

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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

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

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Now comes Duke Energy Ohio, Inc., (Duke Energy Ohio or the Company) and moves to cancel its Spark Spread Interruptible Transportation Rate (Rate SSIT) pursuant to R.C. 4909.18, or in the alternative, suspend Rate SSIT pursuant to R.C. 4909.16. The Company previously filed an application in this case on January 19, 2012 (Application) to cancel or suspend Rate SSIT because it is no longer a calculable rate, is outdated, and contains references to a market index that no longer exists.

On February 13, 2012, the University of Cincinnati (UC) filed a motion for intervention and comments in opposition to the Company's Application. In its comments, UC expressed concern that the Company's May 13, 2012 termination of its special Natural Gas Transportation Agreement with UC, coupled with the Application to cancel Rate SSIT, would decrease UC's opportunity to make use of unused capacity in Duke Energy Ohio's system and efficiently maximize its use of gas fired generation capacity. The Public Utilities Commission of Ohio (Commission) granted UC's motion for intervention on July 6, 2012.

On July 9, 2012, in Case No. 12-1685-GA-AIR, *et al.*, Duke Energy Ohio filed an application which, among numerous other things, proposed a new tariff schedule for Gas Generation Interruptible Transportation (Rate GGIT). Rate GGIT is proposed as a voluntary rate schedule designed to encourage the development of natural gas-fired generation and cogeneration in the Company's service territory. Additionally, it is designed to replace Rate SSIT.

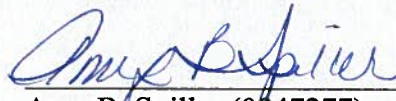
Partially in response to the concerns UC expressed in its comments in opposition to the Company's Application, Duke Energy Ohio and UC filed a Joint Application for Approval of a Reasonable Arrangement for Transporting Natural Gas on July 27, 2012 in Case No. 12-2171-GA-AEC (Joint Application for Reasonable Arrangement). The proposed agreement supporting the Joint Application for Reasonable Arrangement addressed UC's need for suitably priced interruptible gas transportation for incremental electric generation, which was the stated purpose of Rate SSIT. Additionally, UC agreed to withdraw its opposition to the Company's Application to cancel or suspend Rate SSIT in Case No. 12-0331-GA-ATA upon approval of the Joint Application for Reasonable Arrangement by the Commission. On August 22, 2012, the Commission approved the Joint Application for Reasonable Arrangement.

Consistent with its prior agreement, UC withdrew its opposition to Duke Energy Ohio's Application in Case No. 12-0331-GA-ATA on September 24, 2012. No other party opposes the Company's Application. The Company has further taken steps to replace Rate SSIT by means of Rate GGIT, proposed in Case No. 12-1685-GA-AIR, *et al.* Moreover, no customer has ever taken service under Rate SSIT, and, as it currently exists, rates under the tariff are no longer calculable. Accordingly, Duke Energy Ohio respectfully requests that the Commission grant its motion to cancel Rate SSIT pursuant to R.C. 4909.18. Alternatively, if the Commission

determines it is improper to cancel Rate SSIT entirely, Duke Energy Ohio requests that the Commission suspend the rate pursuant to R.C. 4909.16 until the Company can update the applicable pricing index and costs in an appropriate manner.

WHEREFORE, Duke Energy Ohio respectfully requests that the Commission grant its motion to cancel Rate SSIT, or, in the alternative, suspend Rate SSIT until applicable pricing index and costs can be appropriately updated.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Amy B. Spiller", is written over a horizontal line.

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## MEMORANDUM IN SUPPORT

Duke Energy Ohio recently discovered that in its current form, Rate SSIT may not be utilized. The tariff of record for Rate SSIT, which was inadvertently overlooked as part of the Company's last natural gas rate case, contains references to a market index that no longer exists. Because the market index referenced in the tariff is obsolete, neither a Spark Spread price nor a rate using that price can be calculated. Therefore, in order to prevent injury to customers that may explore taking service under Rate SSIT and also to the Company, Duke Energy Ohio respectfully requests that the Commission grant its motion to cancel Rate SSIT.

Several circumstances support a decision by the Commission to grant the Company's motion to cancel Rate SSIT. First, no customer has ever taken service under Rate SSIT. This circumstance evidences the extremely minimal impacts that canceling Rate SSIT would have on customers.

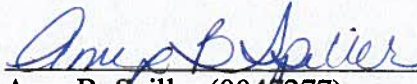
Second, correcting the rate cannot be achieved by simply replacing a referenced indexed price. Because of the rate's lack of use, its calculation was not included as part of Duke Energy Ohio's most recent cost of service and cost allocations. As such, corrections to the rate may not be achieved solely by replacing the obsolete referenced indexed price. Because the structure of Rate SSIT has never been used, and material changes to the Company's gas and electric operations have been implemented in the time since Rate's SSIT's initial approval, the necessary analysis and corrections should decidedly be performed in the context of a base rate proceeding. As discussed above, the Company has proposed a new rate, Rate GGIT, in Case No. 12-1685-GA-ATA, *et al.*, which would effectively replace existing Rate SSIT. Given this development, the cancellation of Rate SSIT would eradicate any confusion arising from the existence of an

unusable rate that the Company intends to replace, with the Commission's approval, with a different, workable rate in a fairly short period of time.

Third, the Company has already demonstrated its willingness to mitigate the impacts of cancelling Rate SSIT. Shortly after Duke Energy Ohio filed its Application to cancel Rate SSIT, the Company took steps to provide UC with service pursuant to a reasonable arrangement in Case No. 12-2171-GA-AEC that addresses UC's needs for interruptible gas transportation service to support incremental electric generation. The reasonable arrangement, approved by the Commission on August 22, 2012, addresses the opportunity UC may have had to take service under Rate SSIT, if not for its obsolescence.

In summary, with the exception of UC, no customer has inquired about Rate SSIT since the Company filed its Application to Cancel or Suspend the Rate, nor have any interested persons other than UC intervened in Case No. 12-0331-GA-ATA. Moreover, Duke Energy Ohio has proposed a new tariff, Rate GGIT, in Case No. 12-1685-GA-ATA, *et al.*, which would replace Rate SSIT, thereby eliminating concerns regarding customers' ability to utilize Rate SSIT. Further, the Company has demonstrably taken steps to mitigate any potentially negative impacts associated with the cancellation of Rate SSIT. Given these circumstances, the Company respectfully requests that the Commission grant its motion to cancel Rate SSIT. In the alternative, Duke Energy Ohio requests that the Commission suspend the rate pursuant to R.C. 4909.16 until the Company can update the applicable pricing index and costs in an appropriate manner.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Amy B. Spiller", is written over a horizontal line.

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**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a true and accurate copy of the foregoing document was served this 27<sup>th</sup> day of September, 2012, by U.S. mail, postage prepaid, upon the following persons listed below.

  
Amy B. Spiller

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Summary: Motion of Duke Energy Ohio, Inc. to Cancel Its Spark Spread Interruptible Transportation Rate (Rate SSIT) electronically filed by Dianne Kuhnell on behalf of Duke Energy Ohio, Inc. and Spiller, Amy B. and Rocco D'Ascenzo