

August 22, 2012

Ms. Barcy F. McNeal, Secretary
Public Utilities Commission of Ohio
180 East Broad Street, 11th Floor
Columbus, Ohio 43215

Re: Case No. 11-4393-EL-RDR

Dear Ms. McNeal:

The Public Utilities Commission of Ohio directed Duke Energy Ohio, Inc. to file a proposed tariff in the above-captioned matter that appropriately reflects the lost revenue recovery mechanism such that it only covers lost distribution revenue. Enclosed for filing is the proposed tariff along with supporting work paper for review. Sheet numbers of this proposed tariff were changed to prevent possible overlap with existing Rider DR-SAW sheet numbers.

Please feel free to contact me with any questions.

Respectfully submitted,



Elizabeth H. Watts
Associate General Counsel
Duke Energy Ohio, Inc.
139 E. Fourth Street
Cincinnati, Ohio 45201-0960
(614) 222-1330
Elizabeth.Watts@duke-energy.com

Duke Energy Ohio
Energy Efficiency and Peak Demand Response Rider
Summary of Calculations for 2012 Programs

OHIO REVENUE REQUIREMENT (excluding Lost Revenues) WORKPAPER
in \$

Discount Rate	8.10%
M&V	5.0%
Shared Savings	7.5%
Self Direct 201	\$2,250,000 <i>estimated 7.5 cents/kwh</i>

		2012
Summary Revenue Requirem	Res from Portfolio	\$16,636,107
	NonRes from Portfolio	15,020,766
	NonRes Self-Direct	2,250,000
	Total	33,906,873

		2012
Total Portfolio	Total Avoided Costs	\$85,579,439
	Program Costs & Overhead	(25,885,554)
	Shared Savings	59,693,886
	x Utility Sharing Rate	7.5%
	Utility Share	4,477,041
	+ Program Cost & Overhead Rec	25,885,554
	+ M&V Recovery	1,294,278
	Total Revenue Requirement	31,656,873
	Self Direct	2,250,000
	Total Revenue Requirement	33,906,873

		2012
Res EE	NPV Avoided Costs: Cumulative Av	\$3,888,041
	NPV Avoided Costs: Cumulative Co	16,811,910
	NPV Avoided Costs: Cumulative Co	5,189,779
	Total Avoided Costs	25,889,729
	Program Costs Total Utility Co	(10,985,271)
	Shared Savings	14,904,458
	x Utility Sharing Rate	7.5%
	Utility Share	1,117,834
	+ Program Cost & Overhead Rec	10,985,271
	+ M&V Recovery	549,264
	Total Revenue Requirement	12,652,369

		2012
NonRes EE	NPV Avoided Costs: Cumulative Av	\$4,693,706
	NPV Avoided Costs: Cumulative Co	34,320,957
	NPV Avoided Costs: Cumulative Co	7,787,217
	Total Avoided Costs	46,801,881
	Program Costs Total Utility Co	(9,694,882)
	Shared Savings	37,106,999
	x Utility Sharing Rate	7.5%
	Utility Share	2,783,025
	+ Program Cost & Overhead Rec	9,694,882
	+ M&V Recovery	484,744
	Total Revenue Requirement	12,962,651

		2012
Res DR	1-Year Avoided Costs: Cumulative Av	\$2,639,530
	1-Year Avoided Costs: Cumulative Co	4,314,401
	Total Avoided Costs	6,953,931
	Program Costs Total Utility Co	(3,550,967)
	Shared Savings	3,402,964
	x Utility Sharing Rate	7.5%
	Utility Share	255,222
	+ Program Cost & Overhead Rec	3,550,967
	+ M&V Recovery	177,548
	Total Revenue Requirement	3,983,738

		2012
NonRes DR	1-Year Avoided Costs: Cumulative Av	\$2,252,352
	1-Year Avoided Costs: Cumulative Co	3,681,546
	Total Avoided Costs	5,933,899
	Program Costs Total Utility Co	(1,654,434)
	Shared Savings	4,279,465
	x Utility Sharing Rate	7.5%
	Utility Share	320,960
	+ Program Cost & Overhead Rec	1,654,434
	+ M&V Recovery	82,722
	Total Revenue Requirement	2,058,115

Duke Energy Ohio
 Energy Efficiency and Peak Demand Response Rider
 Summary of Calculations for 2012 Programs

Sales Forecast By Customer Class

Year	Month	Residential	Commercial	Industrial	OPA	SL	ID	CU
2012	1	780,533,746	573,359,620	447,384,114	108,346,169	8,038,000	478,000	1,643,000
	2	690,730,238	524,137,474	420,095,084	101,154,441	8,043,000	394,000	1,185,000
	3	603,707,114	516,793,756	433,381,162	102,401,313	8,132,000	467,000	1,733,000
	4	492,226,472	507,575,169	422,350,161	98,966,535	8,036,000	330,000	1,178,000
	5	431,209,540	513,792,074	433,660,894	101,590,330	7,990,000	351,000	1,433,000
	6	551,512,288	590,639,642	453,828,855	112,359,881	8,104,000	318,000	1,159,000
	7	693,894,281	628,249,954	465,747,896	114,427,888	8,014,000	366,000	1,445,000
	8	724,310,958	630,683,600	477,875,162	115,200,399	8,051,000	416,000	1,453,000
	9	645,495,705	608,794,404	465,870,489	116,589,021	8,027,000	340,000	1,343,000
	10	471,670,006	530,628,218	441,790,671	103,537,418	8,001,000	309,000	1,241,000
	11	452,680,186	499,935,011	423,871,842	95,046,292	7,978,000	268,000	1,081,000
	12	643,068,237	558,684,832	434,273,275	101,745,709	8,039,000	478,000	1,787,000
total		7,181,038,771	6,683,273,754	5,320,129,605	1,271,365,396	96,453,000	4,515,000	16,681,000

Duke Energy Ohio
Energy Efficiency and Peak Demand Response Rider
Summary of Calculations for 2012 Programs

OHIO LOST REVENUE ESTIMATE WORKPAPER

in \$

Line Losses 6.8420%

		2012
SUMMARY	Res	954,945
Half-year	NonRes	441,185
Convention	Total	1,396,130

		2012
SUMMARY	Res	1,909,890
Jan 1 start	NonRes	882,370
	Total	2,792,260

Res EE	Vintage			2012
	1	Lost Revenues	Cumulative Elec Lost Rev Net of Fuel NF	1,909,890
	2	Lost Revenues	Cumulative Elec Lost Rev Net of Fuel NF	0
	3	Lost Revenues	Cumulative Elec Lost Rev Net of Fuel NF	0
	4	Lost Revenues	Cumulative Elec Lost Rev Net of Fuel NF	0
	5	Lost Revenues	Cumulative Elec Lost Rev Net of Fuel NF	0
		Lost Revenues		1,909,890

Vintage			2012
1	KWH at Meter, Net FR	Cumulative kWh w/losses NF	79,888,330
2	KWH at Meter, Net FR	Cumulative kWh w/losses NF	0
3	KWH at Meter, Net FR	Cumulative kWh w/losses NF	0
4	KWH at Meter, Net FR	Cumulative kWh w/losses NF	0
5	KWH at Meter, Net FR	Cumulative kWh w/losses NF	0
	KWH at Meter, Net FR	Cumulative kWh w/losses NF	79,888,330

Vintage		2012
1	Implicit \$/KWH	\$0.0239
2	Implicit \$/KWH	\$0.0000
3	Implicit \$/KWH	\$0.0000
4	Implicit \$/KWH	\$0.0000
5	Implicit \$/KWH	\$0.0000
Implicit \$/KWH		\$0.0239

NonRes EE	Vintage			2012
	1	Lost Revenues	Cumulative Elec Lost Rev Net of Fuel NF	882,370
	2	Lost Revenues	Cumulative Elec Lost Rev Net of Fuel NF	0
	3	Lost Revenues	Cumulative Elec Lost Rev Net of Fuel NF	0
	4	Lost Revenues	Cumulative Elec Lost Rev Net of Fuel NF	0
	5	Lost Revenues	Cumulative Elec Lost Rev Net of Fuel NF	0
		Lost Revenues		882,370

Vintage			2012
1	KWH at Meter, Net FR	Cumulative kWh w/losses NF	73,113,433
2	KWH at Meter, Net FR	Cumulative kWh w/losses NF	0
3	KWH at Meter, Net FR	Cumulative kWh w/losses NF	0
4	KWH at Meter, Net FR	Cumulative kWh w/losses NF	0
5	KWH at Meter, Net FR	Cumulative kWh w/losses NF	0
	KWH at Meter, Net FR	Cumulative kWh w/losses NF	73,113,433

Vintage		2012
1	Implicit \$/KWH	\$0.0121
2	Implicit \$/KWH	\$0.0000
3	Implicit \$/KWH	\$0.0000
4	Implicit \$/KWH	\$0.0000
5	Implicit \$/KWH	\$0.0000
	Implicit \$/KWH	\$0.0121

Workpaper Notes:

Lost Revenues have been shown for 36 months.

The Lost Revenue and KWH shown assume a Jan 1 start date for all participants. In practice, participation for lost margins would be tracked on a monthly basis

Duke Energy Ohio
Energy Efficiency and Peak Demand Response Rider
Summary of Calculations for 2012 Programs

January 2012 through December 2012

	Program Costs (A)
<u>Electric Rider EE-PDR</u>	
Residential Rates RS, ORH, TD, RS3P, RSLI, TD-AM, TD-LITE, TD-CPP_LITE	\$ 16,636,107
Non-Residential Rates DS, DP, DM, GS-FL, EH, SP, SFL-ADPL, TS, RTP, & CUR	\$ 17,270,766

(A) See page 1.

(C) See page 3.

Duke Energy Ohio
Energy Efficiency and Peak Demand Response Rider
Summary of Billing Determinants

Year	2012
Projected Annual Electric Sales KWH	
Residential Rates RS, ORH, TD, RS3P, RSLI, TD-AM, TD-LITE, TD-CPP_LITE	7,181,038,771
Non-Residential Rates DS, DP, DM, GS-FL, EH, SP, SFL-ADPL, TS, RTP, & CUR	13,274,768,755

Duke Energy Ohio
Energy Efficiency and Peak Demand Response Rider
Summary of Calculations

January 2012 through December 2012

Rate Schedule	True-Up Amount (A)	Expected Program Costs (B)	Lost Revenues Costs (C)	Total DSM Revenue Requirements	Estimated Billing Determinants (D)	Energy Efficiency and Peak Demand Response Recovery Rider (EE-PDRR)	
Electric Rider DSM							
Residential Rates RS, ORH, TD, RS3P, RSLI, TD-AM, TD-LITE, TD-CPP_LITE	\$ -	\$ 16,636,107	\$ 954,945	\$ 17,591,052	7,181,038,771	kWh	\$ 0.002450 \$/kWh
Distribution Level Rates							
DS, DP, DM, GS-FL, EH, SFL-ADPL, TS, RTP, & CUR	\$ -	\$ 17,270,766		\$ 17,270,766	13,274,768,755	kWh	\$ 0.001301 \$/kWh
Distribution Level Rates							
DS, DP, TS, & RTP			\$ 441,185	\$ 441,185	13,274,768,755		0.000033 \$/kWh
Total Rate for DS, DP, TS, & RTP							\$ 0.001334 \$/kWh
Total Recovery				\$ 35,303,003			

Note: Rider DDR (Distribution Decoupling Rider) does not apply to Rates DS, DP, and TS. These rates are therefore subject to lost distribution revenue recovery under Rider EE-PDR

**RIDER EE-PDRR
ENERGY EFFICIENCY AND PEAK DEMAND RESPONSE RECOVERY RATE**

The EE-PDRR rate shall be determined in accordance with the provisions of Rider EE-PDR, Energy Efficiency and Peak Demand Response Recovery rider, Sheet No. 120 of this Tariff.

The EE-PDRR rate to be applied to residential service customer bills beginning with the September 2012 revenue month is \$0.002450 per kilowatt-hour.

The EE-PDRR rate to be applied to non-residential service customer bills, other than service under Rates DS, DP, TS, and RTP, beginning with the September 2012 revenue month for distribution service is \$0.001301 per kilowatt-hour.

The EE-PDRR rate to be applied to non-residential service customer bills, for service under Rates DS, DP, TS, and RTP, beginning with the September 2012 revenue month for distribution service is \$0.001334 per kilowatt-hour.

Filed pursuant to an Order dated August 15, 2012 in Case No. 11-4393-EL-RDR before the Public Utilities Commission of Ohio.

Issued: August 22, 2012

Effective: September 1, 2012

Issued by Julie Janson, President

**RIDER EE-PDR
ENERGY EFFICIENCY AND PEAK DEMAND RESPONSE RECOVERY RIDER**

APPLICABILITY

Applicable to service rendered under the provisions of the following Rates to retail jurisdictional customers in the Company's electric service territory including those customers taking generation service from a Certified Retail Electric Service (CRES) provider:

Rate RS
Rate ORH
Rate TD-AM
Rate TD
Rate CUR
Rate RS3P
Rate RSLI
Rate TD-CPP_LITE
Rate TD-LITE
Rate TD-2012
Rate DS
Rate GS-FL
Rate EH
Rate DM
Rate DP
Rate SFL-ADPL
Rate TS

CHARGES

The monthly amount computed under each of the rate schedules to which this rider is applicable shall be increased or decreased by the EE-PDR Charge at a rate per kilowatt-hour of monthly consumption and, where applicable, a rate per kilowatt of monthly billing demand, in accordance with the following formula:

$$\text{EE-PDR Charge} = \text{PC} + \text{LR} + \text{PI} + \text{BA}$$

Where: PC = PROGRAM COST RECOVERY.

LR = LOST DISTRIBUTION REVENUE FROM LOST SALES RECOVERY.

PI = PDR PROGRAM INCENTIVE RECOVERY.

BA = BALANCE ADJUSTMENT.

For each twelve month period, the PC shall include all expected costs for the energy efficiency and peak demand response programs. Such program costs shall include the cost of planning, developing, implementing, monitoring, and evaluating the EE-PDR programs. Program costs will be assigned for recovery purposes to the rate classes whose customers are directly participating in the program. In addition, all costs incurred by or on behalf of the collaborative process, including but not limited to costs for consultants, employees and administrative expenses, will be recovered through the PC. Administrative costs that are allocable to more than one rate class will be recovered from those classes and allocated by rate class on the basis of the estimated avoided capacity and energy costs resulting from each program.

The PC applicable to each rate class shall be determined by dividing the costs of approved programs allocated or assigned to that class by the expected kilowatt-hour sales for the upcoming twelve-month period.

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CHARGES (Cont'd)

Lost distribution revenues (LR) from lost sales due to EE-PDR programs shall be computed by 1) multiplying the amount of kilowatt-hour sales that will be lost during the year as a result of the implementation of the approved programs times the distribution energy charge for the applicable rate schedule, less the variable cost included in the charge, and 2) dividing that product by the expected kilowatt-hour sales for the upcoming twelve-month period. Recovery of distribution revenues from lost sales for each rate class shall be included in the LR for three years from the implementation of the measures or until terminated by the implementation of new rates pursuant to a general rate case, whichever comes first. Distribution Revenues from lost sales will be assigned for recovery purposes to the rate classes whose programs resulted in the lost sales. Only those rate classes (e.g., Rates DS, DP, and TS) that are excluded from Rider DDR, Distribution Decoupling Rider, are subject to the LR charge.

The EE-PDR Program Incentive (PI) amount shall be computed by multiplying the net resource savings expected from the approved programs which are to be installed during the upcoming twelve-month period times the allowed shared savings percentage. The allowed shared savings percentages are as follows: 0% for achievement level of 100% or less, 7.5% for achievement level greater than 100% and less than or equal to 110%, 10% for achievement level greater than 110% and less than or equal to 115%, and 15% for achievement level greater than 115%. Net resource savings are defined as program benefits less the costs of the program, where program benefits will be calculated on the basis of the present value of the Company's avoided costs over the expected life of the program, and will include both capacity and energy savings. The amount related to programs for each rate class shall be divided by the expected kilowatt-hour sales for the upcoming twelve-month period to determine the PI for that rate class. EE-PDR incentive amounts will be assigned for recovery purposes to the rate classes whose programs created the incentive.

The BA is used to reconcile the difference between the amount of revenues actually billed through the respective EE-PDR Charge components; namely, the PC, LR, and PI and previous application of the BA and the revenues which should have been billed, as follows:

For the PC, the balance adjustment amount will be the difference between the actual amount billed in a twelve-month period due to the application of the PC unit charge and the actual costs of the approved programs during the same twelve-month period.

For the LR, the balance adjustment amount will be the difference between the amount billed during the twelve-month period from the application of the LR unit charge and the LR amount established for the same twelve-month period.

For the PI, the balance adjustment amount will be the difference between the actual amount billed during the twelve-month period due to application of the PI unit charge and the program incentive amount determined for the actual EE-PDR programs or measures implemented during the twelve-month period.

For the BA the balance adjustment amount will be the difference between the actual amount billed during the twelve-month period due to the application of the BA unit charge and the balance adjustment amount estimated for the same twelve-month period.

The balance adjustment amounts determined above shall include interest. The interest applied to the monthly amounts, shall be calculated at a rate equal to the average of the "3-month Commercial Paper Rate" for the immediately preceding 12-month period. EE-PDR balance adjustment amounts will be

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assigned for recovery purposes to the rate classes to which over or under-recoveries of EE-PDR amounts were realized.

All costs recovered through the EE-PDR Charge will be assigned or allocated to Duke Energy Ohio, Inc.'s electric on the basis of the estimated net electric savings resulting from each program.

FILINGS

The filing of modifications to the EE-PDR Charge shall be made at least thirty days prior to the beginning of the effective period for billing. Each filing will include the following information as needed:

A detailed description of each EE-PDR program.

The total cost of each program over the twelve-month period.

An analysis of expected resource savings.

Information concerning the specific EE-PDR or efficiency measures to be installed.

Any applicable studies which have been performed, as available.

A statement setting forth the detailed calculation of each component of the EE-PDR Charge.

Each change in the EE-PDR Charge shall be applied to customers' bills with the first billing cycle of the revenue month which coincides with, or is subsequent to, the effective date of such change.

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.

This foregoing document was electronically filed with the Public Utilities

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Case No(s). 11-4393-EL-RDR

Summary: Correspondence Duke Energy Ohio, Inc.'s Proposed Tariff and Supporting Workpaper electronically filed by Carys Cochern on behalf of Watts, Elizabeth H. Ms.