the assumption that the plan is not adopted. This shall be labeled as section G

Duke Energy Ohio, Inc.
Case No. 12-1685-GA-AIR, et al.
Standard Filing Requirements
Table of Contents

Vol. #	Tab #	Filing Requirement	Schedule	Description
14	J	O.A.C. 4901:1-19-05 Appendix A, Chapter II, Section (C)(2)(j)	Schedule Alt A Reg J	Application shall submit a list of witnesses sponsoring each of the exhibits in its application

THE PUBLIC UTILITIES COMMISSION OF OHIO

CASE NO. 12-1685-GA-AIR, et al.

GENERAL APPLICATION FOR CHANGE IN
GAS DISTRIBUTION RATES BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

NAME: DUKE ENERGY OHIO, INC.
ADDRSS: 139 EAST FOURTH STREET
CINCINNATI, OHIO 45202

COMPANY OFFICIAL TO BE CONTACTED
PERTAINING TO RATE CASE MATTERS: William Don Wathen Jr.

TELEPHONE: 513- 287-2327

FILING DATE: July 9, 2012

ATTORNEYS FOR APPLICANT:

Amy B. Spiller (0047277) (Counsel of Record)
Deputy General Counsel
Rocco O. D'Ascenzo (0077651)
Associate General Counsel
Jeanne W. Kingery (0012172)
Associate General Counsel
Elizabeth H. Watts (0031092)
Associate General Counsel

ADDRESS: Duke Energy Business Services, LLC
139 East Fourth Street
Cincinnati, Ohio 45202

TELEPHONE: 513-287-4359

APPROVED TEST YEAR: Calendar Year 2012

APPROVED DATE CERTAIN: March 31, 2012

FOR COMMISSION USE ONLY

DATE RECEIVED BY COMMISSION _____

DOCKET NUMBER ASSIGNED _____

RECEIVED BY _____

DATE ACCEPTED _____

ACCEPTED BY _____

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)	
Duke Energy Ohio, Inc., for an)	Case No. 12-1685-GA-AIR
Increase in Gas Rates.)	
In the Matter of the Application of)	
Duke Energy Ohio, Inc., for Tariff)	Case No. 12-1686-GA-ATA
Approval.)	
In the Matter of the Application of)	
Duke Energy Ohio, Inc., for Approval)	Case No. 12-1687-GA-ALT
of an Alternative Rate Plan for Gas)	
Distribution Service.)	
In the Matter of the Application of)	
Duke Energy Ohio, Inc., for Approval)	Case No. 12-1688-GA-AAM
to Change Accounting Methods.)	

APPLICATION OF DUKE ENERGY OHIO, INC.

TO THE HONORABLE
THE PUBLIC UTILITIES COMMISSION OF OHIO:

1. Duke Energy Ohio, Inc., (Duke Energy Ohio or Company) is an Ohio corporation engaged in the business of supplying natural gas to approximately 420,000 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.

2. This Application is made pursuant to R.C. 4909.18 and related sections of the Ohio Revised Code for authority to make changes and increases in natural gas rates applicable in incorporated communities and unincorporated territory within Duke Energy Ohio's entire

service area, which includes all or part of Adams, Brown, Butler, Clermont, Clinton, Hamilton, Highland, Montgomery, and Warren Counties in Ohio. The natural gas rates that Duke Energy Ohio seeks to change in its tariff, P.U.C.O. Gas No. 18, include the following:

- Rate RS, Residential Service, Sheet No. 30;
- Rate GS-S, General Service-Small, Sheet No. 32;
- Rate RFT, Residential Firm Transportation, Sheet No. 33;
- Rate RSLI, Residential Low Income, Sheet No. 34;
- Rate GS-L, General Service-Large, Sheet No. 35;
- Rate RFTLI, Residential Firm Transportation Service, Low Income, Sheet No. 36;
- Rate FT-L, Firm Transportation Service-Large, Sheet No. 37;
- Rate IT, Interruptible Transportation Service, Sheet No. 51;
- Rate FT-S, Firm Transportation Service-Small, Sheet No. 52;
- Rider X, Main Extension Policy, Sheet No. 62;
- Rider AMRP, Accelerated Main Replacement Program, Sheet No. 65;
- Charge for Reconnection of Service, Sheet No. 82; and
- Rider AU, Advanced Utility, Sheet No. 88.

Duke Energy Ohio is also proposing to cancel its Rate SSIT, Spark Spread Interruptible Transportation, Sheet No. 51. The Company has filed an application under Case No. 12-331-GA-ATA to suspend Rate SSIT due to obsolescence and non-use. In these proceedings, the Company is seeking to terminate the rate schedule and replace it with another voluntary option, as explained below.

Duke Energy Ohio also proposes the following new tariff schedules:

- Rate GGIT, Gas Generation Interruptible Transportation, Sheet No. 46
 - A voluntary rate schedule to encourage the development of natural gas-fired generation and cogeneration in the Company's service territory and to replace the Company's current Rate SSIT.
- Rider NGV, Natural Gas Vehicle Rider, Sheet No. 47
 - Applicable to both residential and non-residential customers owning natural gas vehicles, as well as commercial natural gas

filling stations, to encourage the development of natural gas vehicle filling stations owned by either commercial enterprises or individual customers.

- Rider ED, Economic Development Rider, Sheet No. 61
 - Applicable to all of Duke Energy Ohio's firm and transportation customers and designed to provide funding for economic development grants and incentives for new and expanding businesses that are tied to job creation, facility infrastructure investment, and development.
- Rider FRT, Facilities Relocation for Mass Transportation, Sheet No. 69
 - To provide for the recovery of costs associated with utility facility relocation due to mass transportation project(s) initiated by a governmental entity and to enable the governmental entity to authorize a discrete charge applicable to its residents, thus preventing subsidization by all of the Company's ratepayers for said discrete projects.
- Rider ASRP, Accelerated Service Replacement Program, Sheet No. 89
 - Applicable to all firm and transportation customers to recover costs associated with a new safety and reliability program called the Accelerated Service Replacement Program (ASRP) to replace pre-1971, coated-steel main-to-curb and curb-to-meter service lines and other unprotected metallic main-to-curb and curb-to-meter service lines that are not otherwise covered under Accelerated Main Replacement Program (AMRP).

Duke Energy Ohio also proposes:

- Changes to Service Regulations, Customer's and Company's Installations, Sheet No. 22, to clarify the right-of-way policy and to permit limited resale of natural gas delivered in accordance with proposed Rider NGV.
- Text changes to Rate FRAS, Full Requirements Aggregation Service, Sheet No. 44.
- Text changes to Rider EFBS, Enhanced Firm Balancing Service, Sheet No. 50.

3. This Application is also made pursuant to R.C. 4929.11, which authorizes the Public Utilities Commission of Ohio (Commission) to approve automatic rate adjustments for natural gas service, and R.C. 4929.05 and related sections of the Ohio Revised Code for approval of an Alternative Regulation Plan (Plan). The automatic rate adjustments and the Plan consist of continuing Rider AMRP, Rider AU, and implementing Rider ASRP as annually adjusted, cost recovery mechanisms, as described herein. Duke Energy Ohio proposes to continue its current Rider AMRP, with the following additions/changes: (i) allowing the Company to recover costs for relocation of interior gas meters to a suitable exterior location, in response to federal safety regulations requiring regular corrosion inspections; and (ii) eliminating the current rate caps that limit recovery from residential and interruptible customers.

The Company also proposes to continue Rider AU to recover its natural gas-related grid modernization initiative, as was approved in the Company's last gas rate case, Case No. 07-589-GA-AIR, *et al.* Duke Energy Ohio's annual tracker update reflects the impact on the Company's revenue requirements of net plant additions due to grid modernization, as offset by reduced operations and maintenance expense.

Duke Energy Ohio's proposed Rider ASRP is a cost recovery mechanism for a new safety and reliability program. The ASRP is intended to replace pre-1971 coated steel main-to-curb and curb-to-meter service lines and other unprotected metallic main-to-curb and curb-to-meter service lines that are not otherwise covered under the AMRP, in order to further decrease the probability of unprotected metallic service failures. Additionally and again predicated upon federal natural gas safety regulations, the Company is proposing to relocate natural gas meters currently located inside customers' premises to suitable exterior locations for those services being replaced under the ASRP.

Pursuant to R.C. 4929.05(A)(1) and (2), Duke Energy Ohio states that it is in compliance with R.C. 4905.35. Duke Energy Ohio also submits that it is in substantial compliance with the policy of this state, as set forth in R.C. 4929.02, and will continue to be in substantial compliance with such policy after the Plan is implemented.

4. Duke Energy Ohio proposes to recover deferred costs associated with the legacy camera inspections related to the AMRP. The Commission authorized a deferral of the legacy camera inspections in Case No. 09-1097-GA-AAM. Said inspections were performed on AMRP installations completed between April 2001 and May 2006 to ensure the absence of inadvertent sewer breaches during the performance of the AMRP. Duke Energy Ohio proposes to amortize total costs of \$5 million, including deferrals and carrying charges, over a three-year period.

5. Through this Application, the Company also proposes to recover deferred costs associated with the remediation of former manufactured gas plant (MGP) sites. In Case No. 09-712-GA-AAM, the Commission authorized the deferral of costs incurred to remediate the MGP sites, consistent with applicable environmental laws and regulations. The costs incurred to date approximate \$47 million and Duke Energy Ohio projects to incur an additional \$15 million in

remediation costs, exclusive of carrying costs, through the remainder of the test year. The Company proposes to amortize the total costs of approximately \$65 million, including deferrals and carrying charges, over a three-year period. The Company proposes to continue the deferral for additional costs incurred for the remediation for expenses that will be incurred beyond the test year in this proceeding.

6. The Notice of Intent to file was served upon The Public Utilities Commission of Ohio (Commission) and the mayor and legislative authority of each municipality affected by this Application on June 7, 2012, pursuant to R.C. 4909.43(B) and in compliance with the Commission's Standard Filing Requirements set forth in Appendix A to O.A.C. 4901-7-01.

7. In its Notice of Intent, Duke Energy Ohio proposed a test year consisting of the twelve-month period ending December 31, 2012, and a date certain for property valuation of March 31, 2012. The Commission authorized the Company's test year and date certain, as proposed, by entry dated July 2, 2012.¹

8. Duke Energy Ohio estimates that the rate changes proposed herein, if granted in full, would increase gross revenues by \$44.6 million, which equates to an approximate 6.6 percent increase, on average, in overall customer bills.

9. One of Duke Energy Ohio's primary reasons for filing this Application is to generate sufficient revenues for Duke Energy Ohio to pay its operating expenses, service its debt, and provide an adequate rate of return on its property used and useful in the rendition of gas service to its customers. Duke Energy Ohio's current rates, authorized by the Commission in Case No. 07-589-GA-AIR, *et al.*, are based on a date certain of March 31, 2007, and on an accounting test year for the twelve months ended December 31, 2007. Since that test year, the

¹ *In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in Gas Rates*, Case No. 12-1685-GA-AIR, *et al.*, Entry, (July 2, 2012).

property used and useful in the rendition of gas service to the customers affected by this Application has materially increased. As a result, the current rates are projected to provide a 4.90 percent rate of return for the proposed test period. This is substantially below the 8.45 percent return found reasonable for Duke Energy Ohio by this Commission in Duke Energy Ohio's last gas rate proceeding. The Company submits that a return of 8.13 percent that is currently requested in this proceeding is fair and reasonable.

10. Duke Energy Ohio's other reasons for filing this Application include: (i) the continuation of Rider AMRP as a cost recovery mechanism for Duke Energy Ohio's accelerated cast iron and bare steel replacement program; (ii) continuation of Rider AU; (iii) approval of new Riders ASRP, ED, NGV, GGIT, and FRT; and (iv) recovery of deferred costs associated with legacy camera inspections under the Company's AMRP program and its MGP remediation efforts. Duke Energy Ohio began the AMRP in 2000. Under the AMRP, Duke Energy Ohio plans to replace all of the cast iron and bare steel mains and associated metallic services on its system by 2015. As of December 2011, Duke Energy Ohio had approximately 259 miles of remaining twelve-inch and smaller diameter cast iron and bare steel mains on its distribution system. The cast iron and bare steel mains are quite aged, with some dating back to 1873. This program will improve safety and reliability because the leak rate for Duke Energy Ohio's cast iron and bare steel mains is higher than the leak rate for Duke Energy Ohio's plastic and coated steel mains.

Similarly, Rider ASRP will improve safety and reliability by replacing pre-1971 coated steel main-to-curb and curb-to-meter service lines and other unprotected metallic main-to-curb and curb-to-meter service lines, in order to further decrease the probability of unprotected metallic service failures.

Rider AU is a tracking mechanism that allows Duke Energy Ohio to recover the costs, and pass savings through to customers, related to upgrading its distribution network, including installation of Advanced Metering Infrastructure.

The Commission has approved two deferrals for the Company for expenses not currently recovered in base rates of one of its rider adjustment mechanisms. The legacy AMRP camera inspections involves costs related to inspecting AMRP service installations made prior to 2006, when the Company implemented a contemporaneous inspection protocol with new AMRP installations. The MGP deferral involves costs included both to date and anticipated for the remainder of the test period in these proceedings, including carrying charges, related to environmental remediation of manufactured natural gas plants due to current environmental regulations. The recovery of these costs through amortization in base rates is consistent with Commission precedent, necessary so that the costs do not remain uncollected and accruing carrying charges, and reasonable in that the costs incurred were prudently incurred in the course of the Company providing service to its customers.

11. Duke Energy Ohio proposes Riders AMRP, AU, ASRP, ED, NGV, FRT, and GGIT in its standard rate application under R.C. 4909.18 and also under R.C. 4929.11 and R.C. 4929.05, in order to maximize flexibility in ratemaking treatment.

12. Duke Energy Ohio has attached to this Application, as required by R.C. 4909.18 and the Commission's Standard Filing Requirements, the following:

- (a) Schedule A-1, which provides certain financial data for the proposed test year and date certain; Schedule A-2, which shows the computation of the gross revenue conversion factor; and Schedule A-3, which reports that Duke Energy Ohio does not propose a mirrored CWIP revenue surcredit rider in this proceeding;

- (b) Schedules B-1 through B-9, which report Duke Energy Ohio's rate base, including information and adjustments regarding property used and useful in rendering gas service to those customers affected by this Application, as provided in R.C. 4909.05;
- (c) Schedules C-1 through C-12, which contain:
 - (i) detailed schedules of Duke Energy Ohio's receipts, revenues, and incomes from all sources; Duke Energy Ohio's operating costs and other expenditures; and certain adjustments which Duke Energy Ohio deems applicable; and
 - (ii) a statement of the income and expense anticipated under this Application;
- (d) Schedules D-1 through D-5, which, in conjunction with the schedules mentioned in paragraph 13(a) above, contain a statement of Duke Energy Ohio's financial condition, summarizing assets, liabilities, and net worth;
- (e) Schedule E-1, which sets forth Duke Energy Ohio's proposed tariff schedules;
- (f) Schedule E-2, which sets forth Duke Energy Ohio's current tariff schedules that are proposed to be changed, and Schedule E-2.1 which are scored to indicate the provisions to be changed;
- (g) Schedules E-3 through E-5, which set forth Duke Energy Ohio's cost-of-service study, the rationale for tariff changes, the class and schedule revenue summary and the typical bill comparison; revenue summary at current and proposed rates; and typical bill comparisons;
- (h) Schedules S-1 and S-2, which provide certain capital expenditure and revenue requirement information;
- (i) Schedule S-3, which is a proposed notice for newspaper publication, fully disclosing the substance of the Application and the specific requirements of R.C. 4909.18 (E); and
- (j) Schedule S-4.1, which is an executive summary of the Company's corporate process, and Schedule S-4.2, which provides management policies and practices.

13. Duke Energy Ohio has also attached to this Application, as required by R.C. 4929.05 and the Commission's Standard Filing Requirements for Alternative Regulation Plans, set forth in O.A.C. 4901:1-19-05, the following:

- (a) Schedule Alt Reg A, which sets forth a detailed Alternative Rate Plan, including the facts and grounds upon which the Application is based, the Plan's elements, any transition plans, and the rationale for the initial proposed tariff changes;
- (b) Schedule Alt Reg B, which sets forth Duke Energy Ohio's justification for deviating from traditional rate of return regulation, including Duke Energy Ohio's rationale for its proposed Alternative Rate Plan, including how it better matches Duke Energy Ohio's actual experience or performance in terms of costs and quality of service to its regulated customers;
- (c) Schedule Alt Reg C, which establishes that Duke Energy Ohio does not propose to sever costs and rates;
- (d) Schedule Alt Reg D, which establishes that Duke Energy Ohio has not been authorized to exempt any services under R.C. 4929.04;
- (e) Schedule Alt Reg E, which provides a complete matrix showing each rate, service, or regulation that is included in the Plan and an explanation of how it may be affected during the term of the Plan;
- (f) Schedule Alt Reg F, which indicates that no potential issues concerning cross-subsidization of services are anticipated under the Plan;
- (g) Schedule Alt Reg G, which provides a detailed discussion of how Duke Energy Ohio is in compliance with R.C. 4905.35; how Duke Energy Ohio is in substantial compliance with the state policies specified in R.C. 4929.02; and how Duke Energy Ohio will continue to be in substantial compliance with the state policies specified in R.C. 4929.02 after the Plan is implemented;
- (h) Schedule Alt Reg H, which provides certain financial data if the Plan is adopted;
- (i) Schedule Alt Reg I, which provides certain financial data if the Plan is not adopted; and
- (j) Schedule Alt Reg J, which lists the witnesses sponsoring each of the exhibits in Duke Energy Ohio's Application.

14. Duke Energy Ohio states that, on July 2, 2012, the Commission granted the Company a waiver of certain filing requirements.²

² Id.

15. At the time of filing this Application, no municipal corporation has in effect any ordinance or franchise that does, or will, regulate the rates or charges to any customer affected by this Application.

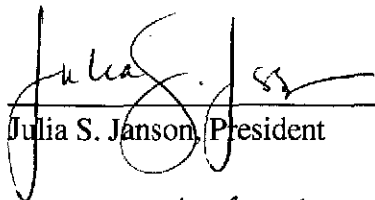
WHEREFORE, since the rates, prices, charges, and other provisions in the current rate schedules do not yield just and reasonable compensation to Duke Energy Ohio for supplying gas service to the customers to which they are applicable, do not yield a just and reasonable return to Duke Energy Ohio on the value of the property used for furnishing gas service to such customers, and result in the taking of Duke Energy Ohio's property for public use without compensation and without due process of law, Duke Energy Ohio respectfully prays that the Honorable Commission:

- (a) Accept this Application for filing;
- (b) Find that this Application and the attached Schedules filed herewith and incorporated herein, are in accordance with R.C. 4909.18, 4929.11, and 4929.05, and the rules of the Commission;
- (c) Approve the Form of Notice in Schedule S-3 filed herewith;
- (d) Find that the current rates, prices, and charges for gas service are unjust, unreasonable, and insufficient to yield reasonable compensation to Duke Energy Ohio for the gas service rendered;
- (e) Find that the proposed rates, prices, and charges, including the recovery of certain deferred expenses through amortization are just and reasonable, based upon the test period for the twelve months ending December 31, 2012, and approve such schedules in the form tendered herewith;
- (f) Find that Duke Energy Ohio is in compliance with R.C. 4905.35, that Duke Energy Ohio is in substantial compliance with the state policies specified in R.C. 4929.02, and that Duke Energy Ohio is expected to continue to be in substantial compliance with the state policies specified in R.C. 4929.02 after the plan is implemented;
- (g) Approve Duke Energy Ohio's requested automatic rate adjustments pursuant to R.C. 4929.11 to the extent applicable;

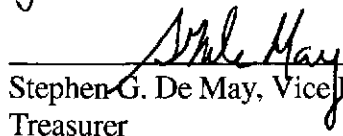
- (h) Approve Duke Energy Ohio's Alternative Rate Plan and authorize Duke Energy Ohio to implement its Alternative Rate Plan;
- (i) Approve Duke Energy Ohio's Application for Approval to Change Accounting Methods, consistent with proposed Riders AMRP, AU, and ASRP, including: (i) capitalizing its investment in service lines and risers; (ii) deferring costs for subsequent recovery through the respective riders; (iii) continuing the existing MGP deferral for ongoing remediation expenses incurred after the test year; and
- (j) Fix the date on or after which deliveries made are subject to the proposed rates at January 1, 2013.

Respectfully submitted,

DUKE ENERGY OHIO, INC.



Julia S. Janson, President

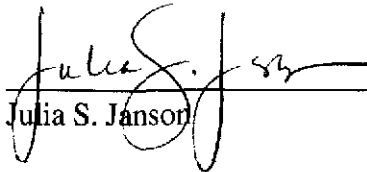


Stephen G. De May, Vice President, and
Treasurer

VERIFICATION

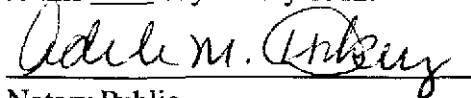
STATE OF OHIO)
)
COUNTY OF HAMILTON)

I, Julia 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.



Julia S. Janson

Sworn to and subscribed in my presence this 3rd day of July 2012.



Notary Public

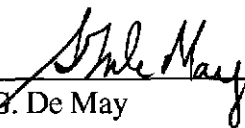
ADELE M. DOCKERY
Notary Public, State of Ohio
My Commission Expires 01-05-2014

My commission expires: 1/5/2014

VERIFICATION

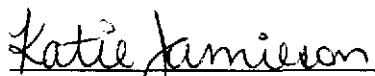
STATE OF NORTH CAROLINA)
)
COUNTY OF MECKLENBURG)

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.



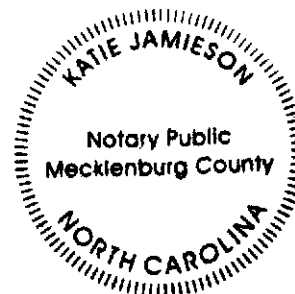
Stephen G. De May

Sworn to and subscribed in my presence this 2 day of July 2012.



Katie Jamieson
Notary Public

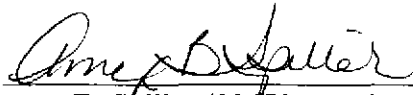
My commission expires: June 14, 2016



Company Official to be contacted regarding the Application:

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Vice President, Rates
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Attorneys for Applicant:



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Rocco O. D'Ascenzo (0077651)

Associate General Counsel

Jeanne W. Kingery (0012172)

Associate General Counsel

Elizabeth H. Watts (0031092)

Associate General Counsel

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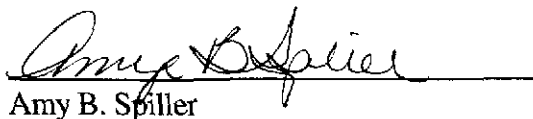
Rocco.D'Ascenzo@duke-energy.com

Jeanne.Kingery@duke-energy.com

Elizabeth.Watts@duke-energy.com

CERTIFICATE OF SERVICE

I, the undersigned, hereby certify that a copy of the foregoing Application and the accompanying Schedules in support were served on the following parties of record by first class, U.S. mail, postage prepaid or electronic mail delivery this 9th day of July 2012.


Amy B. Spiller

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SUPPLEMENTAL FILING REQUIREMENTS

DUKE ENERGY OHIO

Case No. 12-1685-GA-AIR

Test Year: Twelve Months Ended December 31, 2012

Date Certain: March 31, 2012

Schedules	Description
S-1	Five-Year Projected Jurisdictional Capital Expenditures
S-2, P1	Five-Year Projected Jurisdictional Income Statement
S-2, P2	Five-Year Projected Balance Sheet Items
S-2, P3	Statement of Changes in Financial Position
S-2, P4	Assumptions for Five-Year Projection
S-2, P5	Load Forecast and Mix of Fuel
S-3	Proposed Newspaper Notice
S-4.1	Executive Summary of Corporate Process (separate volume)
S-4.2	Management Policies, Practices and Organization

**DUKE ENERGY OHIO FRANCHISED ELECTRIC AND GAS
CASE NO. 12-1685-GA-AIR
MOST RECENT FIVE YEAR CAPITAL EXPENDITURES BUDGET
2013 - 2017
(\$000 Omitted)**

DATA: FIVE (5) YEAR PROJECTED
TYPE OF FILING: "X" ORIGINAL UPDATED REVISED

SCHEDULE S-1
PAGE 1 OF 1
WITNESS RESPONSIBLE:
P. W. MULLINS

	CWIP Balance at 12/31/2012	2013	2014	2015	2016	2017
Electric						
Transmission						
Additions		50,100	59,300	55,800	45,900	51,100
AFUDC Debt & Equity		1,433	1,622	1,233	1,243	1,265
Total Transmission with AFUDC	4,736	51,533	70,922	57,033	47,143	52,365
Distribution						
Additions		139,898	85,342	95,537	95,400	102,700
AFUDC Debt & Equity		1,000	499	528	646	635
Total Distribution with AFUDC	21,924	140,898	85,841	96,065	96,046	103,335
General						
Additions		5,900	6,100	6,600	6,600	6,700
AFUDC Debt & Equity		-	-	-	-	-
Total General with AFUDC	223	5,900	6,100	6,600	6,600	6,700
Gas						
Production						
Additions		300	300	400	400	400
AFUDC Debt & Equity		-	-	-	-	-
Total Production with AFUDC	-	300	300	400	400	400
Distribution						
Additions		108,100	110,800	89,800	92,400	93,800
AFUDC Debt & Equity		1,764	1,904	2,415	2,307	2,300
Total Distribution with AFUDC	1,484	109,864	112,704	92,215	94,707	96,100
General						
Additions		2,600	2,600	2,700	2,700	2,800
AFUDC Debt & Equity		-	-	-	-	-
Total General with AFUDC	-	2,600	2,600	2,700	2,700	2,800
Common						
General						
Additions		19,800	20,100	20,500	13,000	13,000
AFUDC Debt & Equity		-	-	-	-	-
Total General with AFUDC	1,127	19,800	20,100	20,500	13,000	13,000
Total Duke Energy Ohio						
Additions		326,698	294,542	271,337	256,400	270,500
AFUDC Debt & Equity		4,197	4,024	4,175	4,196	4,200
Total Duke Energy Ohio with AFUDC	29,494	330,895	298,566	275,512	260,596	274,700

Specific Project Details:

	<=2012	2013	2014	2015	2016	2017	Total project cost	date started	estimated completion
SmartGrid - electric (net of stimulus)									
Additions	237,056	56,015	(6,100)	2,500	2,700	2,200	294,371	2008	2014
AFUDC Debt & Equity	3,744	885	-	-	-	-	4,629		
Total	240,800	56,900	(6,100)	2,500	2,700	2,200	299,000		
SmartGrid - gas (net of stimulus)									
Additions	73,334	12,958	4,100	1,300	1,300	1,300	94,292	2008	2014
AFUDC Debt & Equity	806	142	-	-	-	-	948		
Total	74,140	13,100	4,100	1,300	1,300	1,300	95,240		
AMRP									
Additions	618,674	53,000	54,700	33,200	-	-	759,574	2002	2015
AFUDC Debt & Equity	19,792	1,676	1,795	1,291	-	-	24,555		
Total	638,467	54,676	56,495	34,491	-	-	784,130		
ASRP									
Additions	-	5,300	5,300	13,300	40,500	40,500	307,000	2013	2022
AFUDC Debt & Equity	-	-	-	-	-	-	-		
Total	-	5,300	5,300	13,300	40,500	40,500	307,000		

DUKE ENERGY OHIO FRANCHISED ELECTRIC AND GAS

CASE NO. 12-1685-GA-AIR

FIVE YEAR PROJECTED INCOME STATEMENT

2013 - 2017

(\$000 Omitted)

DATA: FIVE (5) YEAR PROJECTED

TYPE OF FILING: "X" ORIGINAL UPDATED REVISED

SCHEDULE S-2

PAGE 1 OF 5

WITNESS RESPONSIBLE:

P. W. MULLINS

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Operating Revenues	\$ 1,425,520	\$ 1,493,423	\$ 1,543,752	\$ 1,569,383	\$ 1,609,781
Operating Expenses					
Cost of Goods Sold	498,941	515,786	530,953	542,270	554,200
Operation & Maintenance	350,064	366,437	382,447	395,209	403,903
Depreciation/ Amortization	165,937	177,434	187,967	180,195	184,159
Taxes Other than Income Taxes	228,588	235,853	244,038	251,320	256,849
Current Taxes	35,700	38,616	41,183	37,415	40,293
Deferred Income Taxes	14,103	14,149	9,819	14,115	14,425
Investment Tax Credit amort	(1,092)	(1,092)	(1,092)	(1,092)	(342)
Total Operating Expenses	\$ 1,292,241	\$ 1,347,183	\$ 1,395,315	\$ 1,419,432	\$ 1,453,487
Other Income and Deductions	3,914	3,693	3,811	2,323	2,374
Net Interest Changes	54,102	61,716	67,037	67,550	69,036
Net Income	\$ 83,091	\$ 88,217	\$ 85,211	\$ 84,724	\$ 89,632
Preferred Dividends	-	-	-	-	-
Available for Common Stock	\$ 83,091	\$ 88,217	\$ 85,211	\$ 84,724	\$ 89,632

DUKE ENERGY OHIO FRANCHISED ELECTRIC AND GAS
CASE NO. 12-1685-GA-AIR
FIVE YEAR PROJECTED BALANCE SHEET
2013 - 2017
(\$000 Omitted)

DATA: FIVE (5) YEAR PROJECTED
TYPE OF FILING: "X" ORIGINAL UPDATED REVISED

SCHEDULE S-2
PAGE 2 OF 5
WITNESS RESPONSIBLE:
P. W. MULLINS

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Assets:					
Cash and Cash Equivalents	26,228	24,352	65,045	113,449	158,350
Receivables	308,729	315,987	320,451	322,625	329,722
Inventory	72,515	72,515	72,515	72,515	72,515
Other Current Assets	97,093	97,093	97,093	97,093	97,093
Total Current Assets	504,565	509,947	555,104	605,682	657,680
Goodwill	746,919	746,919	746,919	746,919	746,919
Intangibles, Net	220	220	220	220	220
Other	37,459	37,661	37,862	38,064	38,901
Total Investments and Other Assets	784,598	784,800	785,001	785,203	786,040
PP&E Net	3,709,786	3,873,199	4,010,276	4,129,553	4,220,404
Deferred debt expense	11,706	11,706	11,706	11,706	11,706
Regulatory Assets Related to Income Taxes	78,505	78,505	78,505	78,505	78,505
Other long-term assets	351,124	334,580	319,362	314,492	298,405
Total Regulatory Assets and Deferred Debits	441,335	424,791	409,573	404,703	388,616
Total Assets	\$ 5,440,284	\$ 5,592,737	\$ 5,759,954	\$ 5,925,141	\$ 6,052,740
Liabilities:					
Accounts Payable	225,214	236,112	247,116	258,188	263,868
Notes Payable and Commercial Paper	51,706	76,866	104,071	132,554	135,470
Taxes Accrued	117,759	131,985	144,453	153,900	157,286
Interest Accrued	17,032	19,099	21,166	23,233	25,345
Other Current Liabilities	40,326	40,326	40,326	40,326	41,214
Total Current Liabilities	452,037	504,388	557,132	608,201	623,183
Long-term debt, including current maturities	1,317,589	1,319,071	1,320,550	1,321,986	1,323,421
Deferred Income Taxes	948,550	962,699	972,519	986,633	1,001,058
Investment tax credit	3,618	2,526	1,434	342	-
Asset Retirement Obligations	15,831	15,831	15,831	15,831	15,831
Other long-term liabilities	308,076	305,418	324,475	339,409	346,876
Total Deferred Credits and Other Liabilities	1,276,075	1,286,474	1,314,259	1,342,215	1,363,765
Common Stock	382,847	382,847	382,847	382,847	382,847
Additional Paid in Capital	1,654,779	1,654,779	1,654,779	1,654,779	1,654,779
Retained Earnings	273,866	356,957	445,175	530,387	615,111
Current year Net Income	83,091	88,218	85,212	84,724	89,631
Equity	2,394,583	2,482,801	2,568,013	2,652,737	2,742,368
Total Liabilities and Equity	\$ 5,440,284	\$ 5,592,734	\$ 5,759,954	\$ 5,925,139	\$ 6,052,737

DUKE ENERGY OHIO FRANCHISED ELECTRIC AND GAS
CASE NO. 12-1685-GA-AIR
FIVE YEAR PROJECTED CASH FLOW STATEMENT
2013 - 2017
(\$000 Omitted)

DATA: FIVE (5) YEAR PROJECTED
TYPE OF FILING: "X" ORIGINAL UPDATED REVISED

SCHEDULE S-2
PAGE 3 OF 5
WITNESS RESPONSIBLE:
P. W. MULLINS

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Net Income	\$ 83,091	\$ 88,218	\$ 85,212	\$ 84,724	\$ 89,631
Depreciation and Amortization	165,937	177,434	187,967	180,195	184,159
Amortization of Debt Costs	1,550	1,482	1,478	1,436	1,436
Losses/(Gains) on Sale of Assets	(837)	(837)	(837)	(837)	(837)
Deferred Income Taxes and ITC	13,011	13,057	8,727	13,023	14,083
Contributions to company-sponsored pension plan	(24,000)	(26,000)	-	-	-
Receivables	(7,934)	(7,258)	(4,464)	(2,173)	(2,221)
Accounts Payables	8,953	3,017	5,004	5,059	5,170
Income Taxes Accrued	16,766	-	-	-	-
Taxes Other than income Accrued	19,274	14,226	12,467	9,448	9,655
Interest Accrued	2,067	2,067	2,067	2,067	2,112
Equity AFUDC	(3,077)	(2,856)	(2,974)	(2,956)	(2,940)
Other Assets and Liabilities	3,190	6,123	(8,623)	(12,424)	(12,698)
Net Cash from Operating Activities	\$ 277,991	\$ 268,673	\$ 286,024	\$ 277,562	\$ 287,550
Capital Expenditures	(326,698)	(294,542)	(271,337)	(256,400)	(270,500)
AFUDC Debt	(1,120)	(1,168)	(1,201)	(1,240)	(1,260)
Net Cash from Investing Activities	\$ (327,818)	\$ (295,710)	\$ (272,538)	\$ (257,640)	\$ (271,760)
Money Pool Payable	24,360	25,160	27,205	28,483	29,110
Net Cash from Financing Activities	\$ 24,360	\$ 25,160	\$ 27,205	\$ 28,483	\$ 29,110
Net (Decrease) Increase in Cash and Cash Equivalents	\$ (25,467)	\$ (1,877)	\$ 40,691	\$ 48,405	\$ 44,900

DUKE ENERGY OHIO FRANCHISED ELECTRIC AND GAS
CASE NO. 12-1685-GA-AIR
ASSUMPTIONS
2013 - 2017

1. Electric Forecast (MWH)

Total Retail Sales	Residential	Commercial	Industrial	Street Light	OPA	Inter-Dept	Company Use	Losses	Change in Unbilled	Total
2013	7,369,913	6,599,361	5,000,076	100,295	1,304,278	4,515	4,690	1,395,649	(2,160)	21,776,617
2014	7,505,623	6,846,161	5,026,908	100,912	1,350,043	4,515	4,685	1,423,500	5,728	22,268,075
2015	7,618,082	7,021,397	5,041,605	101,575	1,384,430	4,515	4,685	1,446,309	2,911	22,625,509
2016	7,689,945	7,055,491	5,057,749	102,281	1,386,760	4,515	4,695	1,454,228	(2,553)	22,753,110
2017	7,719,951	7,036,002	5,074,946	103,009	1,387,564	4,515	4,701	1,455,874	(2,557)	22,784,006

2. Gas Forecast (MCF)

Regulated Sales	Residential	Commercial	Industrial	Street Light	OPA	Other	Inter-Dept	Company Use	Losses	Change in Unbilled	Total
2013	19,406,831	7,013,365	1,213,960	4,440	486,034	-	77,476	54,734	226,116	(168,408)	28,314,549
2014	19,493,885	7,039,100	1,274,569	4,440	514,271	-	77,476	54,734	227,623	(168,747)	28,517,351
2015	19,591,905	7,061,737	1,297,192	4,440	543,184	-	77,476	54,734	228,874	(169,613)	28,689,929
2016	19,575,897	7,053,823	1,273,100	4,440	552,922	-	77,476	54,734	228,506	(169,823)	28,651,075
2017	19,614,231	7,066,592	1,246,999	4,440	556,399	-	77,476	54,734	228,734	(170,517)	28,679,089

Transportation Sales

2013	10,764,504	9,258,747	3,641,167	26,659	1,812,332	18,741,355	-	-	-	77,904	44,322,667
2014	10,809,273	9,292,361	3,822,003	26,659	1,915,625	19,195,768	-	-	-	29,233	45,090,922
2015	10,859,790	9,321,626	3,888,451	26,659	2,021,078	19,563,062	-	-	-	22,219	45,702,885
2016	10,847,099	9,310,633	3,815,545	26,659	2,056,063	19,564,141	-	-	-	(3,643)	45,616,496
2017	10,864,884	9,327,227	3,757,402	26,659	2,065,801	19,541,730	-	-	-	(3,639)	45,563,065

Total Retail Sales

2013	30,171,335	16,272,112	4,855,128	31,099	2,298,366	18,741,355	77,476	54,734	226,116	(90,504)	72,637,217
2014	30,303,159	16,331,461	5,096,572	31,099	2,429,895	19,195,768	77,476	54,734	227,623	(139,514)	73,608,273
2015	30,451,895	16,383,364	5,185,643	31,099	2,564,262	19,563,062	77,476	54,734	228,874	(147,394)	74,392,814
2016	30,422,995	16,364,456	5,088,645	31,099	2,608,985	19,564,141	77,476	54,734	228,506	(173,466)	74,267,571
2017	30,479,116	16,393,819	4,984,402	31,099	2,625,200	19,541,730	77,476	54,734	228,734	(174,156)	74,242,154

3. Operations and Maintenance expense was budgeted by department for 2012. The years 2013 through 2017 were based on the company's 2012 Budget with 2.5% Labor and Non-Labor escalations.

Allocable costs from Duke Energy are charged to the Company

4. At the present time, Duke Energy anticipates no additional employees over the budgeted period

5. Long Term debt cost was assumed to range from 4.25% to 4.75% for 2013 - 2017. Short-term debt cost was assumed to range from 0.75% to 2.25% for the period 2013 - 2017.

DUKE ENERGY OHIO FRANCHISED ELECTRIC AND GAS
CASE NO. 12-1685-GA-AIR
MIX OF FUEL
2013 - 2017
MCF

DATA: FIVE (5) YEAR PROJECTED
TYPE OF FILING: "X" ORIGINAL UPDATED REVISED

SCHEDULE S-2
PAGE 5 OF 5
WITNESS RESPONSIBLE:
P. W. MULLINS

		<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
TOTAL REQUIREMENTS	MCF	28,314,549	28,517,351	28,689,929	28,651,075	28,679,089
Columbia Gas Trans-No Notice	MCF	6,987,000	6,987,000	6,987,000	6,987,000	6,987,000
Texas Gas Trans-No Notice	MCF	1,703,109	1,703,109	1,703,109	1,703,109	1,703,109
Undetermined	MCF	19,578,440	19,781,242	19,953,820	19,914,966	19,942,980
Propane-Air	MCF	46,000	46,000	46,000	46,000	46,000
Sub-Total Supply	MCF	28,314,549	28,517,351	28,689,929	28,651,075	28,679,089
Interruptible Purchases	MCF	-	-	-	-	-
Total Supply	MCF	28,314,549	28,517,351	28,689,929	28,651,075	28,679,089
Columbia Gas Trans-No Notice Service						
Volume	MCF	6,987,000	6,987,000	6,987,000	6,987,000	6,987,000
Rate	\$/MCF	\$4.37	\$4.48	\$4.73	\$4.99	\$5.25
Cost	\$	\$30,538,100	\$31,289,140	\$33,077,290	\$34,876,310	\$36,663,170
Texas Gas Trans-No Notice Service						
Volume	MCF	1,703,109	1,703,109	1,703,109	1,703,109	1,703,109
Rate	\$/MCF	\$4.54	\$4.83	\$5.08	\$5.25	\$5.52
Cost	\$	\$7,732,786	\$8,226,581	\$8,655,899	\$8,939,216	\$9,399,140
Other Sources of Supply						
Volume	MCF	19,578,440	19,781,242	19,953,820	19,914,966	19,942,980
Rate	\$/MCF	\$4.52	\$4.88	\$5.16	\$5.42	\$5.70
Cost	\$	\$88,507,944	\$96,498,137	\$102,999,462	\$107,981,774	\$113,645,088
Propane						
Volume	MCF	46,000	46,000	46,000	46,000	46,000
Rate	\$/MCF	\$6.67	\$6.67	\$6.67	\$6.67	\$6.67
Cost	\$	\$306,820	\$306,820	\$306,820	\$306,820	\$306,820
Demand Costs	\$	\$28,319,288	\$28,319,288	\$28,319,288	\$28,300,223	\$28,300,223
Sub-Total Cost of Gas	\$	\$155,404,938	\$164,639,965	\$173,358,758	\$180,404,343	\$188,314,441
Avg. Cost of Gas	\$/MCF	\$5.49	\$5.77	\$6.04	\$6.30	\$6.57
IT Purchased Volume	MCF	-	-	-	-	-
Rate	\$/MCF	0	0	0	0	0
Cost	\$	-	-	-	-	-
Total Cost of Gas	\$	\$ 155,404,938	\$ 164,639,965	\$ 173,358,758	\$ 180,404,343	\$ 188,314,441
Avg. Cost of Gas	\$/MCF	\$5.49	\$5.77	\$6.04	\$6.30	\$6.57

NOTICE OF APPLICATION TO
THE PUBLIC UTILITIES COMMISSION OF OHIO
FOR AN INCREASE IN GAS RATES
TO ALL JURISDICTIONAL CUSTOMERS
FOR DUKE ENERGY OHIO, INC.

TO WHOM IT MAY CONCERN:

Pursuant to the requirements of Section 4909.19 of the Ohio Revised Code, Duke Energy Ohio, Inc., hereby gives notice that on July 9, 2012, it filed with The Public Utilities Commission of Ohio (Commission) an application for authority to change its gas rates and charges in incorporated communities and the unincorporated territory within its service area, which includes all or part of Brown, Butler, Clinton, Clermont, Hamilton, Highland, Montgomery, Preble, and Warren Counties in Ohio. Such application has been assigned Case Nos. 12-1685-GA-AIR, 12-1686-GA-ATA, 12-1687-GA-ALT, and 12-1688-GA-AAM by the Commission. The substance of the application follows.

The following is a description of the proposed gas rates.

**PROPOSED RATE RS
RESIDENTIAL SERVICE**

RESIDENTIAL SERVICE, SHEET NO. 30.17

APPLICABILITY

Applicable to gas service required for residential purposes when supplied at one point of delivery where distribution mains are adjacent to the premises to be served.

NET MONTHLY BILL

Computed in accordance with the following charges:

Fixed Delivery Service Charge per month	\$33.03
Plus a Usage-Based Charge for	
First 400 CCF	\$0.130477 per CCF
Additional CCF	\$0.389097 per CCF

The monthly minimum bill shall be the monthly Fixed Delivery Service Charge and applicable charge under Rider AMRP, Rider AU, and Rider ASRP shown above, plus the percentage specified in Rider ETR, Sheet No. 64, Ohio Excise Tax Liability Rider.

The average percentage increase in the total bill of customers under Rate RS should the increase be granted in full is 8.8%.

**PROPOSED RATE GS-S
GENERAL SERVICE - SMALL**

GENERAL SERVICE - SMALL, SHEET NO. 32.3

APPLICABILITY

Applicable to gas service required for any purpose by an individual non-residential customer using 4,000 CCF or less during the prior calendar year at one premises when supplied at one point of delivery where distribution mains are adjacent to the premises to be served.

NET MONTHLY BILL

Computed in accordance with the following charges:

Fixed Delivery Service Charge per month	\$91.64
Plus a Usage-Based Charge for All CCF delivered at	\$0.154370 per CCF

The monthly minimum bill shall be the monthly Fixed Delivery Service Charge and applicable charge under Rider ED, Rider AMRP, Rider AU, and Rider ASRP shown above, plus the percentage specified in Rider ETR, Sheet No. 64, Ohio Excise Tax Liability Rider.

The average percentage increase in the total bill of customers under Rate GS-S should the increase be granted in full is 3.3%.

**PROPOSED RATE RFT
RESIDENTIAL FIRM TRANSPORTATION SERVICE**

RESIDENTIAL FIRM TRANSPORTATION SERVICE, SHEET NO. 33.14

AVAILABILITY

Firm transportation service for residential purposes, which is provided from the Company's city gate receipt points to the outlet side of Company's meter. Service is available to all residential customers, except for those customers whose utility service accounts are past due at the time customer desires to utilize this service. The Company may terminate a customer's supplier contract for non-payment and return the customer to the Company's sales service only if: (1) the Supplier has made an affirmative request for the Company to act as its agent to terminate customer contracts for non-payment; and (2) the Supplier has included, in its customer contracts, a notice that the Company can terminate such contracts for non-payment. Where the Supplier is performing its own billing of the gas supply, termination of the agreement will be at the discretion of the Supplier, as specified in the Supplier contracts for service. In either case, the Supplier or the Company shall give no less than 30 days written notice that the customer will be switched from the Supplier and revert to the Company unless the past due amount is paid by the customer's next scheduled bill due date. If the past due amount is paid by the next scheduled bill due date, the customer will not revert to the Company and will remain with the Supplier. If the Company provides the late payment notice to the customer, it will send a copy of the notice to the customer's Supplier. A customer must enter into an agreement with a

Supplier that meets the Company's requirements for participation in this pooling program pursuant to Rate FRAS, Sheet No. 44.

Gas transported under this tariff shall be for customer's sole use at one point of delivery where distribution mains are adjacent to the premises to be served. Any gas provided hereunder shall be provided by displacement.

Residential customers who are enrolled in income payment plans pursuant to Rule 4901:1-18-04(B), Ohio Administrative Code (PIPP customers), shall be provided their alternative gas supply service exclusively through their own supply pool, for which gas is provided by a willing Supplier whose bid has been approved by the Public Utilities Commission of Ohio.

NET MONTHLY BILL

Computed in accordance with the following charges:

Fixed Delivery Service Charge per month	\$33.03
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Plus a Usage-Based Charge per CCF for each CCF of gas transported for customer from Company's city-gate measuring stations to the outlet side of Company's meter used to measure deliveries to customer at:

First 400 CCF	\$0.130477 per CCF
Additional CCF	\$0.389097 per CCF

Plus, or minus, rate adjustments that may occur as a result of changes in the rates of interstate pipelines, or of rulings of the Public Utilities Commission of Ohio and/or the Federal Energy Regulatory Commission, and for which it is determined that all customers should be allocated some portion of the corresponding costs or refunds.

In addition, the net monthly bill, as calculated above, shall be adjusted by application of the percent specified on Sheet No. 64, Rider ETR, Ohio Excise Tax Liability Rider, except that finance charges are excluded in the computation of the net bill.

Customer and/or its Suppliers shall be responsible for the collection and payment of excise taxes, revenue taxes, or similar taxes on the gas supplies that customer purchases from its Supplier.

The monthly minimum bill shall be the Fixed Delivery Service Charge and applicable charge under Rider AMRP, Rider AU, and Rider ASRP shown above, plus the percentage specified in Rider ETR, Sheet No. 64, the Ohio Excise Tax Liability Rider.

The average percentage increase in the total bill of customers under Rate RFT, assuming RFT customers pay the same gas cost as RS customers, should the increase be granted in full is 11.6%.

**PROPOSED RATE RSLI
RESIDENTIAL SERVICE LOW INCOME**

RESIDENTIAL SERVICE LOW INCOME, SHEET NO. 34.3

APPLICABILITY

Applicable to gas service required for residential purposes when supplied at one point of delivery where distribution mains are adjacent to the premises to be served. Eligible customers are non-PIPP, low usage residential customers verified at or below 175% of poverty level. The total number of customers that may receive service under Rate RSLI and Rate RFTLI is 10,000.

NET MONTHLY BILL

Computed in accordance with the following charges:

Fixed Delivery Service Charge per month	\$29.03
Plus a Usage-Based Charge for All CCF	\$0.130642 per CCF

The monthly minimum bill shall be the monthly Fixed Delivery Service Charge and applicable charge under Rider AMRP, Rider AU, and Rider ASRP shown above, plus the percentage specified in Rider ETR, Sheet No. 64, Ohio Excise Tax Liability Rider.

The average percentage increase in the total bill of customers under Rate RSLI should the increase be granted in full is 8.4%.

**PROPOSED RATE GS-L
GENERAL SERVICE - LARGE**

GENERAL SERVICE - LARGE, SHEET NO. 35.3

APPLICABILITY

Applicable to gas service required for any purpose by an individual non-residential customer using more than 4,000 CCF during the prior calendar year at one premises when supplied at one point of delivery where distribution mains are adjacent to the premises to be served.

NET MONTHLY BILL

Computed in accordance with the following charges:

Fixed Delivery Service Charge per month	\$226.64
Plus a Usage-Based Charge for All CCF delivered at	\$0.139784 per CCF

The monthly minimum bill shall be the Fixed Delivery Service Charge and applicable charge under Rider ED, Rider AMRP, Rider AU, and Rider ASRP shown above, plus the percentage specified in Rider ETR, Sheet No. 64, Ohio Excise Tax Liability Rider.

The average percentage increase in the total bill of customers under Rate GS-L should the increase be granted in full is 3.9%.

**PROPOSED RATE RFTL1
RESIDENTIAL FIRM TRANSPORTATION SERVICE – LOW INCOME**

**RESIDENTIAL FIRM TRANSPORTATION SERVICE – LOW INCOME, SHEET NO.
36.3**

AVAILABILITY

Firm transportation service for residential purposes, which is provided from the Company's city gate receipt points to the outlet side of Company's meter. Service is available to eligible residential customers, except for those customers whose utility service accounts are past due at the time customer desires to utilize this service. Eligible customers are non-PIPP, low usage residential customer verified at or below 175% of poverty level. The total number of customers who may receive service under Rate RSLI and Rate RFTLI is 10,000. The Company may terminate a customer's supplier contract for non-payment and return the customer to the Company's sales service only if: (1) the Supplier has made an affirmative request for the Company to act as its agent to terminate customer contracts for non-payment; and (2) the Supplier has included in its customer contracts, a notice that the Company can terminate such contracts for non-payment. Where the Supplier is performing its own billing of the gas supply, termination of the agreement will be at the discretion of the Supplier, as specified in the Supplier contracts for service. In either case, the Supplier or the Company shall give no less than 30 days written notice that the customer will be switched from the Supplier and revert to the Company unless the past due amount is paid by the customer's next scheduled bill due date. If the past due amount is paid by the next scheduled bill due date, the customer will not revert to the Company and will remain with the Supplier. If the Company provides the late payment notice to the customer, it will send a copy of the notice to the customer's Supplier. A customer must enter into an agreement with a Supplier that meets the Company's requirements for participation in this pooling program pursuant to Rate FRAS, Sheet No. 44.

Gas transported under this tariff shall be for customer's sole use at one point of delivery where distribution mains are adjacent to the premises to be served. Any gas provided hereunder shall be provided by displacement.

Residential customers who are enrolled in income payment plans pursuant to Rule 4901:1-18-04(B), Ohio Administrative Code (PIPP Customers), shall be provided their alternative gas supply service exclusively through their own supply pool, for which gas is provided by a willing Supplier whose bid has been approved by the Public Utilities Commission of Ohio.

NET MONTHLY BILL

Computed in accordance with the following charges:

Fixed Delivery Service Charge per month	\$29.03
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Plus a Usage-Based Charge per CCF for each CCF of gas transported for customer from Company's city-gate measuring stations to the outlet side of Company's meter used to measure deliveries to customer at:

All CCF	\$0.130642 per CCF
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The monthly minimum bill shall be the Fixed Delivery Service Charge and applicable charge under Rider AMRP, Rider AU, and Rider ASRP shown above, plus the percentage specified in Rider ETR, Sheet No. 64, the Ohio Excise Tax Liability Rider.

The average percentage increase in the total bill of customers under Rate RFTLI, assuming RFTLI customers pay the same gas cost as RSLI customers should the increase be granted in full is 9.9%.

PROPOSED RATE FT-L FIRM TRANSPORTATION SERVICE – LARGE

FIRM TRANSPORTATION SERVICE – LARGE, SHEET NO. 37.3

AVAILABILITY

Firm full requirements transportation service for an individual non-residential customer using more than 4,000 CCF during the prior calendar year at one premises, which is provided from the Company's city gate receipt points to the outlet side of Company's meter used to serve the customer. This service is available within the Company's entire service territory, and at the customer's option, to serve the firm service requirements of interruptible transportation customers in combination with service under Rate IT to all non-residential customers except for those customers whose utility service accounts are past due at the time customer desires to utilize this service. The Company may terminate a customer's supplier contract for non-payment and return the customer to the Company's service only if: (1) the Supplier has made an affirmative request for the Company to act as its agent to terminate customer contracts for non-payment; and (2) the Supplier has included, in its customer contracts, a notice that the Company can terminate such contracts for non-payment. Where the Supplier is performing its own billing of the gas supply, termination of the agreement will be at the discretion of the Supplier, as specified in the Supplier contracts for service. The Supplier or the Company shall give no less than 30 days written notice that the customer will be switched from the Supplier and revert to the Company unless the past due amount is paid by the customer's next scheduled bill due date. If the past due amount is paid by the next scheduled bill due date, the customer will not revert to the Company and will remain with the Supplier. If the Company provides the late payment notice to the customer, it will send a copy of the notice to the customer's Supplier. Service shall be provided on demand from the Company's city gate receipt points to the outlet side of Company's meter used to serve the customer. Customer must enter into a "pooling"

agreement with a Supplier that meets the Company's requirements for participation in this pooling program, and must arrange for the delivery of gas into Company's system.

Customers who believe that they will significantly increase throughput, from their historic firm service levels, shall so inform the Company.

Except as provided under Company Rider NGV, gas transported under this tariff shall be for customer's sole use at one point of delivery where distribution mains are adjacent to the premises to be served. Any gas provided hereunder shall be provided by displacement.

NET MONTHLY BILL

Computed in accordance with the following charges:

Fixed Delivery Service Charge	\$226.64
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Plus a Usage-Based Charge per CCF for each CCF of gas transported for customer from Company's city-gate measuring stations to the outlet side of Company's meter used to measure deliveries to the customer:	\$0.139784 per CCF
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Plus, or minus, rate adjustments that may occur as a result of changes in the rates of interstate pipelines, or of rulings of the Public Utilities Commission of Ohio and/or the Federal Energy Regulatory Commission, and for which it is determined that all customers should be allocated some portion of the corresponding costs or refunds.

In addition, the net monthly bill, as calculated above, shall be adjusted by application of the percent specified on Sheet No. 64, Rider ETR, Ohio Excise Tax Liability Rider, except that finance charges are excluded in the computation of the net bill.

Customer and/or its Supplier shall be responsible for the collection and payment of excise taxes, revenue taxes, or similar taxes on the gas supplies that customer purchases from its Supplier.

The monthly minimum bill shall be the Fixed Delivery Service Charge and applicable charge under Rider ED, Rider AMRP, Rider AU, and Rider ASRP shown above, plus the percentage specified in Rider ETR, Sheet No. 64, Ohio Excise Tax Liability Rider.

The average percentage increase in the total bill of customers under Rate FT-L, assuming FT-L customers pay the same gas cost as GS-L customers, should the increase be granted in full is 4.4%.

PROPOSED RATE FRAS FULL REQUIREMENTS AGGREGATION SERVICE

FULL REQUIREMENTS AGGREGATION SERVICE, SHEET NO. 44.11

APPLICABILITY

This service is available to Suppliers delivering gas on a firm basis to the Company's city gate receipt points on behalf of customers receiving Firm Transportation Service from the Company. The service provided hereunder allows Suppliers to deliver to the Company on an aggregated basis those natural gas supplies that are needed to satisfy the requirements of Customer Pools participating in the Company's firm transportation programs.

CHARACTER OF SERVICE

This Tariff Sheet applies to the provision of pooling service for firm gas transportation customers. Suppliers under this Tariff Sheet shall supply the full requirements of their Pool Customers and agree to accept supply management responsibility. Company shall specify, and Supplier shall deliver each day, the Target Supply Quantity for Supplier's Pool.

GAS SUPPLY AGGREGATION/CUSTOMER POOLING AGREEMENT

Prior to acting as a Supplier for Pool Customers receiving Firm Transportation Service, Supplier must enter into a Gas Supply Aggregation/Customer Pooling Agreement with the Company. An example of the Gas Supply Aggregation/Customer Pooling Agreement is attached to this Tariff Sheet.

SUPPLIER INVOICE

On a monthly basis, the Company will generate, and Supplier will pay, an invoice that includes the costs set forth below in this Tariff Sheet and in Sheet No. 45 herein.

LATE PAYMENT CHARGE

Payment of the total amount due must be received by Company, or its authorized agent, by the due date shown on the Supplier's invoice. If the Supplier does not pay the total amount due by the date shown, an additional amount equal to one and one half percent (1.5%) of the total unpaid balance shall also become due and payable.

RETURNED CHECK CHARGE

The Returned Check Charge set forth in Sheet No. 45 herein shall be added to the Supplier's account each time a check is returned by the financial institution for insufficient funds.

MEASUREMENT OF CUSTOMER USAGE VOLUMES

The Company shall be responsible for all usage measurement at the point of delivery to the customer's facilities. Monthly volumes billed to Pool Customers shall be considered actual volumes consumed, whether the meter reading is actual or estimated.

QUALITY OF GAS DELIVERED BY SUPPLIER

The Supplier warrants that all gas delivered by or on behalf of Supplier for its Pool Customers under this Tariff Sheet shall meet the quality, pressure, heating value and other quality specifications of the applicable FERC Gas Tariff of the interstate gas pipeline delivering said gas to the Company.

TITLE AND WARRANTY

Supplier warrants that it will, at the time and place of delivery, have good right and title to all volumes of gas delivered on its behalf, free and clear of all liens, encumbrances, and claims whatsoever, and that it will defend, indemnify, and hold the Company harmless for all suits, actions, debts, accounts, damages, costs, losses, or expenses (including reasonable attorneys' fees) arising from or out of the adverse claims of any or all persons relating to or arising from said gas.

DEFINITIONS

"Adjusted MDQ" means the Supplier's MDQ less the Company's winter propane percentage, representing the Pool's allocation of the Company's propane peaking supplies.

"Adjusted Target Supply Quantities" (ATSQ) means the Target Supply Quantities plus or minus any adjustments that the Company may require the Supplier to make to its daily deliveries (*i.e.*, Annual Reconciliation volumes) plus the daily firm (Rate FT) requirements of all customers being served by the Supplier under Rate IT.

"Aggregation Service" is a service provided by the Company that allows Suppliers to deliver to the Company, on an aggregated basis, those natural gas supplies that are needed to satisfy the full firm requirements of the one, or more, firm transportation customers that comprise the membership of the Supplier's Pool, as defined below, all in accordance with the rules established by the Company regarding delivery requirements, banking, billing and payments, and Supplier performance requirements.

"Arrearages" are past due and unpaid amounts owed to the Company. A thirty-day arrears exists when any portion of the previous month's bill is unpaid at the time the current bill is issued. Customers having a thirty-day or more arrears of \$50.00 or more are not eligible to participate in the Program. A customer who is current on a payment plan for previously billed and unpaid charges is not considered to have Arrearages when an electronic enrollment to the Company's firm transportation program is received from a Supplier.

"British Thermal Unit" or "Btu" means the quantity of heat required to raise one (1) pound of water (about a pint) one (1) degree Fahrenheit at or near its point of maximum density.

"Ccf" means one hundred cubic feet.

"Commission" means the Public Utilities Commission of Ohio.

"Company" means Duke Energy Ohio.

"Customer" means a residential, non-mercantile, or mercantile recipient of the Company's Sales Service or Transportation Service.

“Default” means the failure of the Company or Supplier to fulfill a duty or obligation set forth in Duke Energy Ohio’s tariffs, the Ohio Revised Code, the Ohio Administrative Code, or any agreement or contract between and among the Company and Supplier.

“Dekatherm” or “Dth” means a unit of heating value equal to ten (10) Therms or Million Btu’s (1 MMBtu).

“Eligible Customer” is a customer who is eligible to participate in a Governmental Aggregation in accordance with section 4929.26 and 4929.27 of the Ohio Revised Code and does not include any of the following: a person that is both a distribution service customer and a mercantile customer on the date of commencement of service to the Governmental Aggregator or the person becomes a distribution service customer after the service commencement date and is also a mercantile customer; a person who is supplied with natural gas sales service pursuant to a contract with a Supplier that is in effect on the effective date of the ordinance or resolution authorizing the aggregation; a person who is supplied with natural gas sales service as part of the Percentage of Income Payment Plan (PIPP) program; or, a customer who has failed to discharge, or enter into a plan to discharge, all existing Arrearages owed to or billed by the Company.

“Enrollment Processing Period” means the number of days required to process a customer’s accepted enrollment in the Program pursuant to this Tariff. This process commences with the submission to Company by Supplier of appropriate information for an eligible customer and ends with the termination of the customer’s recession period. The process will take up to twelve (12) calendar days, and includes seven (7) business days from the date the Company sends the customer a letter indicating the customer may rescind its Program enrollment or change in Suppliers.

“Firm Transportation Service” means service under Residential Firm Transportation Service (Rate RFT – Sheet No. 33), Residential Firm Transportation Service – Low Income (Rate RFTLI – Sheet No. 36), Firm Transportation Service - Large (Rate FT-L – Sheet No. 37) or Firm Transportation Service – Small (Rate FT-S – Sheet No. 52).

“Gas Supply Aggregation/Customer Pooling Agreement” is an agreement between the Company and Supplier that defines the mutual responsibilities and obligations of those parties relative to the Aggregation Service provided under Rate FRAS.

“Maximum Daily Quantities” (MDQ) means the expected peak day natural gas usage for a Supplier’s Pool of Customers.

“Mcf” means one thousand cubic feet.

“Mercantile Customer” has the meaning set out in division (L) of section 4929.01 of the Ohio Revised Code. In summary, it means a customer that: (1) consumes, other than for residential use, more than 5,000 Ccf of natural gas per year at a single location or as part of an undertaking having more than 3 locations within or outside the state; and (2) that has not filed a declaration with the Commission.

“Negative Imbalance Volume” or “Under-deliveries” is the amount by which the sum of all volumes actually delivered to the Pool Customers during the period exceeds the sum of the volumes available for redelivery by the Company to the Pool during the same period.

“O.A.C” means the Ohio Administrative Code.

“OCC” means the Office of the Ohio Consumers' Counsel.

“Operational Flow Orders” (OFOs) are notices issued by the Company via its electronic bulletin board (EBB) or fax transmission requiring Suppliers to adjust their daily deliveries into the Company’s system to match, match or be less than, or match or be more than their Adjusted Target Supply Quantity for the Supplier’s Pool of Customers receiving Firm Transportation Service. Supplier shall be required to deliver natural gas, or to cause natural gas to be delivered, into the Company’s specified city gate receipt points, if it is determined by the Company to be necessary and the specified receipt points and amounts are identified in the OFO notice posted on the EBB.

“Over-deliveries” or “Positive Imbalance Volume” is the amount by which the sum of all volumes actually delivered to the Pool Customers during the period is less than the sum of the volumes available for redelivery by the Company to the Pool during the same period.

“Pool” is a group of one or more customers receiving service pursuant to firm transportation tariffs that have been joined together pursuant to Rate FRAS, Full Requirements Aggregation Service for supply management purposes. If PIPP Customers are being served by a Supplier, a separate Pool must be comprised entirely of PIPP Customers.

“Pool Customer” means a recipient of Firm Transportation Service provided by the Company under Tariff Sheet Nos. 33, 36, 37 or 52 who receives gas supply from a Supplier as a member of a Pool.

“Pooling Program” refers to the services provided under Residential Firm Transportation Service (Rate RFT – Sheet No. 33), Residential Firm Transportation Service – Low Income (Rate RFTLI – Sheet No. 36), Firm Transportation Service - Large (Rate FT-L – Sheet No. 37), Firm Transportation Service - Small (Rate FT-S – Sheet No. 52), and Full Requirements Aggregation Service (Rate FRAS – Sheet No. 44).

“Pooling Service” means a service provided by the Company that allows Suppliers to deliver to the Company gas supplies needed to satisfy the usage requirements of the customers of the Supplier’s Pool, all in accordance with the rules established by the Company in this Tariff Sheet and Gas Supply Aggregation/Customer Pooling Agreement.

“Positive Imbalance Volume” or “Over-deliveries” is the amount by which the sum of all volumes actually delivered to the Pool Customers during the period is less than the sum of the volumes available for redelivery by the Company to the Pool during the same period.

“Program” means the Company’s firm transportation/supply aggregation customer choice program under Rate RFT, Rate RFTLI, Rate FT-L and Rate FT-S, and Rate FRAS, respectively.

“PUCO” or “Commission” means the Public Utilities Commission of Ohio.

“Sales Service” means service under Residential Service (Rate RS – Sheet No. 30), Residential Service Low Income Pilot (Rate RSLI – Sheet No. 34), General Service – Small (Rate GS-S – Sheet No. 32) or General Service - Large (Rate GS-L – Sheet No. 35).

“Supplier” is a qualified business entity that: (1) has been certified by the Commission to provide retail natural gas service, (2) has been chosen as a Supplier by a group of one or more customers that qualifies as a Pool, (3) agrees to accept responsibility for the gas supply management of the Pool, (4) meets the Requirements for Supplier Participation set out in this Tariff Sheet, and (5) has executed a Gas Supply Aggregation/Customer Pooling Agreement with the Company.

“Supply Contract” or “Contract” means a contract between the Pool Customer and its Supplier that defines the mutual responsibilities and obligations of those parties relative to customer’s purchase and Supplier’s sale of gas supplies for delivery to customer pursuant to this Tariff Sheet and the applicable Transportation Service Tariff Sheet.

“Target Supply Quantities” (TSQ) are defined as daily city gate delivery quantities determined from statistical models used to estimate the daily gas usage of the full requirements firm customers in Supplier’s Pool. These daily gas usage estimates are adjusted for Unaccounted-for Gas Loss and converted from volumetric to thermal quantities.

“Transportation Service” means service under Residential Firm Transportation Service (Rate RFT – Sheet No. 33), Residential Firm Transportation Service – Low Income (Rate RFTLI – Sheet No. 36), Firm Transportation Service - Large (Rate FT-L – Sheet No. 37), Firm Transportation Service – Small (Rate FT-S – Sheet No. 52) or Interruptible Transportation Service (Rate IT – Sheet No. 51).

“Unaccounted-for Gas Loss” is the difference between the Company’s total available gas commodity and the total gas commodity accounted for (metered) as sales and transported volumes. The difference is comprised of factors including but not limited to leakage, discrepancies due to meter inaccuracies, Company use and with the use of cycle billing, an amount of gas used but not billed.

“Unaccounted-for Percentage” means a percentage calculated by dividing the difference between: (1) the aggregate volume of gas received into Company’s system from the interstate pipelines plus the volume of vaporized propane, all converted to Mcf using the Btu content associated with such supply source, and (2) the aggregate volume consumed by all of Company’s gas customers, stated in Mcf, over that same period, by the Mcf volume calculated in item (1) above.

“Under-deliveries” or “Negative Imbalance Volume” is the amount by which the sum of all volumes actually delivered to the Pool Customers during the period exceeds the sum of the volumes available for redelivery by the Company to the Pool during the same period.

REQUIREMENTS FOR SUPPLIER PARTICIPATION

Each Supplier desiring to receive Aggregation Service/Firm Transportation Service from the Company will be evaluated to ensure that it possesses the financial resources and sufficient experience to perform its responsibilities as a Supplier. On the basis of this evaluation, a Supplier’s participation may be limited to a level specified by the Company.

In order to assist Company in performing its evaluation, Supplier(s) must do the following:

- a) Provide proof of Commission Certification to the Company.
- b) Complete and sign the Company’s Credit Application form.
- c) Complete and sign the Retail Natural Gas Supplier Registration form.
- d) Pay a registration fee as set forth in Sheet No. 45 herein.
- e) Attend Company-sponsored training for Retail Natural Gas Suppliers.
- f) Demonstrate a working understanding of the proper electronic communications capabilities necessary to transact business with the Company.
- g) Complete and sign the Company’s Gas Supply Aggregation/Customer Pooling Agreement.

Suppliers not meeting the necessary credit level will be required to provide additional security in a form and format specified by the Company.

Financial evaluations will be based on standard credit factors such as financial and credit ratings, trade references, bank information, unused line of credit, Pool Customer payment history, and related financial information that have been independently audited, if available. The Company shall determine creditworthiness based on the above criteria, and will not deny a Supplier’s participation in the Program without reasonable cause. A fee will be assessed to the Supplier for each financial evaluation, as set forth in Sheet No. 45 herein.

The Company reserves the right to conduct re-evaluations of Supplier’s financial standing from time to time. Such re-evaluation may be initiated either by a request from the Supplier or by the Company, if the Company reasonably believes that the creditworthiness or operating environment of a Supplier may have changed. Based on such re-evaluation, the Company may require the Supplier to increase the amount of its financial security. If the Supplier does not increase its security within five (5) business days of the Company’s request or within an additional time period specified by the Company, the Supplier’s participation may

be suspended or terminated in accordance with the Consequences of Supplier's Failure to Perform or Comply section of this Tariff. The financial evaluation fee set forth in Sheet No. 45 herein will be assessed for such re-evaluations.

GENERAL PROVISIONS

- A) Suppliers and Governmental Aggregators shall not engage in unfair, misleading, deceptive, or unconscionable acts or practices related to, without limitation, the following activities:
 - 1) Marketing, solicitation, or sale of a competitive retail natural gas service;
 - 2) Administration of contracts for such service; or
 - 3) Provision of such service, including interactions with consumers.
- B) Suppliers shall maintain an employee and an office open for business in the state of Ohio.
- C) Suppliers and Governmental Aggregators shall not cause or arrange for the disconnection of distribution service, or employ the threat of such actions, as a consequence of contract termination, customer nonpayment, or for any other reason.
- D) Suppliers and Governmental Aggregators shall not change or authorize the changing of a customer's Supplier of competitive retail natural service without the customer's prior consent, as provided for under Rule 4901:1-29-06 of the O.A.C. For the purpose of procuring competitive retail natural gas services, this requirement does not apply to automatic Governmental Aggregation and for the PIPP program.
- E) All Suppliers and Governmental Aggregators shall provide the Commission's staff with a name, telephone number, and e-mail address of a contact person who will respond to Commission concerns pertaining to consumer complaints. If any of the required information relating to the contact person should change, the Supplier or Governmental Aggregator shall provide advance notice of such changes to the Commission.

RECORDS AND RETENTION

- A) The Company (for records retention related to competitive retail natural gas services), each Supplier and each Governmental Aggregator shall establish and maintain records and data sufficient to:
 - 1) Verify its compliance with the requirements of any applicable Commission rules; and
 - 2) Support any investigation of customer complaints.

- B) Unless otherwise prescribed, all required records shall be retained for no less than two years.
- C) Unless otherwise prescribed by the Commission or its authorized representatives, all required records required shall be provided to the Commission staff within three (3) business days of its request.

MARKETING AND SOLICITATION

- A) Each Supplier and Governmental Aggregator that offers competitive retail natural gas service to customers shall provide, in marketing materials that include or accompany a service contract, sufficient information for customers to make informed cost comparisons.
 - 1) For fixed-rate offers, such information shall, at minimum, include:
 - a) The cost per Ccf or Mcf, whichever is consistent with the Company's current billing format, for natural gas supply;
 - b) The amount of any other recurring or nonrecurring Supplier or Governmental Aggregator charges; and
 - c) A statement that the Supplier's or Governmental Aggregator's rate is exclusive of all applicable state and local taxes and the Company's service and delivery charges.
 - 2) For variable-rate offers, such information shall, at minimum, include:
 - a) A clear and understandable explanation of the factors that will cause the price to vary (including any related indices) and how often the price can change;
 - b) The amount of any other recurring or Supplier or Governmental Aggregator charges; and
 - c) A statement that the Supplier's or Governmental Aggregator's rate is exclusive of all applicable state and local taxes and the Company's service and delivery charges.
- B) A Supplier's or Governmental Aggregator's promotional and advertising material shall be provided to the Commission or its staff within three (3) business days of a request by the Commission or its staff.
- C) No Supplier or Governmental Aggregator may engage in marketing, solicitation, sales acts, or practices which are unfair, misleading, deceptive, or unconscionable in the marketing, solicitation, or sale of a competitive retail

natural gas service. Such unfair, misleading, deceptive, or unconscionable acts or practices include, but are not limited to, the following:

- 1) Soliciting customers for a competitive retail natural gas service:
 - a) After suspension, rescission, or conditional rescission of certification by the Commission; or
 - b) After denial of certification renewal by the Commission.
- 2) Failing to comply with paragraph (A) or (B) of this section;
- 3) Failing to provide in or with its advertisements and promotional materials that make an offer for sale, a toll-free/local telephone number (and address for printed materials) that the potential customer may call or write to request detailed information regarding the price, terms, conditions, limitations, and restrictions;
- 4) Soliciting via telephone calls initiated by the Supplier or Governmental Aggregator (or its agent) without first:
 - a) Obtaining the list of customers who have requested to be placed on a “do not call” list, which shall be created and maintained by the Commission; and
 - b) Obtaining monthly updates of the Commission-maintained “do not call” list;
- 4) Engaging in telephone solicitation of customers who have been placed on the “do not call” list maintained by the Commission;
- 5) Engaging in telephone solicitation to residential customers either before nine a.m. or after nine p.m.;
- 6) Engaging in direct solicitation to customers where the Supplier’s or Governmental Aggregator’s sales agent fails to wear and display a valid Supplier or Governmental Aggregator photo identification. The format for this identification shall be pre-approved by the Commission staff; and
- 8) Advertising or marketing offers that:
 - a) Claim that a specific price advantage, savings, or guarantee exists if it does not, or may exist if it will not;
 - b) Claim to provide a competitive retail natural gas service when such an offer is not a bona fide offer to sell such services;

- c) Offer a fixed price per Ccf or Mcf, whichever is consistent with the Company's current billing format, for competitive retail natural gas service without disclosing all recurring and nonrecurring charges;
- d) Offer a variable price per Ccf or Mcf, whichever is consistent with the Company's current billing format, for competitive retail natural gas service without disclosing all recurring and nonrecurring charges; and
- e) Fail to disclose all material limitations, exclusions, and offer expiration dates.

OBLIGATIONS TO THE COMPANY

Each Supplier participating in the Pooling Program shall:

- 1) Deliver gas to the Company on a firm basis on behalf of the Supplier's pool members in accordance with the requirements of the "Gas Supply Aggregation/Customer Pooling Agreement."
- 2) Establish and maintain a creditworthy financial position to enable the Supplier to indemnify the Company and the customers for costs incurred as a result of any failure by Supplier to deliver gas in accordance with the requirements of the program and to assure payment of any Commission-approved charges for any such failure.
- 3) Make good faith efforts to resolve all disputes between Supplier and its Pool Customers and to cooperate with resolution of any joint issues with Company.
- 4) Refrain from requesting customer-specific billing, payment, and usage history without first having received the customer's approval to access such information.

Failure to fulfill any of these obligations may subject Supplier to consequences set forth in the Consequences of Supplier's Failure to Perform or Comply section of this Tariff Sheet.

CUSTOMER INFORMATION LIST

Company shall make available to Suppliers an electronic list of customer information for customers who are eligible to participate in the Program. Such list shall be updated quarterly and shall, at a minimum, contain the following information regarding each customer: name, service and mailing addresses, meter read date or schedule, and the most recent twelve (12) months of consumption data. The fee for this customer information list is set forth in Sheet No. 45 herein.

GOVERNMENTAL AGGREGATION

Governmental Aggregators shall follow the Commission's rules for formation and operation of a Governmental Aggregation.

Upon the request of a Governmental Aggregator, the Company will provide, on a best efforts basis, an update list of Eligible customers' names, service and mailing addresses, account numbers, and other customer information list data for all Eligible customers residing within the Governmental Aggregator's boundaries. Except for the inclusion of information for customers who have opted-out the Company's customer information list for Suppliers and Company account numbers, the customer information contained in such list shall be consistent with any customer information list provided to Suppliers described herein. The Governmental Aggregator will pay a fee for a copy of said list, as set forth in Sheet No. 45 herein. The Governmental Aggregator shall not disclose or use a customer's account number or any customer information regarding those customers who have opted-out the Company's customer information list, without the customer's express written consent.

Prior to the Company including a customer's natural gas account in a Governmental Aggregation, the Governmental Aggregator shall provide each Eligible customer written notice that their account will be automatically included in the aggregation notice unless the customer affirmatively opts out of the aggregation. The Company shall switch Eligible customers, who have not opted out of the Governmental Aggregation, to or from a Governmental Aggregation under the same processes described herein for Suppliers.

CUSTOMER SIGN-UP PROCEDURES

Customers desiring to participate in the Program must execute a written Supply Contract with a Supplier that states that the customer has agreed to participate in the Program and which sets forth the terms and conditions of the customer's gas supply purchase. The Supplier may design the format of the Supply Contract, but at a minimum, it must comply with the applicable provisions specified in Rules 4901:1-29-10 and 4901:1-29-11 of the O.A.C.

In the alternative, customers desiring to participate in the Program may enroll with a Supplier via telephone or internet. Under these methods, the Supplier must retain proof of customer consent as required by the Commission.

The Supply Contract, or alternate proof of customer consent in the case of telephonic or internet enrollment, will be used to resolve disputes if the validity of an account enrollment comes into question. If requested by the Company, Commission (in the case of Non-Mercantile Customers only) or OCC (in the case of residential customers only), Supplier must provide a copy of a specific Supply Contract, or alternate proof of customer consent in the case of telephonic or internet enrollment, within three (3) business days of any such request.

Regardless of the customer enrollment method used, within three (3) business days after completion of enrollment (unless a later date agreed to or customer rescinds), Supplier will provide the Company with an electronic file in a format specified by the Company, containing a listing of all customers who Supplier has signed up or desires to drop since its last submission. This list shall include each Pool Customer's Company account number. The

Company will evaluate the information provided for accuracy and customer eligibility, and provide Supplier with a confirmation report within three (3) business days. In the event more than one Supplier includes the same Pool Customer on their enrollment files to begin the same period, the customer will be assigned to the Supplier whose acceptable enrollment was first processed by the Company.

Once complete and accurate information supporting a customer joining or leaving a Supplier's Pool is received and confirmed by Company, the change will be effective on the customer's next regularly scheduled meter read date, provided that it is received by the Company at least twelve (12) days before the next regularly scheduled meter read date. If a customer rescinds their enrollment prior to commencing service with a Supplier, the Company shall notify the Supplier within two (2) business days of the customer's rescission.

Customer will remain with its Supplier until: (1) the customer is reverted to Sales Service due to non-payment or Supplier default; (2) the customer or Supplier notifies the Company that the customer should revert to the Company's Sales Service; (3) the customer joins the PIPP program; or (4) the customer's name, service address and account number appear on another Supplier's electronic enrollment file listing. If a customer moves from one address to another within the Company's service territory; (a) nothing in this tariff shall be construed to impact the Supplier/Customer contract by virtue of that move; (b) the Company's current billing system needs confirmation in order to maintain Program participation with the Supplier because of the location change within the Company's service territory; (c) in order to maintain Program participation with the Supplier, the Supplier must confirm enrollment via customer authorization once the new distribution service account with the Company has been established; (d) when a customer changes their service address within the Company's service territory, the customer will be billed for Sales Service for a period of no more than one billing cycle plus eleven (11) days, provided that a timely enrollment notice is received from the Supplier; and (e) the customer and the Supplier may minimize the time the customer is billed under Sales Service by promptly providing the Company with the new enrollment notice. If the customer's current Supplier initiates customer's termination in the Program, the Company shall issue a written notification to the customer informing customer of such change. Customers, who on their own initiative, decide to terminate their participation in the Program will be permitted to do so without the Company making any determination regarding whether the customer is contractually permitted to make such move. The Company shall not be liable to the Supplier or customer for allowing the customer to revert to Sales Service. The Company is not responsible for tracking Supplier contract terms and conditions between Suppliers and customers and shall not be liable for any default of such contract.

If the Company rejects a customer from enrollment, the Supplier shall notify the customer within three (3) business days from the Company's notification of rejection that the customer will not be enrolled or enrollment will be delayed, along with the reason(s) therefore.

The Company will accept an enrollment from another Supplier for a customer who is currently with a Supplier, without the current Supplier first submitting an electronic drop notification to the Company. In enrollment situations where a customer is already being served by a Supplier or the customer is currently receiving Sales Service, the Company shall, prior to

commencing competitive retail natural gas service with the subsequent Supplier, mail the customer a confirmation notice stating:

- 1) The Company has received a request to enroll the customer for competitive retail natural gas service with the named Supplier, and, in the case of an enrollment request for a customer who is currently with another Supplier, a statement that Company's records reflect that customer is currently enrolled with another Supplier along with an admonition that customer should review the terms and conditions of the incumbent Supplier's Contract for customer's obligations under said Contract;
- 2) The date such service is expected to begin;
- 3) The customer has seven (7) business days from the postmark date on the notice to contact the Company telephonically, in writing or via the internet to rescind the enrollment request or notify the Company that the change of the Supplier was not requested by the customer; and
- 4) The Company's appropriate contact information, including, but not limited to, the Company's toll-free telephone number.

If the customer rescinds their enrollment, the Company will initiate said rescission and notify the Supplier or Governmental Aggregator.

Any customer returning to Sales Service as a result of Supplier default, slamming, Supplier abandonment, or Supplier certification rescission will not be liable for any costs associated with the switch.

ENROLLMENT OF CUSTOMERS

Suppliers may enroll customers by mail, facsimile, direct solicitation, telephone, and the internet. When soliciting and/or enrolling Non-Mercantile customers, Supplier must adhere to the requirements set out in Rules 4901:1-29-05 and 4901:1-29-06 of the O.A.C.

CONTRACT ADMINISTRATION AND RENEWAL NOTICES

Supplier must adhere to the contract administration and renewal requirements for Non-Mercantile customers set out in Rule 4901:1-29-10 of the O.A.C.

POOL CUSTOMER BILLING OPTIONS

Suppliers may elect one of the following two billing options for its Pool Customers that do not participate in PIPP.

Option 1 – Company Consolidated Billing

The Pool Customer shall receive one bill from the Company that indicates the name of the Supplier from whom the customer is receiving its gas supply and includes an amount for the Supplier's gas supply charges in accordance with the pricing arrangements agreed upon between the Supplier and the customer, including any taxes for which the Supplier must collect. The Company's consolidated bill may provide the

budget amounts, past due balances, payments applied, credits, late charges, and total amount due on a consolidated basis only. A Supplier that elects this billing option will be provided, at no charge, as many as twenty-five (25) actively billed rate codes to which a customer may be assigned by the Supplier and billed by the Company. Additional actively billed rate codes will be provided by the Company for a fee as set forth in Sheet No. 45 of this Tariff. Each Supplier will be limited to a total of forty (40) actively billed rate codes for which the Supplier may submit to the Company a price change each month for each rate code. Price changes must be submitted to the Company no later than the 25th day each month for bills rendered the next month. In the event that a Supplier desires extraordinary billing system changes, the Supplier shall be charged for the cost of implementing such changes, as set forth in Sheet No. 45 of this Tariff.

The Pool Customer will be responsible for making payment to the Company for the entire amount shown on the bill, including both the Company's and the Supplier's charges. In the event that a customer remits to the Company less than the full payment due, the payment received shall first be applied to the Company's charges shown on the bill plus any Arrearages relating to such Company charges from previous billing periods, and the residual amount shall be applied to the Supplier's portion of the bill, including the taxes thereon. Supplier shall be promptly notified of any payments received from customers attributable to Supplier's portion of the bill. Payment to Supplier for payments received from customers as noted above will be made within five (5) business days after mid-month and end-of-month numbers are available.

Where Supplier has elected service under Rate ARM, Accounts Receivable Management Service, the Company shall remit to the Supplier, by wire transfer or otherwise, payment for all gas billed to the Supplier's customers by the Company on Supplier's behalf, including taxes attributable to Supplier's portion of the bill based on the terms contained in the respective Supplier's ARM agreement.

Supplier shall be responsible for dispersing to the appropriate taxing authorities any tax that is attributable to Supplier's portion of the bill.

In the event, and to the extent, that a customer remits to the Company less than the amount which would be attributable to the Company's charges and Arrearages included on the bill, the customer shall be subject to the same late charges and disconnection procedures which would be applicable if the customer were receiving Sales Service.

Option 2 – Dual Billing

The customer shall receive two bills as follows:

- a) The Company shall bill and collect for its portion of the bill that includes charges for gas transportation service and all applicable Riders. The Company's bill shall include the Supplier's name and a statement that the Supplier is responsible for billing Supplier's charges. In the event that a customer remits to the Company less

than the amount included on the Company's bill, customer shall be subject to the same late charges and disconnect rules that would be applicable if the customer were receiving Sales Service.

- b) Supplier shall be responsible for billing and collecting its part of the bill including any past due amounts that are due from Supplier's own prior billings. To facilitate Suppliers' portion of the billing each month, the Company will provide each Supplier with an electronic notification of the monthly meter readings of all customers within Supplier's Pool that have been billed by the Company. Such billing data will correspond to the meter reading data on which the Company based its bill for transportation service. A Supplier may terminate gas sales to any Pool Customer for non-payment and remove the customer from its Pool in accordance with the procedures for dropping customers from a Supplier's Pool pursuant to this Tariff Sheet.

CUSTOMER DISCONNECTION

The Company may disconnect service to a customer for non-payment of its regulated utility charges. The Supplier is not permitted to physically disconnect customer's gas service for non-payment of the Supplier gas charges.

CUSTOMER ACCESS AND COMPLAINT HANDLING

Each Supplier shall cooperate with the Company, the Commission, and the OCC (in the case of residential customers) to answer inquiries and resolve disputes. The following procedures shall be applicable to customer access and complaint handling:

A) Customer access

- 1) Each Supplier or Governmental Aggregator shall ensure customers reasonable access to its service representatives to make inquiries and complaints, discuss charges on customer bills, terminate competitive service, and transact any other pertinent business.
- 2) Telephone access shall be toll-free and afford customers prompt answer times during normal business hours.
- 3) Each Supplier or Governmental Aggregator shall provide a twenty-four (24) hour automated telephone message instructing callers to report any service interruptions or natural gas emergencies to the Company.

B) Customer complaints

- 1) Each Supplier or Governmental Aggregator (and/or its agent) shall investigate customer complaints (including customer complaints referred by the Company) and provide a status report within three (3) business days following receipt of the complaint to:

- a) The customer, when the complaint is made directly to the Supplier or Governmental Aggregator, or
 - b) The customer and Commission staff, when a complaint is referred to the Supplier or Governmental Aggregator by the Commission staff.
- 2) The Governmental Aggregator may choose to have the Supplier perform certain functions as the Governmental Aggregator's agent. However, the Governmental Aggregator is still responsible for ensuring that the requirements of these rules are met.
- 3) If an investigation is not completed within ten (10) business days, the Supplier or Governmental Aggregator (and/or its agent) shall provide status reports to the customer, and if applicable, to the customer and Commission staff. Such status reports shall be provided at three (3) business day intervals until the investigation is complete, unless the action that must be taken will require more than three (3) business days and the customer has been so notified.
- 4) The Supplier or Governmental Aggregator (and/or its agent) shall inform the customer, or the customer and Commission staff, of the results of the investigation, orally or in writing, no later than three (3) business days after completion of the investigation. The customer or Commission staff may request the report in writing.
- 5) If a customer disputes the Supplier's or Governmental Aggregator's (and/or its agent's) report, the Supplier or Governmental Aggregator shall inform the customer that the Commission staff is available to mediate complaints. The Supplier or Governmental Aggregator (and/or its agent) shall provide the customer with the address, local/toll-free telephone numbers, and TDD/TTY telephone number of the Commission's public interest center.
- 6) Each Supplier or Governmental Aggregator shall retain records of customer complaints, investigations, and complaint resolutions for two (2) years after the occurrence of such complaints and shall provide such records to the Commission staff within three (3) business days of request.
- 7) Each Supplier or Governmental Aggregator shall make good faith efforts to resolve disputes and cooperate with the resolution of any joint issues with the Company.
- C) If customers contact the Company concerning competitive retail natural gas service issues, the Company shall:
 - 1) Review the issue with the customer to determine whether it also involves the Company;

- 2) Cooperate with the resolution of any joint issues with the Supplier or Governmental Aggregator; and
- 3) Refer the customer to the appropriate Supplier or Governmental Aggregator in those instances where the issue lacks Company involvement.

D) Slamming Complaints

- 1) A slamming complaint is a customer's allegation that the customer's Supplier or Governmental Aggregator has been switched without the customer's authorization.
- 2) If a customer contacts the Company, Supplier or Governmental Aggregator alleging that the customer's Supplier has been switched without the customer's authorization, the Company, Supplier or Governmental Aggregator shall:
 - a) Provide the customer any evidence relating to the customer's enrollment;
 - b) Refer the customer to the Commission's public interest center;
 - c) Provide the customer with the local/toll-free telephone numbers of the Commission's consumer service department; and
 - d) Cooperate with the Commission staff in any subsequent investigations of the slamming complaint.
- 3) Except as otherwise provided in Chapter 4901:1-28 of the O.A.C, if the Supplier or Governmental Aggregator cannot produce valid documentation confirming that the customer authorized the switch, there shall be a rebuttable presumption that the customer was switched without authorization. Such documentation shall include one of the following, in conformance with the requirements of Rule 4901:1-29-06 of the O.A.C:
 - a) A signed contract, in the case of direct enrollment;
 - b) An audio recording, in the case of telephonic enrollment; or
 - c) Electronic consent, in the case of internet enrollment.
- 3) In the event that the customer was switched from one Supplier or Governmental Aggregator to a different Supplier or Governmental Aggregator without authorization, the customer's previous Supplier or

Governmental Aggregator shall re-enroll the customer without penalty under such customer's original contract price for the duration of the original term and send the Company an electronic enrollment request. If the original Supplier or Governmental Aggregator is unable to return the customer to the original contract price, the original Supplier or Governmental Aggregator may enroll the customer in a new contract pursuant to the provisions of Rule 4901:1-29-06 of the O.A.C, or the customer may select a new Supplier or return to the Company's GCR commodity service;

- 4) In the event that a customer was switched from Sales Service to a Supplier or Governmental Aggregator without authorization, the Company shall switch the customer back to Sales Service without penalty.

UPSTREAM CAPACITY REQUIREMENTS

Suppliers participating in the Company's firm transportation program must secure their own upstream firm interstate pipeline capacity required to meet Supplier's Firm Transportation Service pools' aggregate Adjusted MDQ less the firm interstate pipeline capacity assigned to the Supplier by the Company. Assignments and recalls of interstate pipeline capacity are mandatory for MDQ in excess of the Supplier's Firm Transportation Service pools' aggregate Adjusted MDQ as of April 1, 2007. Due to the physical configuration of the Company's system, and certain upstream interstate pipeline facilities, and to enable the Company to comply with lawful interstate pipeline tariffs and/or to maintain the Company's system integrity, the Company reserves the right to direct each Supplier to proportionally deliver, with respect to the Company's northern and southern interstate pipeline receipt points, the Supplier's daily pool requirements. Specific delivery requirements will be electronically posted by the Company.

A Supplier, whose aggregate Pools' MDQ exceeds 6,000 Dth/day and who adds 3,000 Dth/day of additional MDQ over the supplier's MDQ as of April 1, 2007, shall be assigned a proportionate amount of the Company's interstate pipeline firm transportation capacity by the Company on a seasonal basis. This MDQ criterion will be reviewed by the Company semi-annually based on the MDQ as of September 30th with any release becoming effective the following November 1st through March 31st, and on the MDQ as of February 28th, with any release becoming effective the following April 1st through October 31st. Suppliers will be notified of any change to their released capacity by October 15th for winter capacity and by March 15th for summer capacity.

The assignment shall be structured as a release of capacity. The posted rate will be the rate for which the Company has contracted with the interstate pipeline. Any capacity with a discounted rate will be posted open to bids, with the Supplier being the prearranged bidder. All other capacity will be posted at the pipeline's maximum rate with the Supplier being the prearranged shipper.

The Company shall assign interstate pipeline firm transportation capacity consistent with its delivery north/south allocation percentages and on a pro-rata basis to the Company's total capacity for the designated pipelines or the parties may choose a mutually agreed-upon

assigned capacity portfolio. During the summer months of April through October, the Company's Firm Transportation capacity shall be reduced by the Company's maximum daily injection rights on Columbia Gas Transmission's Firm Storage Service for purposes of determining the pro-rata share for suppliers that have elected Firm Balancing Service (FBS) rather than Enhanced Firm Balancing Service (EFBS).

Capacity will be assigned to the Supplier on a "recall and reput" basis. The Company shall release this capacity utilizing the appropriate pipeline company's electronic bulletin board and the Supplier shall execute the service agreements so generated by the pipelines five (5) days prior to the end of the month to enable the Supplier to nominate gas suppliers under the service agreements for the following month. If the Supplier fails to execute the service agreements the charges for the released capacity will be added to the Supplier's Pool Invoice for the month.

Prior to the capacity release process, the Supplier shall comply with the appropriate pipeline's credit review and establish itself on the pipeline's Approved Bidders List (as defined in the interstate pipeline company's tariff).

The Company, as releasing shipper under a recallable release, remains liable to the pipeline for reservation charges. The Supplier will provide sufficient financial guaranty to the Company of its ability to pay such pipeline charges, unless the applicable pipeline company releases the Company from liability for the Supplier's pipeline reservation charges.

The Company reserves the right to change the type of information required as well as the nomination deadline to comply with the requirements of the interstate pipeline companies.

There will be no restrictions on the Supplier's use of the released capacity at such times that it is not required to deliver gas to the Company's system.

The Supplier may re-release all or a portion of the capacity to a replacement shipper who meets all the requirements to which the Supplier is subject including but not limited to the Company's right of recall. A re-release shall not relieve the Supplier of its obligations under the provisions of the capacity release by the Company.

The Supplier receiving assignment shall pay the pipeline(s) directly for all charges associated with the use of released capacity, including (without limitation) demand charges, commodity charges, taxes, surcharges, fuel allowances, imbalance and overrun charges, and penalties.

The Supplier shall not revise receipt and delivery points of the interstate pipeline company firm transportation capacity released by the Company, without written consent from the Company. The Supplier will be responsible for operating the assigned capacity consistent with all the terms and conditions set forth in the tariffs of the Company and the applicable pipeline companies.

DAILY BALANCING

The Company will provide and charge the Supplier for balancing service, which will be used to manage differences between the Company's required daily Supplier delivery and the actual customer's consumption. There will be an annual election each year for Suppliers whose Pool MDQ is greater than 1,000 Dth/day to elect, on or before January 15th each year, either Rider FBS (Firm Balancing Service), Sheet No. 75 or Rider EFBS (Enhanced Firm Balancing Service), Sheet No. 74, to be effective on April 1st each year. A Supplier that elects Rider EFBS will be billed rates as set forth in Rider EFBS, Sheet No. 75. A Supplier whose Pool MDQ is less than 1,000 Dth/day will receive balancing service under the Company tariff Rider FBS. Suppliers that elect Rider FBS and Suppliers whose Pool MDQ is less than 1,000 Dth/day will be billed the balancing charge per Mcf as set forth on Rider FBS on all volumes consumed by the Supplier's Pool.

- a) Target Supply Quantities must be delivered each day based on the Company's forecasted temperatures and the aggregate demand curve for each Customer Pool, all as more fully described within the "Gas Supply Aggregation/Customer Pooling Agreement" between the Company and Supplier. Any Supplier that fails to deliver gas volumes in accordance with that agreement may be terminated from further participation in the program.
- b) Suppliers are subject to Operational Flow Orders issued by the Company as described below. The Company may suspend from this program any Supplier that does not comply with an Operational Flow Order.
- c) Suppliers shall have the ability to make daily/monthly inter-pool trades under the Company tariff Rate GTS, Gas Trading Service.

MEASUREMENT OF CONSUMED VOLUMES

The Company will electronically provide each Supplier with a listing of the monthly meter readings and usages for all customers within the Supplier's pool. Such monthly meter reading and usage data will correspond to the consumption data which the Company based its bill for local delivery service. Monthly volumes billed to participating customers shall be considered actual volumes consumed, whether the meter reading is actual or calculated.

ANNUAL RECONCILIATION

The Company will reconcile imbalances on an annual basis, for each Supplier, through determination of the difference between: (1) the Supplier's deliveries for the previous year; and (2) the actual consumption plus the Company's Unaccounted-for Percentage on the Supplier's aggregate Customer Pool, both calculated at city gate, adjusted for recognition of all adjustments applicable to the previous year.

Suppliers will eliminate the imbalance through the exchange of gas with Company via a storage inventory transfer, an adjustment to their Rider EFBS, bank balance, or delivery over the next thirty (30) days or longer if mutually agreed by Supplier and Company.

OPERATIONAL FLOW ORDERS

Suppliers are subject to the Company's issuance of operational flow orders, which will direct each Supplier to adjust scheduled volumes to match the Customer Pool's estimated usage. For Suppliers that have elected Rider EFBS as their balancing option, the difference between scheduled deliveries from the interstate pipeline companies and the estimated Pool usage will be met by the EFBS. In the event that the Company's storage service provider has restricted excess storage withdrawals/injections and a Supplier exceeds Rider EFBS's MDDQ or MDBQ such excess quantities will be considered a failure to comply with the Operational Flow Order (OFO). However, on days with projected temperatures colder than the design winter peak day temperature, the Supplier will have two options. The Supplier may: (1) deliver to Company the volume of gas equal to their Adjusted Target Supply Quantity; or (2) deliver to Company only that volume equal to their Adjusted MDQ and rely on Company to acquire the incremental volume, *i.e.*, the difference between their Adjusted Target Supply Quantity and their Adjusted MDQ. If the Supplier selects the second option, the Supplier will pay the Company for costs the Company incurs in obtaining the incremental supply and may meet the delivery requirement with both its flowing supply and MDDQ. Failure of the Supplier to deliver volumes in accordance with its selected option may result in suspension or termination from further participation in Company's firm transportation program.

Failure to comply with an Operational Flow Order, which is defined as the difference between the daily OFO volume and actual daily deliveries, will result in the action and/or billing of the following charges:

Under-deliveries

- 1) the payment of a gas cost equal to the highest incremental cost paid by Company on the date of non-compliance;
- 2) one month's demand charges on the OFO shortfall. This charge shall not be imposed more frequently than once in any thirty day period; and
- 3) the payment of all other charges incurred by Company including but not limited to pipeline penalty charges on the date of the OFO shortfall.

Over-deliveries

- 1) any over-run delivered by Supplier will be confiscated by the Company and used for its general supply requirements, without compensation to Supplier.
- 2) Company shall bill and Supplier shall pay all charges incurred by Company including but not limited to penalty charges from the interstate pipelines for such excess deliveries, provided such penalties can be attributed to Supplier's over-run.

SCHEDULING

Supplier must make all necessary arrangements for scheduling natural gas deliveries to Company.

Each morning, by 9:00 A.M. E.S.T., the Company will post on its EBB an "Adjusted Target Supply Quantity" that the Supplier will be required to deliver into the Company's designated city gate receipt points during the following gas day. For purposes of the Company's firm transportation program, the "Adjusted Target Supply Quantity" is defined as the Target Supply Quantity, plus or minus any adjustments that Supplier may be required to make to its daily deliveries, plus the daily firm requirements of all customers being served by Supplier under both Rate IT and Rate FT, as specified within Supplier's Firm Transportation Service for Interruptible Transportation customers contracts. The quantities so calculated will then be adjusted for Unaccounted-for Gas Loss back to the Company's city gate, and converted to Dth. By 1:00 P.M. E.S.T. each day, Supplier shall notify the Company through the EBB of its total city gate nominations for the next day, by Company Rate Schedule, for each pipeline company delivering gas into the Company's system.

The Adjusted Target Supply Quantities that will be used to define the Supplier's next day delivery obligations shall also be the quantities against which the Supplier's pipeline confirmed daily deliveries into the Company's system, combined with quantities to/from Supplier's Rider EFBS balancing service, if applicable, will be compared in order to determine Supplier's daily overrun/underrun volumes. Daily overrun/underrun volumes determined in this manner shall form the bases for daily "cash-outs," OFO charges, daily pipeline penalty charge flow throughs, and any other charges under any of the Company's applicable tariffs, that are levied based on Supplier's failure to deliver the Adjusted Target Supply Quantities of gas into the Company's system.

During the months of November through March, Company shall reserve a portion of its vaporized propane capacity for Supplier Pools, based on the product of each Pool's then-applicable MDQ and the percentage of the Company's total system design day needs forecasted to be met by vaporized propane for the upcoming months of November through March. The percentage reserved shall be applied as a reduction to the MDQ that will result in the Supplier's Adjusted MDQ.

When the Supplier Pool's Adjusted Target Supply Quantity exceeds the volume of Supplier's Adjusted MDQ and the Supplier elects not to deliver the incremental volume of natural gas in excess of its Adjusted MDQ, then the Company shall supply the Pool's gas needs in excess of the Supplier's Adjusted MDQ with vaporized propane or alternate peaking supplies. The fully allocated costs of the propane or alternate peaking supply provided by the Company hereunder shall be billed directly to Supplier.

By July 1st of each year, and when there is a material change in Company's propane peaking capacity, Company shall indicate the percentage of Supplier Pool's Maximum Daily Quantity that will be met with Company's vaporized propane, or alternate peaking supplies, allocated by Company to such Pool.

OTHER RULES AND REGULATIONS

Except to the extent superseded herein, the Company's Rules and Regulations Governing the Distribution and Sale of Gas and such other Commission rules as are applicable shall apply to all gas transportation service provided hereunder.

CONSEQUENCES OF SUPPLIER'S FAILURE TO PERFORM OR COMPLY

If a Supplier fails to deliver gas in accordance with the full service requirements of its Pool Customers, the Company shall supply gas temporarily to the affected Pool Customers and shall bill Supplier the higher of the following: (1) the fair market price for that period; or (2) the highest incremental cost of gas for that period that the Company actually paid for gas supplies, including transportation and all other applicable charges. The Company shall have the right to immediately and unilaterally invoke Suppliers' letter of credit, parental guarantee, or any other collateral posted by the Supplier in order to enforce recovery from Supplier of the cost of these replacement supplies.

If a Supplier fails to deliver gas in accordance with the full service requirements of the Gas Supply Aggregation/Customer Pooling Agreement, or otherwise fails to comply with the provisions of this Tariff Sheet, including those specified in the Obligations to the Company section, the Company shall have the discretion to initiate the process to suspend temporarily or terminate such Supplier's further Program participation. To initiate the process, the Company shall serve a written notice of such failure in reasonable detail and with a proposed remedy to the Supplier and the Commission, as set forth in Rule 4901:1-27-12(J) of the O.A.C.

On or after the date said notice has been served, the Company may file with the Commission a written request for authorization to terminate or suspend the Supplier from participation in the Company's Program. Except for failure due to under-delivery or non-delivery, if the Commission, or any Attorney Examiner, does not issue an entry to suspend or reject the action proposed by the Company within ten (10) business days after receipt of the request, the Company's request to terminate or suspend shall be deemed authorized on the eleventh (11th) business day. If the Supplier's failure is due to under-delivery or non-delivery and, if the Commission, or an Attorney Examiner, does not act within five (5) business days after receipt of the request, the Company's request to terminate or suspend shall be deemed authorized on the sixth (6th) business day.

If the Supplier is suspended or terminated from the Program, customers in such Pool shall revert to Company's Sales Service, unless and until said customers join another Supplier's Pool. Any termination or suspension of the Gas Supply Aggregation/Customer Pooling Agreement pursuant to any provision of this section shall be without waiver of any remedy, whether at law or in equity, to which the party not in default otherwise may be entitled for breach of the Agreement.

ALTERNATIVE DISPUTE RESOLUTION

Alternative Dispute Resolution shall be offered to Suppliers and the Company as a means to address disputes and differences that may arise under this tariff. Alternative Dispute Resolution shall be conducted in accordance with the Commission rules or as agreed upon among the applicable parties. Nothing herein shall act to deprive any party of its legal rights in a jurisdictional forum.

FORCE MAJEURE

If either Supplier or Company is unable to fulfill its obligations under this Tariff Sheet due to an event or circumstance which is beyond the control of such party and which prevents such performance, such party shall be excused from and will not be liable for damages related to non-performance during the continuation of such impossibility of performance. Neither of the following shall be considered a force majeure condition: (1) changes in market conditions that affect the acquisition or transportation of natural gas; or (2) failure of Supplier to deliver or Pool Customers to consume scheduled gas volumes.

The party claiming force majeure will use due diligence to remove the cause of the force majeure condition and resume delivery or consumption of gas previously suspended. Gas withheld from the Supplier or Pool Customers during a force majeure condition will be delivered upon the end of such condition as soon as practicable.

COMPANY STANDARDS OF CONDUCT WITH RESPECT TO MARKETING AFFILIATES

In operation of its firm transportation program, the Company will adhere to the following Standards of Conduct for Marketing Affiliates:

- 1) Company must apply any tariff provision relating to transportation services in the same manner to the same or similarly situated persons if there is discretion in the application of the provision.
- 2) Company must strictly enforce a tariff provision for which there is no discretion in the application of the provision.
- 3) Company may not, through a tariff provision or otherwise, give any Supplier including its marketing affiliate or customers of any Supplier including its affiliate, preference over any other gas Suppliers or their customers in matters, rates, information, or charges relating to transportation service including, but not limited to, scheduling, balancing, metering, storage, standby service, or curtailment policy. For purposes of the Company's firm transportation program, any ancillary service provided by Company, *e.g.*, billing and envelope service, that is not tariffed will be priced and made equally available to all.
- 4) Company must process all similar requests for transportation in the same manner and within the same approximate period of time.
- 5) Company shall not disclose to anyone other than a Company employee any information regarding an existing or proposed gas transportation arrangement that Company receives from (i) a customer or Supplier, (ii) a potential customer or Supplier, (iii) any agent of such customer or potential customer, or (iv) a Supplier or other entity seeking to supply gas to a customer or potential customer, unless such customer, agent, or Supplier authorizes disclosure of such information.

- 6) If a customer requests information about Suppliers, Company shall provide a list of all Suppliers operating on its system, but shall not endorse any Supplier nor indicate that any Supplier will receive a preference because of a corporate relationship.
- 7) Before making customer lists available to any Supplier, including any Company marketing affiliate, Company will post on its EBB a notice of its intent to make such customer list available. The notice shall describe the date the customer list will be made available, and the method by which the customer list will be made available to all Suppliers.
- 8) The Company will, to the extent practicable, separate the activities of its operating employees from its affiliate marketing employees in all areas where their failure to maintain independent operations may have the effect of harming customers or unfairly disadvantaging unaffiliated Suppliers under the Company's transportation programs.
- 9) Company shall not condition or tie its agreements for gas supply or for the release of interstate pipeline capacity to any agreement by a gas Supplier, customer or other third party in which its marketing affiliate is involved.
- 10) Company and its marketing affiliate shall keep separate books of accounts and records.
- 11) Neither the Company nor its marketing affiliate personnel shall communicate to any customer, Supplier or third party the idea that any advantage might accrue for such customer, Supplier or third party in the use of Company's service as a result of that customer's, Supplier's or other third party's dealing with any Supplier including its marketing affiliate.
- 12) The Company's complaint procedure for issues concerning compliance with these standards of conduct is as follows. All complaints, whether written or verbal, shall be referred to the Company's designated attorney. The Company's designated attorney shall orally acknowledge the complaint within five (5) working days of receipt. The complainant party shall prepare a written statement of the complaint which shall contain the name of the complainant and a detailed factual report of the complaint, including all relevant dates, companies involved, employees involved, and specific claim. The Company's designated attorney shall communicate the results of the preliminary investigation to the complainant in writing within thirty (30) days after the complaint was received including a description of any course of action which was taken. He or she shall keep a file with all such complaint statements for a period of not less than three (3) years.
- 13) The Company shall not offer its affiliate Supplier a discount or fee waiver for transportation services, balancing, meters or meter installation, storage, standby service or any other service that would advantage the Company's affiliate Supplier.

- 14) The Company will not use its name and logo in its marketing affiliate's promotional material, unless the promotional material discloses in plain, legible or audible language, on the first page or at the first point where the Company's name and logo appear, that its marketing affiliate is not the same entity as the Company. The Company is also prohibited from participating in exclusive joint activities with any Supplier, including its affiliate, such as advertising, marketing, sales calls or joint proposals to any existing or potential customers.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio, as provided by law.

PROPOSED RATE GGIT GAS GENERATION INTERRUPTIBLE TRANSPORTATION RATE

GAS GENERATION INTERRUPTIBLE TRANSPORTATION RATE, SHEET NO. 46

AVAILABILITY

Interruptible local delivery service for natural gas to be used in any commercial gas-fired electric generators, including but not limited to customer-owned co-generation, and available to any customer that: (1) signs a Service Agreement contract with the Company for service under this Rate GGIT; (2) arranges for the delivery of gas into the Company's system for customer's sole use at one point of delivery where distribution mains are adjacent to the premises to be served; and (3) utilizes natural gas transported under this tariff as its primary fuel source in combustion gas turbines unit(s) or combined cycle unit(s) for the purpose of generating electricity. Service under this tariff will be provided by displacement and on a "best efforts" basis. The Company reserves the right to decline requests to initiate or continue service hereunder whenever, in the Company's sole judgment, rendering service will be detrimental to the operation of the Company's system or impair its ability to supply gas to customers receiving service under the provisions of Rates RS, RSLI, RFT, RFTLI, GS-S, GS-L, FT-S, FT-L, IT, or other special contract arrangements. This tariff schedule shall not preclude the Company, with Commission approval, from entering into special arrangements that are designed to meet unique circumstances.

The service provided hereunder will be interruptible local gas delivery service provided on a "best efforts" basis from the Company's city gate receipt points to the outlet side of customer's meter. The Company, to ensure its ability to reliably supply gas to customers receiving service under the provisions of Rates RS, RSLI, RFT, RFTLI, GS-S, GS-L, FT-S, FT-L, and IT, shall have the right for operational, but not economic reasons, to designate the city gate receipt points where the customer is required to deliver its gas.

In order to receive service under this tariff, customer must have in place throughout the term of this agreement, a gas storage/balancing service agreement with an upstream supplier under which that supplier will balance customer's hourly and daily usage with deliveries into

the Company's system. The Company will install, at customer's expense, metering equipment that will allow it to monitor customer's hourly and daily usage.

NET MONTHLY BILL

The Net Monthly Bill is determined as follows:

All gas consumed is billed in units of 100 cubic feet (CCF).

Administrative Charge per month:

Shall be equal to the monthly Administrative Charge under the Company's Interruptible Transportation Tariff (Rate IT) or its successor tariff.

Facilities Charge per month:

Monthly amount required to amortize, over the term of the Service Agreement, any additional or incremental costs that the Company incurs in constructing facilities to bring service to customer, including the costs of such facilities as mains and service installations, metering and regulating equipment, and telemetric and flow control equipment, plus a reasonable contribution to overall system costs.

Usage-based Delivery Charge:

Company will deliver the arranged-for gas, less shrinkage, which is equal to the Company's system average unaccounted-for percentage, at a rate of:

First 1,000,000 CCF per month	100% of Rate IT Commodity Charge
Next 500,000 CCF per month	75% of Rate IT Commodity Charge
Over 1,500,000 CCF per month	60% of Rate IT Commodity Charge

Plus, if applicable, all delivered gas shall be subject to an adjustment per CCF as set forth on:

Sheet No. 47, Rider NGV, Natural Gas Vehicle Fueling Rider

Sheet No. 61, Rider ED, Economic Development Incentive Rider

Sheet No. 65, Rider AMRP, Accelerated Main Replacement Program Rider

Sheet No. 66, Rider GSR, Gas Surcredit Rider

Sheet No. 68, Rider STR, State Tax Rider

Sheet No. 69, Rider FRT, Facility Relocation – Mass Transportation Rider

Sheet No. 88, Rider AU, Advanced Utility Rider

Sheet No. 89, Rider ASRP, Accelerated Service Replacement Program Rider

In addition, customer's net monthly bill, excluding gas costs and related taxes that are billed to the customer by supplier, shall be adjusted by application of the percent specified on Sheet No. 64, Rider ETR, Ohio Excise Tax Liability Rider, except that finance charges are excluded in the computation of the net bill.

MINIMUM BILL PROVISION

Customer will be subject to a monthly "Minimum bill" equal to the Monthly Administrative Charge and Facilities Charge, as noted above, plus applicable riders and taxes,

as may be amended and approved by the Public Utilities Commission of Ohio from time to time.

UNAUTHORIZED DELIVERIES

In the event customer fails to interrupt transportation deliveries at Company's request, any excess deliveries through customer's meter will be considered unauthorized deliveries that are subject to the flow-through-of-pipeline penalty charges to the extent that they are incurred by the Company, and in addition thereto, shall be paid for as specified under the "Charges For Unauthorized Deliveries" provision of this rate schedule. The charges for such unauthorized deliveries shall be billed directly to the customer. However, Company may, at its sole discretion, physically discontinue service to the customer if customer refuses to interrupt service when requested by Company. Further, Company may temporarily or permanently discontinue service if customer fails to operate in accordance with the Company's directives and limitations regarding service under this tariff.

CHARGES FOR UNAUTHORIZED DELIVERIES

Any customer taking unauthorized deliveries shall be billed an amount reflective of the general service rate, Rate GS-S, Sheet No. 32, including the expected gas cost component of the gas cost recovery rate or Company's highest cost gas, and one month's demand charges on the volume difference (this charge shall not be imposed more frequently than once in any thirty day period), and/or the cost of operating the Company's propane peak shaving plant, and/or, if so required to effectuate compliance with the interruptible provisions of this schedule, the cost incurred by the Company to valve-off the service. In any event, customer shall reimburse the Company for any interstate pipeline penalty charges resulting from such unauthorized deliveries.

BALANCING

For purposes of this tariff, a "pool" shall be defined as one or more customers taking service under Rate GGIT that are joined together for supply management purposes. A "pool operator" has a contractual responsibility to manage the aggregated gas supply requirements of all the Rate GGIT customers that comprise its pool. All supply management responsibilities of individual customers are transferred to the pool operator once a customer becomes a part of a pool, as the aggregated balancing requirements of all pool members are treated under this tariff as though they were a single customer with its own supply management responsibilities. Because of the large hourly and daily usage likely to flow under this tariff, the pool operator is required to contract with the pipelines designated by the Company for hourly and daily deliveries that correspond with their actual burn of gas delivered under this tariff.

LATE PAYMENT CHARGE

Payment of the total amount due must be received in the Company's office by the due date shown on the bill. When not so paid, an additional amount equal to one and one-half percent (1.5%) of the unpaid balance is due and payable.

TERMS AND CONDITIONS

The customer shall enter into a written Service Agreement with the Company. Such Service Agreement shall set forth specific arrangements as to the transportation services

provided, the level of firm gas required by customer, Monthly Facilities Charge, the minimum bill calculation, and any other circumstances relating to the individual customer.

The Company's "best efforts" are defined as the right, at any time, to curtail or interrupt the delivery or transportation of gas under this tariff when, in the judgment of the Company, such curtailment or interruption is necessary to enable the Company to maintain deliveries to higher priority customers or to respond to any emergency.

The Pool operator agrees, upon request by Company, to produce, in a timely manner, proof of the purchase of the natural gas transported, any necessary regulatory approvals, and any and all transportation arrangements with all interstate pipelines, intrastate pipelines, or others involved in transporting the pool gas' supplies.

Company will not be liable for any costs and/or penalties charged by pipelines, or suppliers, because of pool operator's over- or under-deliveries into the pipeline, or pool customers' failure to take deliveries through customers' meters that, in the aggregate, match the amount of gas transported by the pool operator to the Company's city gate.

The Company will provide customer and/or its designated pool operator, by electronic or other available means of communication, its best available operating data on gas deliveries to individual customers and for the combined pool on an hourly and daily basis. Hourly/daily operational information shall include information on hourly/daily gas flows provided by Automated Meter Reading (AMR), equipment, telemetry, or any other means the Company has available to provide the customer or its designated pool operator with its best estimate of hourly/daily gas deliveries for individual customer's and the pool's combined accounts.

In order to administer the provisions of this tariff and monitor customer's hourly/daily usage, the Company will install remote metering equipment on customer's meter site to separately meter gas used for generation volumes that qualify for this rate. Customer will be responsible for payment of the cost of such telemetric equipment, either through a lump sum payment, or at the Company's option, through a monthly facilities charge designed to reimburse the Company for the costs of such equipment. Customer will also be responsible for providing the Company with access to a telephone service at customer's metering site, or such other equipment or utilities that may be necessary, and shall also be responsible for the monthly charges for such telephone service or other necessary equipment or utilities.

The primary term of contract shall be a minimum of five (5) years. After completion of the primary term, such contract shall continue month to month unless cancelled by either party by giving thirty (30) days written notice.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio, as provided by law. This will not preclude a special agreement in the event other considerations, such as bypass, are deemed solely by Company to be credible options for the customer.

**PROPOSED RIDER NGV
NATURAL GAS VEHICLE FUELING RIDER**

NATURAL GAS VEHICLE FUELING RIDER, SHEET NO. 47

APPLICABILITY

Applicable to additional natural gas services required by the following:

1. Retail residential and non-residential, privately owned natural gas vehicle (NGV) fueling stations for the sole purpose of fueling a customer-owned NGV at the customer's premises.
2. Commercial NGV fueling stations in the business of selling natural gas to the general public for the purpose of fueling NGV's.

The NGV fueling station(s) must be located in the Company's natural gas service territory.

Service under the terms of this Rider NGV is subject to the following qualifications:

1. A privately owned NGV fueling station is a NGV fueling station owned by a residential or non-residential customer of Duke Energy Ohio. The private NGV fueling station must be located at the customer's residential or primary business address. The natural gas to be supplied by the Company and processed by the NGV fueling station must be used for the express and limited purpose of fueling a customer-owned NGV. The natural gas provided under the terms of this Rider for a private NGV fueling station may not be for resale or use by another individual, party or NGV.
2. A commercial NGV fueling station must be in the business of selling natural gas for public consumption. A commercial NGV fueling station may not be located at a private residence or commercial facility that is not in the business of providing fuel for the general public consumption. The natural gas to be supplied by the Company and processed by the NGV fueling station must be used for the express and limited purpose of fueling NGVs.

Customers taking service under this tariff must register with the Company as either a privately owned or commercial NGV fueling station.

CHARACTER OF SERVICE

Service provided under this schedule shall be firm service.

RATES AND CHARGES

Privately Owned NGV Fueling Station Customers: Natural gas service will be provided by the Company in accordance with the applicable rate schedule under which the customer receives other natural gas service.

Commercial Fueling Station Customers: Natural gas service will be provided by the Company in accordance with Rate FT-L. Due to the requirement that Duke Energy Ohio cannot supply natural gas for resale, the commercial fueling station customer must always have a valid agreement with a Company-approved natural gas supplier for the natural gas commodity, and must rely solely on this contracted supply of natural gas for their resale supply. In the event a fueling station is used for both private and commercial NGV fueling purposes, the entire fueling station shall be considered a commercial fueling station and natural gas service will be provided by the Company in accordance with Rate FT-L.

Additional Costs (Privately Owned and Commercial Fueling Station Customers): The cost of any additional facilities, rearrangement and/or relocation of existing Company facilities associated with the provision of natural gas delivery under this tariff shall be borne by the customer. The determination of need for any such relocation or rearrangement shall be at the sole discretion of the Company.

It is the customer's responsibility to:

1. Perform any fuel usage reporting that may be required; and
2. Pay any federal, state, or local road use or any other taxes that may be required.

The customer will bear all costs associated with the permitting, installation, maintenance, operation, and receipt of gas service for customer-owned NGV fueling stations, as well as be liable for all applicable NGV fuel taxes.

In addition, owner/operators of a commercial fueling station shall obtain all licenses and other governmental approvals necessary to operate a public fueling station, and shall be liable for all taxes levied as a result of sales to the public.

SPECIAL TERMS AND CONDITIONS

The introduction of pipeline quality gas and/or propane-air gases into the Company's distribution system may be incompatible with the operation of NGVs and fueling equipment. The Company shall not be liable for any damages, including, but not limited to, property and equipment damage or lost revenue, caused by the use of pipeline quality gas, the introduction of propane-air gases, or any combination thereof.

To maintain natural gas delivery system integrity and pressures, the Company may, at any time, introduce propane into the Company's distribution system.

Any private or commercial fueling station customer whose natural gas fueling operations may be affected by changes in the composition of natural gas due to the introduction of propane-air gases is required to notify the Company. The Company will use reasonable efforts via commercially available resources to attempt to give the customer advance notice as to when the propane-air gases will be introduced into the gas delivery system. However, the Company shall not be liable for damages that the customer may sustain due to the introduction

of propane-air gases into the Company's distribution system. Therefore, the Company recommends that the customer take steps to mitigate potential damage to the NGV equipment, including the possible installation of automated sensor equipment so as to prevent the introduction of propane-air gases into the customer's fueling equipment or NGV(s).

To the fullest extent permitted by law, the customer shall defend, indemnify, and hold harmless Duke Energy Ohio and its officers, directors, employees, agents, affiliates and representatives (the "Indemnified Persons") from and against any and all claims, demands, suits, liabilities, causes of action, losses, expenses, damages, fines, penalties, court costs, reasonable attorneys' fees, and bodily injury and property damage claims (collectively, Claims) arising out of or relating to the supply of natural gas and its quality or composition.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio and to the Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio, as provided by law.

PROPOSED RATE IT INTERRUPTIBLE TRANSPORTATION SERVICE

INTERRUPTIBLE TRANSPORTATION SERVICE, SHEET NO. 51.5

AVAILABILITY

Curtailable natural gas local delivery service available to any customer that: (1) signs a contract with the Company for service under Rate IT; (2) utilizes a minimum of 10,000 CCF per month during each of the seven consecutive billing periods commencing with customer's first meter reading taken on or after April 1; (3) has arranged for the delivery of gas into the Company's system, for customer's sole use at one point of delivery where distribution mains are adjacent to the premises to be served; and (4) has become a member of a pool under Rate AS and elected Interruptible Monthly Balancing Service under Rate IMBS. Any service hereunder shall be provided by displacement and on a best efforts basis. The Company reserves the right to decline requests to initiate or continue such service whenever, in the Company's judgment, rendering this service would be detrimental to the operation of the Company's system or its ability to supply gas to customers receiving service under the provisions of Rates RS, RSLI, RFT, RFTLI, GS-S, GS-L, FT-S, FT-L, DGS, and SS. This tariff schedule shall not preclude the Company, with Commission approval, from entering into special arrangements that are designed to meet unique circumstances.

The service provided hereunder shall be interruptible transportation service from the Company's city gate receipt points to the outlet side of customer's meter. The Company, to ensure its ability to reliably supply gas to customers receiving service under the provisions of Rates RS, RSLI, RFT, RFTLI, GS-S, GS-L, FT-S, FT-L, DGS and SS, shall have the right for operational, but not economic reasons, to designate the city gate receipt points where the customer is required to deliver its gas.

NET MONTHLY BILL

Computed in accordance with the following charges:

Administrative Charge: \$597.83

Commodity Charge:

Company will deliver the arranged-for gas, less shrinkage which is equal to the Company's system average unaccounted for percentage, at a rate of: \$ 0.080070 per CCF

Plus the throughput charge for the service level selected under Rate IMBS, Interruptible Monthly Balancing Service.

Plus, if applicable, balancing related charges pursuant to Rate IMBS if customer has elected to operate as its own pool for supply management purposes.

In addition, customer's net monthly bill, excluding gas costs and related taxes that are billed to the customer on suppliers' behalf, shall be adjusted by application of the percent specified on Sheet No. 64, Rider ETR, Ohio Excise Tax Liability Rider, except that finance charges are excluded in the computation of the net bill.

Minimum: Customer will be subject to a monthly minimum bill requirement equivalent to the monthly Administrative Charge shown above, plus the Ohio Excise Tax Liability Rider, the Economic Development Incentive Rider, the Advanced Utility Rider and the State Tax Rider, and in addition thereto during the seven consecutive billing periods beginning in April, a 10,000 CCF per month throughput volume minimum.

If customer fails to take delivery of 10,000 CCF per month during the months of April through October, customer will be charged, in addition to the Administrative Charge and the charges for the delivered volume and the applicable Excise Tax Rider and State Tax Rider, an amount equal to the difference between 10,000 CCF and the delivered volume billed at Rate GS-S, including all applicable Riders.

In the event that customer repeatedly and significantly fails to meet the minimum throughput requirement of this tariff, customer may, at the Company's option, be removed from this tariff and denied further service, or may be switched to Rates GS-S, GS-L or Rates FT-S, FT-L.

The average percentage increase in the total bill of customers under Rate IT, assuming IT customers pay the same gas cost as GS-L customers should the increase be granted in full is 1.6%.

PROPOSED RATE FT-S FIRM TRANSPORTATION SERVICE – SMALL

FIRM TRANSPORTATION SERVICE – LARGE, SHEET NO. 52.3

AVAILABILITY

Firm full requirements transportation service for an individual non-residential customer using 4,000 CCF or less during the prior calendar year at one premise, which is provided from

the Company's city gate receipt points to the outlet side of Company's meter used to serve the customer. This service is available within the Company's entire service territory, and at the customer's option, to serve the firm service requirements of interruptible transportation customers in combination with service under Rate IT to all non-residential customers except for those customers whose utility service accounts are past due at the time customer desires to utilize this service. The Company may terminate a customer's supplier contract for non-payment and return the customer to the Company's service only if: (1) the Supplier has made an affirmative request for the Company to act as its agent to terminate customer contracts for non-payment; and (2) the Supplier has included in its customer contracts, a notice that the Company can terminate such contracts for non-payment. Where the Supplier is performing its own billing of the gas supply, termination of the agreement will be at the discretion of the Supplier, as specified in the Supplier contracts for service. The Supplier or the Company shall give no less than thirty (30) days' written notice that the customer will be switched from the Supplier and revert to the Company unless the past due amount is paid by the customer's next scheduled bill due date. If the past due amount is paid by the next scheduled bill due date, the customer will not revert to the Company and will remain with the Supplier. If the Company provides the late payment notice to the customer, it will send a copy of the notice to the customer's Supplier. Service shall be provided on demand from the Company's city gate receipt points to the outlet side of Company's meter used to serve the customer. Customer must enter into a "pooling" agreement with a Supplier that meets the Company's requirements for participation in this pooling program, and must arrange for the delivery of gas into Company's system.

Customers that believe that they will significantly increase throughput, from their historic firm service levels, shall so inform the Company.

Gas transported under this tariff shall be for customer's sole use at one point of delivery where distribution mains are adjacent to the premise to be served. Any gas provided hereunder shall be provided by displacement.

NET MONTHLY BILL

Computed in accordance with the following charges:

Fixed Delivery Service Charge	\$91.64
Plus a Usage-Based Charge per CCF for each CCF of gas transported for customer from Company's city-gate measuring stations to the outlet side of Company's meter used to measure deliveries to the customer:	\$0.154370 per CCF

Plus, or minus, rate adjustments which may occur as a result of changes in the rates of interstate pipelines, or of rulings of the Public Utilities Commission of Ohio and/or the Federal Energy Regulatory Commission, and for which it is determined that all customers should be allocated some portion of the corresponding costs or refunds.

In addition, the net monthly bill, as calculated above, shall be adjusted by application of the percent specified on Sheet No. 64, Rider ETR, Ohio Excise Tax Liability Rider, except that finance charges are excluded in the computation of the net bill.

Customer and/or its Suppliers shall be responsible for the collection and payment of excise taxes, revenue taxes, or similar taxes on the gas supplies that customer purchases from its Supplier.

The monthly minimum bill shall be the Fixed Delivery Service Charge and applicable charge under Rider ED, Rider AMRP, Rider AU, and Rider ASRP shown above, plus the percentage specified in Rider ETR, Sheet No. 64, Ohio Excise Tax Liability Rider.

The average percentage increase in the total bill of customers under Rate FT-S, assuming FT-S customers pay the same gas cost as GS-S customers, should the increase be granted in full is 3.7%.

PROPOSED RIDER ED ECONOMIC DEVELOPMENT INCENTIVE RIDER

ECONOMIC DEVELOPMENT INCENTIVE RIDER, SHEET NO. 61

APPLICABILITY

Applicable to all retail jurisdictional customers in the Company's natural gas service territory.

GENERAL

Duke Energy Ohio shall implement a pilot program to encourage businesses to locate in Ohio, and/or to expand their existing operations in Ohio, by providing a mechanism to fund these types of economic development projects. Funds may be used for product development, promotion, project closure, and gas utility infrastructure in those instances when utility infrastructure has been identified as an impediment to commercial/industrial economic development.

The criterion for eligibility includes, but is not limited, to the following:

Jobs growth.

Pushing development sites participating in Duke Energy Ohio's "Site Readiness" program closer to market.

Revitalization of urban areas such as "Brownfield" redevelopment.

Development of natural gas vehicle transportation facilities.

The program will be managed and funds will be allocated and distributed by Duke Energy Ohio. Management of the program will include, but not be limited to, the development, review, and approval of proposed projects under this program. The program is created with recognition that this type of economic development has a compounding effect on jobs and the economy in the region. Further, the funding mechanism recognizes that over time,

Duke Energy Ohio customers will realize future benefits via increases in the utility's natural gas throughput.

The goal of the rider is to collect \$1 million per year towards the funding of economic development projects and activities in Duke Energy Ohio's southwestern Ohio (SW-OH) natural gas service territory. All funds will be spent in a manner consistent with the terms of eligibility and criteria described below. Any unused funds from one year will roll over to the next year; however, the fund is not to exceed \$2 million. Annual adjustments, if necessary, will be made to the rider to keep the fund within the \$2 million cap.

DESCRIPTIONS AND ELIGIBILITY

Eligible Activities: Funds under this program may be used for the following:

1. Product Development/Site Readiness/Marketing – Without ready sites for new development or expansion, prospective companies will be lost to other states with sites further along the development continuum. Grants will be available for the redevelopment of existing buildings served natural gas by Duke Energy Ohio, public sector speculative building development, gas infrastructure improvements, moving Greenfield and Brownfield sites closer to readiness for development, and business park developments. Funds may be used for the marketing and promotion of qualifying sites. The Duke Energy Site Readiness program has been developed to assist in these efforts.

Projects under this section (1) shall be evaluated using one or more of the following criteria as a guide for qualification:

- a. Project is in an area determined to qualify as Urban Revitalization, by the Duke Energy Urban Revitalization Advisory Team, which is comprised of business leaders from southwest Ohio.
 - b. Project pushes development sites participating in Duke Energy Ohio's Site Readiness program closer to market.
 - c. Project leads to revitalization of urban areas such as Brownfield redevelopment.
2. Project Closure – Grants will be available to achieve economic agreements for relocation, expansion, or retention of companies in SW-OH. Grants will be awarded to those that grow the base of primary jobs in Duke Energy's SW-OH area. Specific emphasis will be placed on targeted cluster industries as identified by the regional cluster analysis. Grants may be used to enhance the incentive packages that local communities, regional partnerships, and/or JobsOhio provide to prospective companies, including site and facility acquisition and off-site infrastructure improvements. Grants may not be used for interstate relocation of facilities and/or jobs (including from the Duke Energy Kentucky territory to the Duke Energy Ohio territory) unless a release is

obtained from the original community. Applicant project criteria will be developed.

Infrastructure Improvements - Offset costs associated with natural gas utility infrastructure improvements to support new location projects and existing company expansions. Grant amounts shall not exceed the actual costs incurred for approved projects, and be calculated using the main extension analysis tool utilized for all gas main extensions that determine customer contributions required. Funds shall apply only to costs normally borne by the project developer and/or new customer.

To be eligible under this section (2), the project/facility should:

- a. be located within existing Duke Energy Ohio service territory, or an expansion thereof which occurs as a result of main extension associated with the project;
- b. have an end use that may be classified in the North American Industry Classification System (NAICS) as one of the following Manufacturing or Service Industry businesses:
 - i. Manufacturing (NAICS codes 31, 32, & 33)
 - 1. Aerospace
 - 2. Automotive and transportation
 - 3. Chemicals and Plastics
 - 4. Machinery and equipment (Advanced manufacturing)
 - 5. Pharma, Bio-Technology
 - 6. Food and Beverage
 - ii. Other non-manufacturing operations
 - 1. Data Centers
 - 2. Professional, scientific or technical services (NAICS code 541)
 - 3. Regional, National or World Headquarters
 - 4. Natural Gas Vehicle Fueling Stations

(NAICS codes may be found at: <http://www.census.gov/epcd/www/naics.html>.)

Projects under this section (2) shall be evaluated using one or more of the following criteria as a guide for qualification:

- a. Project is determined to be a large user of natural gas as evidenced by the following:
 - i. The proposed project/facility imposes or is likely to impose a gas demand or incremental demand of more than 150,000 CCF (units of 100 cubic feet) per year; and/or

- ii. The facility's natural gas bills represent at least 5% of the facility's annual gross revenue from sales (total annual natural gas bill divided by annual gross sales), and/or Jobs Ohio, State and/or Local Community participation.
- b. Project must show evidence of public participation in the form of incentives or other capital contribution to the project.
- c. Project is necessary to provide service to a natural gas vehicle filling station that includes a point of access for public utilization.
- d. Projected Capital Investment at the project site exceeds \$2,000,000.
- e. There will be job creation or job retention at the site as a result of the project.
- f. Funds under this program cannot be used for a facility or equipment that uses natural gas to generate electricity. Nor can they be used to provide utility infrastructure for such facilities or equipment.

An additional incentive will be provided to those qualifying projects that result in new or incremental gas load. Incremental gas load is defined as additional usage over and above an established baseline as determined by the Company. Said incremental usage must be the direct result of the qualifying project.

The additional incentive will be in the form of a twenty-five percent (25%) discount applied to the monthly Fixed Delivery Service Charge and the monthly Usage-Based Charge for gas delivered. The discount is only applied to these two specific components of the customers' gas bill and excludes any and all Rider charges including the Excise Tax rider. The discount will be applied for a period of thirty-six (36) months. Funding for this additional incentive will be provided through the rider.

TERMS AND CONDITIONS

These funds are not available for renewal of service following interruptions such as equipment failure, temporary plant shutdown, strike, or economic conditions. These funds are not available for load shifted from one customer to another within the Company's service area.

The customer must enter into a Service Agreement with the Company that shall specify, among other things, a description of the amount and nature of the new load, and the basis on which the customer requests qualification for this Rider. Duke Energy Ohio may file this Service Agreement with the Public Utilities Commission of Ohio for informational purposes only.

Following the effective date of the Service Agreement, the customer must maintain a minimum demand in accordance with the Service Agreement. Failure to do so will result in the customer's Service Agreement being terminated.

The Company is not obligated to extend, expand or rearrange its facilities if it determines that existing distribution facilities are of adequate capacity to serve the customer's load.

The customer may request an effective date of the Service Agreement that is no later than twelve (12) months after Company's approval of the Service Agreement with the customer. A Service Agreement must be fully executed within thirty (30) days of taking the subject new service from the Company. All subsequent billings shall be at the appropriate full standard service tariff rate.

CHARGES

The ED rate to be applied to all residential customer bills beginning with the January 2013 revenue month is \$0.0012900 per CCF (units of 100 cubic feet).

The ED rate to be applied to all non-residential customer bills beginning with the January 2013 revenue month is \$1.50 per month.

PROPOSED RIDER X MAIN EXTENSION POLICY

MAIN EXTENSION POLICY, SHEET NO. 62.4

APPLICABILITY

Applicable to gas service supplied in accordance with provisions of the appropriate rate currently in effect, from the nearest available distribution main when, in the opinion of the Company, it is necessary to extend such main.

EXTENSION PLAN

1. One-Hundred Feet or Less.

An extension of one hundred (100) feet or less shall per service installation shall be made by the Company to an existing distribution main without charge to a prospective customer or customers who shall each apply for and contract to use service for one (1) year or more.

2. Excess of One Hundred Feet.

- (a) Individual Service Installation.

The Company, at its sole discretion, may perform a net present value (NPV) analysis based upon total construction costs for the entire length of the extension, and not just the costs of the extension in excess of 100 feet. The NPV analysis will take into account the revenues to be received from the customer. If the NPV calculation is positive, the customer will not be charged for the construction costs. If the NPV

calculation is negative, the customer must deposit with the Company an amount equal to the results of the NPV calculation prior to construction taking place. Any such deposit shall be eligible for a refund consistent with the terms and conditions of the main extension contract entered into between the Company and customer. Further, the customer must continue to receive gas service from the Company at the same service installation or premises in order to be eligible for a refund. Refunds shall not exceed the amount of the deposit and shall be limited to a period of ten (10) consecutive years following the effective date of the main extension contract.

For large commercial and industrial customers with process load, Duke Energy Ohio may require a minimum customer usage commitment for a defined period of time not to exceed six (6) years.

(b) Multiple Service Installations.

(i) Existing Subdivisions, New Non-Joint Trench Subdivisions, and Existing Non-Subdivisions.

When an extension of the Company's main to serve an applicant amounts to more than one hundred (100) feet per service installation, the Company may require total cost of the footage in excess of 100 feet per customer to be deposited with the Company by the applicant based upon the estimated cost per foot for main extensions. Additionally, the Company, at its sole discretion, may perform a net present value (NPV) analysis based upon total construction costs for the entire length of the extension, and not just the costs of the extension in excess of 100 feet. The NPV analysis will take into account the revenues to be received from the customers to be connected. If the NPV calculation is positive, the applicant will not be charged for the construction costs. If the NPV calculation is negative, the applicant must deposit with the Company an amount equal to the results of the NPV calculation prior to construction taking place. Any such deposit shall be eligible for a refund consistent with the terms and conditions of the main extension contract entered into between the Company and applicant. Further, where the applicant is the customer, the customer must continue to receive gas service from the Company at the same service installation or premises in order to be eligible for a refund. Refunds shall not exceed the amount of the deposit and shall be limited to a period of ten (10) consecutive years following the effective date of the main extension contract.

(ii) New Joint Trench Subdivisions.

When an extension of the Company's approach and/or internal mains is necessary to serve a new subdivision, the Company will perform a net present value (NPV) analysis of total construction costs and the revenue to be received from each customer to be connected to the new mains. For purposes of the NPV calculation, the Company will assume that a complete build-out of the

subdivision will occur in five (5) years. If the NPV calculation is positive, no deposit will be required for the new subdivision and the NPV results will be credited toward the calculation of the deposit requirement for any approach main that may be required. If the NPV calculation is negative, the amount of the NPV results must be deposited with the Company prior to the construction of the mains to serve the new subdivision. Any deposit made when the NPV calculation is negative is eligible for a refund due to subsequent connections or extensions consistent with the terms and conditions of the main extension contract entered into between the Company and applicant. Refunds shall not exceed the amount of the deposit and shall be limited to a period of ten (10) consecutive years following the effective date of the main extension contract.

3. Nothing contained herein shall be construed to prohibit the Company from making extensions under different arrangements provided such arrangements have been approved by the Public Utilities Commission of Ohio.
4. Nothing contained herein shall be construed as to prohibit the Company from making, at its expense, greater extensions than herein prescribed, should its judgment so dictate, provided like free extensions are made to other customers under similar conditions.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of The Public Utilities Commission of Ohio, and to Company's Service Regulations currently in effect, as filed with The Public Utilities Commission of Ohio, as provided by law.

PROPOSED RIDER AMRP ACCELERATED MAIN REPLACEMENT PROGRAM RIDER

ACCELERATED MAIN REPLACEMENT PROGRAM RIDER, SHEET NO. 65.11

APPLICABILITY

Applicable to all customers receiving service under the Company's sales and transportation rate schedules.

ACCELERATED MAIN REPLACEMENT PROGRAM FACTORS

All customers receiving service under Rate RS, Rate RS - Low Income, Rate RFT, Rate RFT - Low Income, Rate GS - Small, Rate GS - Large, Rate FT and Rate DGS shall be assessed a monthly charge in addition to the Customer Charge component of their applicable rate schedule that will enable the Company to complete the bare steel/cast iron main replacement program, the riser replacement program, and, where applicable, meter relocation. Customers receiving service under Rate IT and Rate GGIT will be assessed a throughput charge in addition to their commodity delivery charge for that purpose.

Rider AMRP will be updated annually, in order to reflect the impact on the Company's revenue requirements of net plant additions as offset by operations and maintenance expense reductions during the most recent twelve months ended December. Such adjustments to the Rider will become effective with the first billing cycle of May.

The charges for the respective gas service schedules are:

Rate RS and RSLI, Residential Service	\$ 00.00 per month
Rate RFT and RFTLI, Residential Firm Transportation Service	\$ 00.00 per month
Rate GS-S and GS-L, General Service	\$ 00.00 per month
Rate DGS, Distributed Generation Service	\$ 00.00 per month
Rate FT-S and FT-L, Firm Transportation Service	\$ 00.00 per month
Rate IT, Interruptible Transportation Service	\$ 0.000 per CCF
Rate GGIT, Gas Generation Interruptible Transportation Rate	\$ 0.000 per CCF

These monthly charges shall remain in effect until changed by order of the Public Utilities Commission of Ohio.

PROPOSED RIDER FRT FACILITY RELOCATION – MASS TRANSPORTATION

FACILITY RELOCATION – MASS TRANSPORTATION, SHEET NO. 69

APPLICABILITY

Applicable to a request and/or requirement for the construction, removal, modification, or relocation of facilities, equipment, mains, or service piping related to the distribution or transmission of gas service when Duke Energy Ohio (Company), absent such request or requirement, would do otherwise, and where the recovery of additional expense for such request and/or requirement is not otherwise provided for pursuant to agreement between the Company and requesting entity. This rider becomes applicable when the said request/requirement is directly related to the construction and operation of any mode of mass transportation, including but not limited to, light rail, heavy rail, high-speed rail, street cars, subways, trolleys, trams or buses.

DESCRIPTION

CUSTOMER OR PRIVATE PARTY

When a customer or private party requests and/or requires the Company to construct, modify, relocate, and/or remove the Company's facilities, mains, service piping, or any other Company-owned equipment, such requesting party shall pay all expenses related to such relocation regardless of the reason for the request and/or requirement.

GOVERNMENT ENTITY

A government entity (or Administrating Agency) includes but is not limited to any city, county, municipality, township or special district. It shall not include Federal or State government entities (or Administrating Agencies).

When a government entity (or Administrating Agency) requests the Company to construct, modify, relocate, and/or remove the Company's facilities, mains, service piping, or any other Company-owned equipment, such requesting party must elect to either:

1. Directly pay the Company all costs related to such relocation regardless of the reason for the request and/or requirement (Direct); or
2. Allow the Company to recover all cost related to such relocation regardless of the reason for the request and/or requirement from those customers residing or located within the geographical boundary of said governmental entity through a monthly charge (Indirect); or
3. Some combination thereof.

COST CALCULATION

1. The total cost(s) to be recovered shall be computed as follows:
 - a. If the requested/required facilities are in lieu of new facilities, Company shall estimate the cost of the requested/required facilities and of the facilities which otherwise would have been installed (planned facilities). Any cost of requested/required facilities in excess of the planned facilities shall be the basis for the charge.
 - b. If the requested/required facilities replace existing facilities that Company would otherwise maintain or modify in place, Company shall estimate the cost of the required facilities and any planned modifications to existing facilities. Any cost of the required facilities in excess of the cost of any planned modifications to existing facilities plus the cost of removing existing facilities shall be the basis for the charge.
 - c. If the requested/required facilities replace existing facilities that Company would not otherwise maintain or modify, the cost of the required facilities, plus the cost of removing the existing facilities less their salvage value shall be the basis for the charge.
2. Company's costs of planned and required facilities shall be as follows:
 - a. Costs of planned facilities shall include applicable material and labor costs, including allocation of indirect costs. Indirect costs are comprised of supervision, engineering, transportation, material handling, and administrative cost functions that support actual construction. The amount of the allocation of indirect costs is derived by application of unit costs or allocation percentages, determined from historical experience.

- b. Costs of requested/required facilities shall include the cost items identified in subparagraph (1) (a) above, plus all costs of complying with the requirements of the governmental subdivision including any application process of the governmental subdivision, including the cost of preparing the application, costs of developing alternatives not already studied by Company, cost of estimating the cost of alternatives not already studied by Company, the production of data for consideration in any hearing, and any other direct cost of compliance including any hearing held.
- c. Recoverable costs from the governmental subdivision and/or its customers will be reduced by the sum of any proceeds received from transportation improvement district funding, joint economic development district funding, tax increment funding, or similar quasi-public funding.

CHARGES

CUSTOMER OR PRIVATE PARTY

The customer or private party will pay in advance the entire estimated cost to construct, modify, relocate, and/or remove the Company's facilities, mains, service piping, or any other Company-owned equipment, as well as the cost of installing any new facilities and equipment. If the actual cost of the work exceeds the estimate, the customer will be responsible to pay the difference. Similarly, the Company will refund any excess money collected should the estimate exceed the actual cost.

GOVERNMENT ENTITY

These options are available to the government entity (or Administrating Agency):

DIRECT

- 1. The government entity (or Administrating Agency) will pay in advance the entire estimated cost to construct, modify, relocate, and/or remove the Company's facilities, mains, service piping, or any other Company-owned equipment, as well as the cost of installing any new facilities and equipment. If the actual cost of the work exceeds the estimate, the government entity (or Administrating Agency) will be responsible to pay the difference. Similarly, the Company will refund any excess money collected should the estimate exceed the actual cost.
- 2. Alternatively, government entity (or Administrating Agency) will pay the entire actual cost and the Company's associated cost of capital to construct, modify, relocate, and/or remove the Company's facilities, mains, service piping, or any other Company-owned equipment, as well as the cost of installing any new facilities and equipment. Said costs will be collected over a period extending no longer than twenty-four (24) months. The twenty four month period begins when either of the following occurs:
 - a. After the facilities, mains, service piping and/or equipment or any part of said facilities, mains, service piping and/or equipment has been modified, relocated or removed from service; or

- b. After the facilities, mains, service piping and/or equipment or any part of said facilities, mains, service piping and/or equipment has been constructed and placed into service.

INDIRECT

Should the government entity (or Administrating Agency) elect to do so, the entire actual cost and the Company's associated cost of capital to construct, modify, relocate, and/or remove the Company's facilities, mains, service piping, or any other Company-owned equipment, as well as the cost of installing any new facilities and equipment will be collected on a per customer basis, a per one hundred cubic foot (CCF) basis or some combination thereof. Said costs will be collected from all customers whose service address is located within the legal boundaries of said government entity. The cost will be collected in its entirety over a time period not to exceed twenty-four (24) months. The twenty-four (24) month period begins when either of the following occurs:

- a. After the facilities, mains, service piping and/or equipment or any part of said facilities, mains, service piping and/or equipment has been modified, relocated or removed from service; or
- b. After the facilities, mains, service piping and/or equipment or any part of said facilities, mains, service piping and/or equipment has been constructed and placed into service.

The charge shall be shown as a separate line item on the customer's bill.

At any time after the commencement of the charge, the charge may be reviewed and, if necessary, adjusted to reflect:

- a. The number of customers residing or located within the geographical boundary of said governmental entity; and/or
- b. The amount of energy used by customers residing or located within the geographical boundary of said governmental entity; and/or
- c. The actual cost of requested/required facilities.

Failure by any customer to pay the charge shall be grounds for disconnection of service to such customer in accordance with Company's Gas Terms and Conditions for Gas Service.

If the government entity (or Administrating Agency) rescinds its requirements concerning requested/required facilities, the charge shall continue until the end of the term, twenty-four (24) months subject to any necessary review and adjustment as specified above.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to the Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio.

PROPOSED RIDER ASRP ACCELERATED SERVICE REPLACEMENT PROGRAM RIDER

ACCELERATED SERVICE REPLACEMENT PROGRAM RIDER, SHEET NO. 69

APPLICABILITY

Applicable to all customers receiving service under the Company's sales and transportation rate schedules.

ACCELERATED SERVICE REPLACEMENT PROGRAM FACTORS

All customers receiving service under Rates RS, RSLI, RFT, RFTLI, GS-S, GS-L, FT-S, FT-L and DGS shall be assessed a monthly charge in addition to the Customer Charge component of their applicable rate schedule that will enable the Company to replace pre-1971 coated steel main to curb and curb to meter service lines and unprotected metallic main to curb and curb to meter service lines. In addition and where applicable, the Company will move meters from inside a structure to an acceptable location outside a structure for those services being replaced in conjunction with the ASRP. Customers receiving service under Rates IT and GGIT will be assessed a throughput charge in addition to their commodity delivery charge for that purpose.

Rider ASRP will be updated annually, in order to reflect the impact on the Company's revenue requirements of net plant additions as offset by operations and maintenance expense reductions during the most recent twelve months ended December. Such adjustments to the Rider will become effective with the first billing cycle of May.

The charges for the respective gas service schedules are:

Rate RS and RSLI, Residential Service	\$00.00 per month
Rate RFT and RFTLI, Residential Firm Transportation Service	\$00.00 per month
Rate GS-S and GS-L, General Service	\$00.00 per month
Rate DGS, Distributed Generation Service	\$00.00 per month
Rate FT-S and FT-L, Firm Transportation Service	\$00.00 per month
Rate IT, Interruptible Transportation Service	\$0.000000 per CCF
Rate GGIT, Gas Generation Interruptible Transportation Rate	\$0.000000 per CCF

These monthly charges shall remain in effect until changed by order of the Public Utilities Commission of Ohio.

**PROPOSED RIDER AU
ADVANCE UTILITY RIDER**

ADVANCE UTILITY RIDER, SHEET NO. 88.3

APPLICABILITY

Applicable to all customers receiving service under the Company's sales and transportation rate schedules.

The charges for the respective gas service schedules are:

Rate RS and RSLI, Residential Service	\$ 0.00 per month
Rate RFT and RFTLI, Residential Firm Transportation Service	\$ 0.00 per month
Rate GS-S and GS-L, General Service	\$ 0.00 per month
Rate DGS, Distributed Generation Service	\$ 0.00 per month
Rate FT-S and FT-L, Firm Transportation Service	\$ 0.00 per month
Rate IT, Interruptible Transportation Service	\$ 0.00 per month
Rate GGIT, Spark Spread Interruptible Transportation Rate	\$ 0.00 per month

OTHER PROPOSED CHANGES

The Company proposes to make the following additional changes to its gas tariff:

1. **Section II – Supplying and Taking of Service, paragraph 8 – Right of Way.** The following provision is changed as follows:

8. Right-of-Way

The customer shall furnish, without cost to the Company, all necessary rights of way upon or across property owned or controlled by the customer for any and all of the Company's facilities that are necessary or incidental to the supplying of service to the customer, or to continue service to the customer. Subsequent to the customer providing the Company with the necessary rights of way to serve the customer, the Company shall serve or continue to provide service to the customer in accordance with the terms and conditions for the taking of service as identified in P.U.C.O. Gas No. 18. Additionally, the customer shall likewise furnish, without cost to the Company, all necessary rights of way upon or across customer's property necessary or incidental to the supplying of service to other customers who are adjacent to or extend beyond the customer's property. The rights of way as required herein shall be in the form of the Company's Grant of Easement, or any other instrument customarily used by the Company for its facilities, or as otherwise determined by the Company, in its discretion, to be satisfactory to it.

2. Charge for Reconnection of Service, Sheet No. 82.5. The following has been added:

Also, if gas service has been disconnected at the request of the customer and, within an eight (8) month period of that disconnection, the customer requests that service be reconnected at the same premises, the Company may refuse gas service to such customer, unless it shall first receive payment equivalent to the appropriate billing of the customer's Fixed Delivery Service Charge for the number of billing periods the service was disconnected, including any necessary prorated charges representing partial bill period/s. Where the billing amount reflects a period of more than one (1) month, those amounts shall be prorated based on the normal scheduled meter reading dates and divided into increments of one (1) month, or less. If the increments represent less than one (1) month, the appropriate Fixed Delivery Service Charge will be billed as a prorated portion of the period as defined by the normal scheduled meter reading date. The appropriate Fixed Delivery Service Charge is defined by the rate under which the customer requested that the service be disconnected as is set forth in the following tariff sheets:

Sheet No. 30 Rate RS, Residential
Sheet No. 32 Rate GS-S, General Service – Small
Sheet No. 33 Rate RFT, Residential Firm Transportation
Sheet No. 34 Rate RSLI, Residential Low Income Pilot
Sheet No. 35 Rate GS-L, General Service – Large
Sheet No. 36 Rate RFTLI, Residential Firm Transportation Service – Low Income
Sheet No. 37 Rate FT-L Firm Transportation Service – Large
Sheet No. 52 Rate FT-S, Firm Transportation Service – Small

The above proposed provisions, rates, and charges are subject to changes, including changes as to amount and form, by The Public Utilities Commission of Ohio following a public hearing on the filed application. Recommendations that differ from the filed application may be made by the Staff of The Public Utilities Commission of Ohio or by intervening parties and may be adopted by the Commission.

Any person, firm, corporation or association may file, pursuant to Section 4909.19 of the Revised Code, an objection to such proposed increased rates by alleging that such proposals are unjust and discriminatory or unreasonable.

Any person, firm, corporation or association may file a motion to intervene. Intervenor may obtain copies of the application and other filings made by the Company by contacting Ms. Dianne Kuhnell at (513) 287-4337, Duke Energy Ohio, Inc.

WHEREFORE, since the rates, prices, charges, and other provisions in Duke Energy Ohio's current electric rate schedules do not yield just and reasonable compensation to Duke Energy Ohio for supplying electric distribution service to the customers to which they are applicable, do not yield a just and reasonable return to Duke Energy Ohio on the value of the property used for furnishing such electric distribution service to such customers, and result in the taking of Duke Energy Ohio's property for public use without compensation and without due process of law, Duke Energy Ohio respectfully prays that your Honorable Commission:

- (a) *Accept this Application for filing;*
- (b) Find that this Application and the attached Schedules filed herewith and incorporated herein, are in accordance with R. C. 4909.18 and the Rules of the Commission;
- (c) Approve the Form of Notice in the attached Schedule S-3;
- (d) Find that the current rates, prices, and charges for electric service are unjust, unreasonable and insufficient to yield reasonable compensation to Duke Energy Ohio for the electric distribution service rendered;
- (e) Find that the proposed rates, prices, and charges are just and reasonable based upon the test period for the twelve months ending December 31, 2012, and approve such schedules in the form tendered herewith;
- (f) Find that Duke Energy Ohio is in compliance with R. C. 4905.35;
- (g) Approve Duke Energy Ohio's Application for an Increase in Gas Rates consistent with the Commission's approval of Duke Energy Ohio's proposed rates in Case Nos. 12-1688-GA-AIR;
- (h) Approve Duke Energy Ohio's Application for Tariff Approval consistent with the Commission's approval of Duke Energy Ohio's proposed tariffs in Case No. 12-1688-GA-ATA;
- (i) Approve Duke Energy Ohio's Application for Approval of an Alternative Rate Plan for Gas Distribution Service consistent with the Commission's approval of Duke Energy Ohio's proposed alternative rate plan in Case No. 12-1688-GA-ALT;
- (j) Approve Duke Energy Ohio's Application for Approval to Change Accounting Methods consistent with the Commission's approval of Duke Energy Ohio's proposed deferrals in Case No. 12-1688-GA-AAM;
- (k) Fix the date on or after which applicable services provided to non-residential customers are subject to the proposed rates at January 1, 2013; and
- (l) Fix the date on or after which applicable services provided to residential customers are subject to the proposed rates at January 1, 2013.

A copy of the Application, including a copy of the present and proposed rate sheets, may be inspected by any interested party at the office of the Commission, 180 East Broad Street, Columbus, Ohio 43266-0573; or at the following business offices of the Company: 139 East Fourth Street, Cincinnati, Ohio or 644 Linn Street, Cincinnati, Ohio 45203.

Any interested party seeking detailed information with respect to all affected rates, charges, regulations, and practices may inspect a copy of the application, including supporting schedules and present and proposed rate sheets, by either of the following methods: by visiting the offices of the Commission at 180 East Broad Street, 13th floor, Columbus, Ohio, 43215-3793; or by visiting the Commission's web site at <http://www.puco.ohio.gov>, selecting DIS, inputting 12-1685 in the case-lookup box, and selecting the date the application was filed. Additionally, a copy of the application and supporting documents may be viewed at the business office of the Company at 139 East Fourth Street, Cincinnati, Ohio or 644 Linn Street, Cincinnati, Ohio.

DUKE ENERGY OHIO, INC.