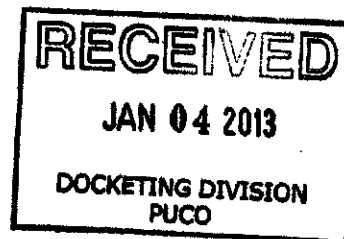


FILE

**A report by the Staff of the
Public Utilities Commission of Ohio**

Duke Energy Ohio, Inc.
Case Number 12-1682-EL-AIR et al.



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STAFF'S REPORT
OF
INVESTIGATION

In the Matter of the Application of Duke)	
Energy Ohio, Inc., for an Increase in its)	Case No. 12-1682-EL-AIR
Electric Distribution Rates.)	
)	
In the Matter of the Application of Duke)	
Energy Ohio, Inc., for Tariff Approval.)	Case No. 12-1683-EL-ATA
)	
In the Matter of the Application of Duke)	
Energy Ohio, Inc., for Approval to Change)	Case No. 12-1684-EL-AAM
Accounting Methods.)	

Submitted
to
The Public Utilities Commission of Ohio

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in its Electric Distribution Rates.)	Case No. 12-1682-EL-AIR
)	
In the Matter of the Application of Duke Energy Ohio, Inc., for Tariff Approval.)	Case No. 12-1683-EL-ATA
)	
In the Matter of the Application of Duke Energy Ohio, Inc., for Approval to Change Accounting Methods.)	Case No. 12-1684-EL-AAM
)	

Todd A. Snitchler, Chairman
Lynn Slaby, Commissioner
Steven D. Lesser, Commissioner
Andre T. Porter, Commissioner
Cheryl L. Roberto, Commissioner

To The Honorable Commission:

In accordance with the provisions of the Ohio Revised Code Section 4909.19, the Commission's Staff has conducted its investigation in the above matter and hereby submits its findings in the within Staff Report.


The Staff Report has been jointly prepared by the Commission's Utilities Department and Service Monitoring and Enforcement Department.

Copies of the Staff Report have been filed with the Docketing Division of the Commission and served by certified mail upon the mayors of all affected municipalities and other public officials deemed representative of the service area affected by the application. A copy of said report has also been served upon the utility or its authorized representative. Interested parties are advised that written objections to any portion of the Staff Report must be filed within thirty (30) days of the date of the filing of said report after which time the Commission will promptly set this matter for public hearing. Written notice of the time, place, and date of such hearing will be served upon all parties to the proceeding.

The Staff Report is intended to present for the Commission's consideration the results of the Staff's investigation. It does not purport to reflect the views of the Commission nor

should any party to said proceeding consider the Commission as bound in any manner by the representations or recommendations set forth therein. The Staff Report, however, is legally cognizable evidence upon which the Commission may rely in reaching its decision in this matter. (See *Lindsey v. Pub. Util. Comm.*, 111 Ohio St. 6 (1924)).

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Jodi Bair".

Utilities Department

Jodi Bair
Director

A handwritten signature in cursive script, appearing to read "John Williams".

Service Monitoring and Enforcement Department

John Williams
Director

STAFF ACKNOWLEDGEMENTS

The Staff Report components reflect the results of investigations conducted by the Staff of the Applicant's rate application. The Staff person responsible for each component is shown below:

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Rate of Return	Joseph Buckley
Rates and Tariffs	Marchia Rutherford
Management and Operations Review	David Hupp

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TABLE OF CONTENTS

	Page
BACKGROUND	1
OPERATING INCOME AND RATE BASE.....	3
Scope of Investigation	3
Revenue Requirements	3
Rate Base	4
Allocations	8
Operating Income	9
RATE OF RETURN	16
RATES AND TARIFFS.....	19
Tariff Analysis.....	19
Rate and Revenue Analysis.....	24
Rate Schedules	28
RELIABILITY AND SERVICE QUALITY REVIEW	45
MANAGEMENT AND OPERATIONS REVIEW.....	59
SCHEDULES	
A-1 Overall Financial Summary	66
A-2 Computation of Gross Revenue Conversion Factor.....	67
B-1 Jurisdictional Rate Base Summary	68
B-2 Plant in Service Summary by Major Property Groupings	69
B-2.1 Plant in Service by Accounts and Subaccounts	70
B-2.2 Adjustments to Plant in Service	75
B-2.5a Property Excluded from Rate Base.....	76
B-2.5b Property Excluded from Rate Base-Smart Grid	82
B-2.5c Property Excluded from Rate Base-Other.....	85
B-2.5d Property excluded from Rate Base-Other	86

TABLE OF CONTENTS

(Continued)

	Page
B-2.5e Property Excluded from Rate Base (For Reasons Other than Rate Area Allocation)	87
B-3 Accumulated Depreciation and Amortization	88
B-3.1 Adjustments to Accumulated Depreciation & Amortization	93
B-3.2 Proposed Depreciation Accrual Rates & Accumulated Balances by Accounts	94
B-4 Construction Work in Progress	98
B-5 Allowance for Working Capital Allowance	99
B-6 Other Rate Base Items Summary	100
B-7 Jurisdictional Allocation Factors Rate Base and Operating Income	102
C-1 Jurisdictional Proforma Income Statement	103
C-2 Adjusted Test Year Operating Income	104
C-3 Summary of Jurisdictional Adjustments to Operating Income	105
C-3.1 Annualized Revenue	110
C-3.2 Eliminated DSM/EE Revenue and Expense	111
C-3.3 Rate Case Expense	112
C-3.4 Annualized Test Year Wage Adjustment	113
C-3.5 Annualized Depreciation Expense	114
C-3.6 Interest on Customer Service Deposits	115
C-3.7 Eliminate Hurricane Ike Revenue and Expenses	116
C-3.8 Property Tax Adjustment	117
C-3.9 Smart Grid Savings	118
C-3.10 Interest Expense Deductible	119
C-3.11 EEI Expense Adjustment	121
C-3.12 Ohio Excise Tax Rider	122
C-3.13 Budget Expenses	123
C-3.14 Eliminate Non-Jurisdictional Expenses	124
C-3.15 Annualize PUCO and OCC Assessments	125
C-3.16 Adjust Uncollectible Expense	126
C-3.17 Annualize Pension and Benefits Expense	127
C-3.18 Annualize Payroll Taxes	128
C-3.19 Annualize Commercial Activities Tax	129
C-3.20 Intentionally Left Blank	130
C-3.21 Intentionally Left Blank	131
C-3.22 Intentionally Left Blank	132
C-3.23 Eliminate Merger Costs	133
C-3.24 Intentionally Left Blank	134
C-3.25 Intentionally Left Blank	135
C-3.26 Eliminate Smart Grid Revenue and Expense	136
C-3.27 Increased Medical Costs	137

TABLE OF CONTENTS

(Continued)

	Page
C-3.28	Intentionally Left Blank..... 138
C-3.29	Intentionally Left Blank..... 139
C-4	Adjusted Jurisdictional Federal and State Income Taxes..... 140
D-1	Rate of Return Summary..... 141
D-1.1	Equity Issuance Cost Adjustment..... 142
D-1.3	CAPM Cost of Equity Estimate 143
D-1.4	DCF Cost of Equity Estimate 150
D-1.5	D Non-Constant DCF Calculation 157
D-1.6	DUK Non-Constant DCF Calculation 158
D-1.7	ED Non-Constant DCF Calculation..... 159
D-1.8	NU Non-Constant DCF Calculation..... 160
D-1.9	XEL Non-Constant DCF Calculation 161
D-1.10	Growth in U.S. Gross National Product, 1929-2011..... 162
E-5	Typical Bill Comparison..... 164

BACKGROUND

The Applicant, Duke Energy Ohio, Inc. (Duke, Applicant or the Company) was incorporated in Ohio on April 3, 1837, as Cincinnati Gas, Light and Coke Company, and became the Cincinnati Gas & Electric Company in 1901. Growth, acquisitions and mergers throughout the years have resulted in the present operation in which the Applicant renders electric or gas service, or both, in nine counties in southwestern Ohio. The Applicant is a public utility engaged in the business of production, transmission, distribution, and sale of electricity to approximately 690,000 consumers.

On October 24, 1994, the Applicant, then known as the Cincinnati Gas & Electric Company, merged with PSI Resources, Inc. to form Cinergy Corporation. Cinergy was the parent company to both PSI Energy, Inc. (PSI Resources' utility subsidiary) and Cincinnati Gas & Electric Company, and provided various services to both companies through its Cinergy Services, Inc. subsidiary. On April 3, 2006, the Applicant's parent, Cinergy Corporation became a wholly owned subsidiary of Duke Energy Corporation.

On June 7, 2012, the Applicant filed a notice of intent to file an application for an increase in its distribution rates to be charged for electric service in its entire service area subject to the jurisdiction of the Commission. The Applicant also noticed its intent to file an application for tariff approval for its electric distribution service (12-1683-EL-ATA), as well as noticing its intent to file an application for approval of a change in accounting methods (12-1684-EL-AAM).

On July 2, 2012, Duke Energy Corporation merged with Progress Energy Inc. and gained approval from both companies' shareholders and all necessary regulatory bodies. In accordance with the terms of the merger agreement, Progress Energy Inc. became a wholly owned direct subsidiary of Duke Energy Corporation.

As part of Duke's application in this case, the Company requests approval of a new tariff to establish a Facilities Relocation and Transportation Tariff (Rider FRT). Rider FRT is a proposed means for the Company to recover the cost of relocations associated with mass transportation projects initiated by governmental subdivisions. The application for approval of a change in accounting methods involves the approval of accounting treatment to establish a deferral mechanism to track storm costs against a base amount to be established in these proceedings. At the time of the Company's next rate case, the Applicant proposes to amortize the balance of the regulatory asset, positive or negative, over a period of time.

With respect to the increase in electric distribution rates application, the Applicant requested that its test period begin January 1, 2012, and end December 31, 2012, and that the date certain be March 31, 2012. By its Entry of July 2, 2012, the Commission approved the requested date certain and test period.

On July 9, 2012, the Applicant filed its application to increase rates. By entry dated August 29, 2012, the Commission ordered that the application be accepted as of July 9, 2012.

The rates proposed by the Applicant for increase, when applied to test year sales volumes, would generate approximately \$86,581,974 of additional retail base rate revenues. The total revenue increase, over test year operating revenues is approximately 24.02%.

OPERATING INCOME AND RATE BASE

SCOPE OF INVESTIGATION

The scope of the investigation was designed to determine if the Applicant's filed exhibits concerning operating income, rate base and other data are reasonable for ratemaking purposes, and if the financial and statistical records supporting the data can be relied upon. The Staff interviewed Applicant's key management personnel and reviewed both internal and published financial reports to assure understanding of the Applicant's operation and organization. The Staff's investigation of test year operating income and date certain rate base included a review of the Applicant's budget and forecasting techniques, verification of the operating revenue computation, and an examination of the Applicant's continuing property records. In addition, the existence and the used and useful nature of the assets were verified through physical inspections. Other independent analyses were performed as the Staff considered necessary under the circumstances.

The Staff reviewed and analyzed the Applicant's proposed adjustments to operating income and rate base and traced them to supporting workpapers and to source data. As a result of its review and analysis, the Staff accepted some of the proposed adjustments as appropriate, changed some proposed adjustments using alternative approaches, and/or proposed new adjustments as required to make the test year operating income and date certain rate base consistent with sound regulatory accounting practices, more representative of normal operations and appropriate for ratemaking purposes.

The purpose of the Staff's investigation was to develop financial data for ratemaking purposes; it was not intended to provide a basis for expressing an opinion on the financial statements of the Company as a whole. The following sections of this report summarize the results of the Staff investigation which it believes are relevant to the determination of test year operating income and rate base.

REVENUE REQUIREMENTS

Schedule A-1 presents the Staff's determination of the Applicant's revenue requirements. The Staff recommended revenue increase is shown on Staff's Schedule A-1. This determination is based on the examination of the accounts and records of the Applicant for the twelve months ended December 31, 2012, the test year in this proceeding. The results of its examination are summarized in this report, and the schedules that incorporate the Staff's recommended rate of return, rate base, and adjusted test year operating income.

RATE BASE

The rate base represents the Applicant's net investment in plant and other assets as of the date certain, March 31, 2012, which were used and useful in providing electric utility service to its customers and upon which its investors are entitled to the opportunity to receive a fair and reasonable rate of return.

The Staff's analysis of the rate base is divided into Plant In Service, Depreciation, Construction Work in Progress, Working Capital, and Other Rate Base Items. A comparison of rate base submitted by the Applicant and that which is recommended by the Staff is shown on Schedule B-1. Schedules B-2 through B-7, provide additional support for the Staff's findings.

Plant In Service

As a result of the Staff's investigation and review of the application, the Staff recommends that an adjustment be made to the Applicant's date certain plant investment for ratemaking purposes. This adjustment is identified below, summarized on Schedule B-2.2, and reflected in the calculation of jurisdictional plant in service figures on Schedule B-2.1.

Plant Exclusions

The Applicant determined that three Plant accounts, 371.2, 373.0 and 373.4 be excluded from plant in service because the accounts have been fully reimbursed from customers. The Staff reflects this adjustment on Schedule B-2.2.

Hartwell Recreation Facility Exclusion

Both the Applicant and the Staff proposed an adjustment to exclude the entire date certain investment in the Hartwell recreation facility. This facility is used primarily for recreational purposes and contracted for use by outside parties. The Staff's jurisdictional adjustment incorporates the use of the composite, common plant allocation factor. The Staff's Adjustment is shown on Schedule B-2.5a and summarized on Schedule B-2.2.

Smart Grid Electric Exclusions

Both the Applicant and the Staff proposed an adjustment to exclude the entire date certain investment in the grid modernization projects pursuant to the Stipulation and Recommendation filed in Case No. 10-2326-GE-RDR, which was approved by the Commission on June 13, 2012. Also, both the Applicant and Staff excluded the allocation of Common Plant / Smart Grid to electric determined by Smart Grid filings. The Staff's jurisdictional adjustment incorporates the use of the composite, common plant allocation factor. The Staff's Adjustment is shown on Schedule B-2.5b and summarized on Schedule B-2.2.

Hartwell Golf Course Exclusion

The Staff proposed an adjustment to exclude costs associated with a golf course used other than for specific company purposes. The Staff's Adjustment is shown on Schedule B-2.5c and summarized on Schedule B-2.2.

Envision Center Exclusion

The Staff excluded the entire date certain investment of the Envision Center, a leasehold improvement located in Kentucky. Benefits claimed by the Applicant come in the form of customer education. It is a shared facility, and the Applicant could not demonstrate how many customers were Ohio ratepayers. The Staff's Adjustment is shown on Schedule B-2.5c and summarized on Schedule B-2.2.

Leasehold Improvements

During the Staff's plant inspection, Staff determined a portion of the Holiday Park building, which contain the vestibule and customer service section, and the Atrium II building are no longer being occupied or leased by the Company.

Staff also excluded areas or items of the Fourth & Walnut (Clopay) building that were either not being occupied or unidentifiable by the Company. The Staff's adjustment is shown on Schedule B-2.5c and summarized on Schedule B-2.2.

Retirement Work in Process (ARO) Exclusion

Both the Applicant and Staff excluded RWIP-ARO plant and depreciation reserve from the rate base. The Staff's Adjustment is shown on Schedule B-2.5d and summarized on Schedule B-2.2.

Depreciation

Depreciation is the process which distributes the original cost of depreciable assets, adjusted for net salvage, over the normal life of the property in a systematic and rational manner. The Staff's investigation of depreciation is segregated into two areas: Depreciation Reserve and Depreciation Accrual rates and the corresponding Depreciation Expense. Each of these is discussed in detail in the following sections.

Depreciation Reserve

The Applicant maintains depreciation reserve, by account, on a total company basis. The Staff adjusted the Applicant's reserve to exclude reserve associated with the adjustments discussed in the Plant in Service section. The Staff also made an adjustment to exclude the Retirement Work in Progress Asset Retirement Obligation because cost of removal is already included in the prescribed accrual rates therefore eliminating the double accounting. These adjustments are summarized on Schedule B-3.1.

In order to determine if the Applicant's booked reserve for depreciation is proper and adequate, the Staff compared the Applicant's book reserve with a calculated theoretical reserve, as a guide to whether past accrual rate calculations have been appropriate. The Staff compared the Applicant's booked reserve level with a calculated theoretical reserve, based on the Staff's proposed accrual rates and March 31, 2012 plant balances. The Staff determined that the overall booked reserve is in close agreement with the theoretical reserve calculation. Therefore it is the Staff's opinion that the actual jurisdictional reserve for depreciation, as adjusted by the Staff on Schedule B-3, is proper and adequate and should be used for purposes of this proceeding.

Depreciation Accrual Rates and Depreciation Expense

The Applicant's current depreciation accrual rates were prescribed by this Commission in Case No. 08-709-EL-AIR for the electric distribution plant and Case No. 07-589-GA-AIR for the common plant. The Applicant filed a depreciation study for its electric plant performed by its consultant, Gannett Fleming Valuation and Rate Consultants, Inc. The Applicant's accrual rates, for most electric accounts, were developed using the straight line whole life method. For certain General Plant account, the annual depreciation was based on amortization accounting. For Structures and Improvements—Major Structures and Improvements—Leaseholds, a lifespan

analysis was used. The lifespan analysis was also used for meters with an emphasis on the Applicant's plans to retire all embedded meters by the year end 2014 on the basis of the Smart Grid deployment of smart meters. The depreciation study included an additional three year amortization for Account 3700 Meters and 3701 Leased Meters to catch up the depreciation and insure full recovery.

The Staff conducted an independent analysis of the depreciation study provided by the Applicant. The Staff is in general agreement with the service life, projected retirement dispersion and net salvage parameters with the exception of meters. The Applicant was authorized by this Commission in its Opinion and Order issued July 2009 in Case No. 08-709-EL-AIR to amortize the net book value of Meters and Leased Meters over a 10 year period, the Staff recommends continuing this amortization on the net book value, as of date certain of March 31, 2012, over the remainder 7.25 years. The Staff's recommended accrual rates and amortizations are shown on Schedule B-3.2.

The Staff has long maintained that accrual rates should be thoroughly reviewed every three to five years. The Staff, therefore, recommends that in five years the Applicant submit a depreciation study for all electric distribution accounts.

The Staff recommends that the Applicant be ordered to use the accrual rates shown on Schedule B-3.2a for book depreciation purposes, effective concurrently with customer rates from this proceeding.

The Staff's calculation of depreciation expense based on the adjusted jurisdictional plant in service balances at date certain and the accrual rates discussed above, is shown on Schedule B-3.2.

Construction Work In Progress (CWIP)

The Applicant did not request an allowance for CWIP in its filing and the Staff, as shown on Schedule B-4, did not recommend an allowance.

Working Capital

Working capital has been generally defined as the average amount of capital provided by investors in the company, over and above the investments in plant and other specifically

identified rate base items, to bridge the gap between the time that expenditures are required to provide service and the time collections are received for the service.

The Applicant requested a \$46,947,409 working capital allowance based on a thirteen-month average balance for materials and supplies, minus a thirteen-month balance of customers' deposits.

The Applicant did not prepare a lead lag study for this case; therefore, the Staff cannot recommend a working capital allowance.

Other Rate Base Items

The rate base has been reduced for the date certain balances of recovered but unfunded post retirement benefits, investment tax credits, and deferred taxes. The rate base has also been reduced by a thirteen-month average balance of customer deposits. The Staff's summary of other rate base items is presented on Schedule B-6.

ALLOCATIONS

On July 31, 2008 Duke filed an application for approval of their corporate separation plans, in accordance with Rule 4901:1-37-05(A), Ohio Admin. Code (Corporate Separation Case). The Commission selected Silverpoint Consulting LLC and Vantage Consulting, Inc. (Silverpoint) to assist the Commission with the evaluation of Duke's corporate separation plans. Silverpoint completed its audit and submitted its report of investigation on March 29, 2010. On April 11, 2011, the Commission issued its Opinion and Order in the Corporate Separation Case. Based on the auditor's evaluation and the Commission's directives, which Duke had committed to satisfy, the Commission concluded that Duke had, in all material respects, implemented their corporate separation plan and is in compliance with Section 4928.17, Revised Code, and Chapter 4901:1-37, Ohio Administrative Code and the orders of the Commission.

Part of this audit relied on Silverpoint to assess of Duke's allocation methodology and its sample transactions. This audit found no material weakness in the methodology. Therefore, Staff is of the opinion that the allocation factors proposed by the Applicant are appropriate and reasonable for the purposes of this proceeding.

Plant in Service Allocations

Common Plant (Gas and Electric) Allocation

Applicant used an 83.5% allocation factor to allocate common plant to electric operations in this rate proceeding. This factor was then multiplied by 44.82% to remove the common plant related to generation functions. Therefore the amount allocated of common plant related to electric distribution functions is 37.42%. Staff agrees with this allocation.

Depreciation Reserve Allocations

The Applicant allocated its reserve for accumulated depreciation on the same basis as it allocated distribution, administrative and general, and common plant in service. This method has been accepted in prior cases and is recommended by the Staff for purposes of this proceeding.

Operating Income Allocations

The Staff used the Applicant's allocation ratios for the determination of jurisdictional operating revenues and expenses. Staff's discussion of its review of the Applicant's operating income allocation methods and accounting system is presented in the Management and Operations Review section of this report.

OPERATING INCOME

The Applicant's test year operating income combined three months of actual data for the period January 1, 2012, through March 31, 2012, with nine months of forecast data for the period April 1, 2012, through December 31, 2012. The Staff adjusted the Applicant's test year operating income as required to render it appropriate as a basis for setting rates.

The Staff's proforma operating income is the Staff's adjusted test year operating income modified to reflect the Applicant's proposed increase in revenues and the associated increases in uncollectible accounts expense, city franchise taxes, commercial activities taxes, state and municipal taxes, and federal income taxes. The Staff's proforma operating income also includes a Staff proposed increase in other revenues related to bad check and reconnection charges. These later items were included by the Applicant as part of its Schedule C-3 adjustments.

Schedules C-1 and C-2 present the Staff's determination of operating income. The calculations, methodologies, and rationale used to develop the Staff's adjusted proforma operating income are detailed on Schedules A-1.1, C-1.1, C-3.1 through C-3.19, C-3.23, C-3.26, C-3.27 and C-4. Schedules intentionally left blank are C-3.20 through C-3.22, C-3.24, C-3.25, C-3.28, and C-3.29.

General Plant (Electric) Allocation

Applicant used a 92.25% factor to allocate general plant to electric operations in this proceeding. This is an increase from the previous rate proceeding which allocated 86.55% of general plant to electric operations. This increase was due to an increase in actual distribution O&M labor in relation to total distribution and transmission O&M labor. Staff recommends this allocation of general plant.

Proforma Adjustments

Schedule C-1.1 sets forth the Applicant's proposed increase in operating revenues and affected expenses. The increase in revenues is the combined result of the increase in base revenues created by the Applicant's proposed tariffs, and an increase for bad check and reconnection charges. Further discussion of the Applicant's proposed revenue increases can be found in various other sections of this report. Associated increases in uncollectible accounts expense, city franchise taxes, commercial activities taxes, state and municipal taxes, and federal income taxes are also summarized on this schedule.

Current Adjustments

Base Revenue

Both the Staff and the Applicant adjusted base revenues to eliminate unbilled revenue and all rider revenue. The Staff and the Applicant also adjusted test year base revenues to the amounts calculated on Schedule E-4.

In addition, the Staff adjusted test year revenue according to an average consumption per customer methodology. Staff adjusted all tariffs where revenue was driven by KWh usage. This methodology takes into account a customer's proclivity to conserve, while accurately measuring their consumption.

The Staff's adjustment is present on Schedule C-3.1.

DSM / EE Revenue

Both the Staff and the Applicant adjusted base revenues and the corresponding expenses for the DSM/Energy Efficiency Rider. The Staff's adjustment is shown on Schedule C-3.2.

Rate Case Expense

The Staff adjusted test year expense to reflect only the cost of the current case proceeding. The Staff excluded \$75,676 which is associated with the Applicant's previous rate case, Case No. 08-709-EL-AIR. The Staff believes that an estimate of \$387,000 is reasonable and recommends a three-year amortization period. The Staff's adjustment is presented on Schedule C-3.3.

The Staff recommends that the Commission review the Applicant's revised estimate of rate case expense which should be submitted as a late filed exhibit before making a final determination of the appropriate level of rate case expense for use in this proceeding.

Wage Annualization

The Applicant adjusted operating income to reflect the annualized O&M labor expense as of April 2012, and to reflect raises. The Staff annualized direct labor based on average hourly rates as of the first pay period of August 2012, using actual employee levels for both exempt and union employees. All union and non-union raises were in effect at this date. The Staff used a three year average for both overtime pay and the operation and maintenance labor to total labor percentages. Staff also used actual incentive pay percentages applicable to operational goals for each employee.

For Duke Energy Business Services, the Staff included actual O&M labor expense as of December 31, 2011, in its total annualized O&M labor expense.

The Staff's adjustment is reflected on Schedule C-3.4.

Depreciation Expense

Depreciation expense was adjusted to reflect the Staff's recommended depreciable plant in service as of the date certain. This adjustment is presented on Schedule C-3.5 with the supporting calculations shown on Schedule B-3.2.

Further discussion on depreciation can be found in the Rate Base Section of this report.

Reclassification of Interest on Customers' Deposits

Consistent with the treatment of customers' deposits as an offset to the Applicant's rate base, the Staff reclassified the associated interest expense to operating expenses. The Staff's adjustment is on Schedule C-3.6

Storm Recovery Revenue & Expense

Both the Staff and the Applicant adjusted test year operating income to eliminate base revenues and the corresponding expenses related to Rider DR-IKE. The Staff's adjustment is shown on Schedule C-3.7.

Property Taxes

The Staff adjusted property tax expense to reflect the latest rates and valuation percentages and applied those to plant in service as of March 31, 2012. The Staff's adjustment is presented on Schedule C-3.8.

Smart Grid Savings

Both the Applicant and Staff adjusted test year operating expense to add back Smart Grid savings which have already been flowed-through to customers in Smart Grid rider cases. These savings result from reduced meter reading and meter order expense. The Staff's adjustment is shown on C-3.9.

Interest Expense

The Applicant and the Staff adjusted operating income to reflect the interest expense deductible for federal income tax purposes. The adjustment reflects the federal income tax at 35% on the interest cost included in the cost of capital. The deduction is based on the embedded weighted cost of long-term debt of 2.48%. The adjustment also eliminates interest-related tax Schedule M items and deferred taxes. The Staff's Adjustment is reflected on Schedule C-3.10.

Edison Electric Institute Expense (EEI)

The Applicant and Staff excluded a portion of the Applicant's EEI expenses. The Staff's recommendation of allowable EEI dues was based on a review of Applicant's supporting document WPC-3.11a & WPC-3.11b. The Staff's adjustment is shown on Schedule C-3.11.

Ohio Excise Tax Rider

Both the Staff and the Applicant adjusted test year operating income to eliminate base revenues and the corresponding expenses for the Ohio Excise Tax Rider. The Staff's adjustment is shown on Schedule C-3.12.

Test Year Budgeted Expenses

The Staff adjusted the budgeted portion of specific expense accounts included in the Applicant's test year. The Staff's investigation determined the adjustment was necessary due to the significant variance with the account actuals in both the test year and in prior years. The Staff adjusted the accounts to actuals for the first three quarters of the test year and used a thirteen month average for each month of the remaining quarter. The Staff's adjustment is shown on Schedule C-3.13.

Non-Jurisdictional Expenses

Both the Staff and the Applicant eliminated non-jurisdictional operating expenses from test year operating expenses. Included in the unadjusted test year are industry association dues, advertising expenses, and other expenses not recoverable in electric distribution rates. The Staff's adjustment is presented on Schedule C-3.14.

PUCO and OCC Assessments

The Staff adjusted operating expenses to reflect PUCO and OCC assessments to the latest known level. The Staff's adjustment is shown on Schedule C-3.15.

Uncollectible Expense

The Staff adjusted test year uncollectible accounts expense to reflect the Staff's adjustments to operating revenues utilizing a three-year average ratio of the uncollectible provision to total revenue. The Staff's adjustment is shown on Schedule C-3.16.

Pension and Benefits Expense

The Applicant and the Staff annualized O&M pension and benefits expense to reflect annualized O&M labor expense. The annualized O&M pension and benefits expense was derived by applying loading rates to the Staff's annualized O&M labor expense. The loading rates were based on actual Duke Energy Business Services and Duke Energy Ohio expenses year to date March 2012. The Applicant's jurisdictional test year O&M pension and benefits expense was derived from Schedule C-2.1, A/C 926. The difference between the two expense amounts results in a reduction to annualized O&M pension and benefits expense. The Staff's Adjustment is reflected on Schedule C-3.17.

Payroll Taxes

The Staff adjusted test year operating income to annualize payroll taxes based on annualized salaries and wages as determined on Schedule C-3.4. The Staff's adjustment is presented on Schedule C-3.18.

Commercial Activity Tax (CAT)

Both the Staff and the Applicant adjusted Commercial Activity Tax (CAT) to reflect the yearly amount booked during the test year. The Staff's adjustment is shown on Schedule C-3.19.

Schedule C-3.20 Thru C-3.22 is Intentionally Left Blank.

Merger Costs

Both the Applicant and Staff adjusted test year operating income to eliminate merger expenses related to Progress Energy included in the test year. The Staff's adjustment is presented on Schedule C-3.23.

Schedules C-3.24 and C-3.25 are Intentionally Left Blank.

Smart Grid Revenue and Expense

Both the Applicant and Staff adjusted test year operating income to eliminate Smart Grid Rider DR-IM revenue and expense from the test year. The Staff's adjustment is presented on Schedule C-3.26.

Medical Costs

Both the Applicant and Staff adjusted test year medical expense to recognize the increase in medical costs. The Staff's adjustment is shown on Schedule C-3.27.

Schedules C-3.28 and C-3.29 are Intentionally Left Blank.

Income Taxes

The Staff computed test year federal, state, and municipal income taxes to reflect the recommended adjustments to operating income and rate base. The Staff's federal income tax computation reflects inter-period interest allocation and normalization of tax accelerated depreciation and other tax-to-book timing differences. Staff's federal income tax calculation is presented on Schedule C-4.

The Staff's state and municipal income tax calculation reflects federal taxable income adjusted for unallowable bonus depreciation. The Staff's federal, state, and municipal income tax adjustment are also presented on Schedule C-4.

RATE OF RETURN

The Staff recommends a rate of return in the range of 7.19% to 7.73%. The recommended rate of return was developed using a cost of capital approach which reflects a market-derived cost of equity and the Applicant's embedded cost of long-term debt.

Capital Structure

The Applicant is a wholly-owned subsidiary of Duke Energy Corporation, which is a publicly traded public utility holding company. The Staff used the Capital Structure of the Applicant which is 46.70 % debt and 53.30% equity. Staff believes that in this case using the Applicant's capital structure is appropriate based on the financial environment.

Cost of Long Term Debt

The Staff employed the embedded cost of long term debt of Applicant after pollution control notes were removed, as of March 31, 2012 from Applicant's Schedule D-3A. The pollution control notes were removed because they are primarily generation related and therefore not part of the distribution function. The embedded cost of long term debt is 5.32%.

Cost of Common Equity

The Staff considered a group of utilities that are representative of the Applicant for purpose of cost of equity estimation. This group consists of companies publicly traded on the New York Stock Exchange, and are categorized as electric utility companies by Value Line but also have gas operations, and have a Value Line financial strength rating of between B++ and A+. In addition, they all have positive growth projections and a market capitalization of at least \$10 billion.

Company Name

Dominion Resources	D
Duke Energy	DUK
Consolidated Edison	ED
Northeast Utilities	NU
Xcel Energy	XEL

The Staff employed a cost of equity estimate for the comparable group companies that used the capital asset pricing model (CAPM) and the discounted cash flow (DCF) derived estimates. In calculating its CAPM cost of common equity estimate, the Staff employed the average of the Value Line betas, being .64 and the Ibbotsonⁱ derived spread of arithmetic mean total returns between large company stocks (11.8%) and long term government bonds (i.e., "risk free return"; 6.1%). These were used in the CAPM formulation with the weighted average of 10 year and 30 year daily closing Treasury Yields for the period from 9/30/11 through 9/28/12. The averaged 10 year yield is 1.76%. The averaged 30 year yield is 2.75%. This averaged to 2.255%. This was added to the average product of the beta .64 and the 5.7% spread, and resulted in a CAPM cost of equity estimate of 5.9%.ⁱⁱ

In calculating its DCF cost of common equity estimate, for each comparable company, the Staff employed the annual average stock price, the sum of the last four quarterly dividends, estimates of the expected rate of growth of earnings. The stock price employed is the average daily closing price for the period from 9/30/11 through 9/28/12. The DCF model assumes that earnings growth and dividends growth are the same. The Staff averaged earnings per share estimates from Yahoo, MSN, Reuters and Value Line to get DCF growth estimates for each company."[^] The Value Line average incorporates both the explicit long-range earnings estimate shown in the "box" and the implicit continuous growth rate calculated from the estimates of earnings per share.ⁱⁱⁱ

For the Staff's determination of DCF cost of equity, a non-constant DCF growth rate was assumed. Dividends were assumed to grow at a rate derived from financial analysts' growth estimates for the first five years (i.e., long term growth rate). The Staff's DCF growth estimates were used for the first five years, as they are averages of estimates from various investor news services. From the twenty-fifth year on, the growth rate was assumed to equal the long-term growth rate in GNP. For the sixth through twenty-fourth years, dividends vary between the two rates in a linear fashion. The long-term growth rate in GNP was the average annual change in GNP from the U.S. Department of Commerce for 1929 through 2011.^{iv}

ⁱ. Ibbotson Associates 2012 Yearbook: Stocks, Bonds, Bills and Inflation: Valuation Edition

ⁱⁱ. See Staff Schedules D-1.3

ⁱⁱⁱ. See Staff Schedules D-1.4

^{iv}. See Staff Schedule D-1.10

Based on long-term GNP growth, the respective Company DCF growth estimate and dividend, a stream of annual dividends was calculated. The internal rate of return derived from the dividend stream and the stock price was used for Staff's non-constant growth DCF cost of equity estimate.

The comparable group non-constant DCF cost of equity estimates average 10.24%. Due to the historically lower Treasury Yields the Staff multiplied the 5.9% CAPM estimate by 25%, and the DCF cost of equity estimate by 75% resulting in a return of 9.16%. Using a one hundred basis point range of uncertainty, the cost of equity estimate becomes 8.66% to 9.66%.[^] To provide for this return, allowance must be made for issuance and other costs, as shown on Schedule D-1.3. This factor was the number Staff recommend in the Company's last rate filing (Case No. 08-709-EL-AIR). This number was used due to the fact that Duke Energy currently has negative retained earnings which would result in a negative issuance cost, which is not possible. Therefore an adjustment factor of 1.019 was applied resulting in a baseline cost of common equity recommendation of 8.82% to 9.84%.

RATES AND TARIFFS

By its application in Case 12-1682-EL-AIR, the Applicant requests authority to modify its electric distribution rates and charges.

The Commission Staff has investigated the rate and tariff matters proposed by the Applicant. The results of the investigation by the Staff are herein reported. It is the intent of the Staff to provide analysis with regard to the acceptability and reasonableness of the changes in revenue recovery mechanisms contained in the proposed tariffs. Typical bills are presented at the end of the Report (Schedule E-5). The proposals made by the Staff may require adjustments based on the revenue authorized by the Commission.

TARIFF ANALYSIS

The Applicant is proposing several changes, additions and deletions to its tariffs. The Staff divided the proposals into three categories:

- a. Changes to Electric Service Regulations;
- b. Tariff additions, deletions and combinations;
- c. Changes specific to individual rate schedules.

The Applicant is proposing various textual changes to its tariffs. Unless noted, Staff recommends approval of these changes as proposed by the Applicant.

Changes to Electric Service Regulations

Staff is making recommendations to change certain rule references to the Ohio Administrative Code contained in Duke's tariff.

Sheet No. 20.2, Section I – Service Agreements

Company's Right to Refuse or to Disconnect Service, paragraph (f):

This section includes an incorrect reference to the applicable rule. Staff recommends that this section be revised to refer to Rule 4901:1-18-03 (E), of the Ohio Administrative Code (O.A.C.).

Sheet No. 25.6, Section VI – Billing and Payments

Availability of Budget Billing:

This section includes an incorrect reference to a provision of the applicable rule. Staff recommends that this section be revised to refer to Rule 4901:1-18-05 (D), O.A.C.

Sheet No. 26.4, Section VII – Credit and Disconnection Provisions

Disconnection Nonpayment: Nonresidential Customers.

The last sentence of this section includes an incorrect reference to the applicable rule. Staff recommends that this section be revised to refer to Rule 4901:1-18-08, O.A.C.

Deposit Provisions

The section includes reference to Rule 4901:1-17 of the Ohio Administrative Code, which no longer applies to electric utilities. Staff recommends that Duke remove reference to Rule 4901:1-17, O.A.C.

Tariff page 32 of 231

“Supplement A” of Duke’s tariff contains a copy of Rule 4901:1-17 of the Ohio Administrative Code. Staff recommends this Supplement be removed since this rule no longer applies to electric utilities.

Tariff page 39 of 231

“Supplement B” of Duke’s tariff contains a copy of Rule 4901:1-18 of the Ohio Administrative Code. Staff recommends that Duke replace Supplement B with the most current version of Rule 4901:1-18, O.A.C.

Tariff additions, deletions and combinations

Rider GP:

Rider GP pertains to the Company’s GoGreen Program initiated in 2007 through Case No. 06-1398-EL-UNC. The voluntary GoGreen Program allows participants the opportunity to support certain alternative energy sources through a bill adder that is a function of the participant’s level of subscription under the program.

In this proceeding, the Company has proposed to modify its existing Rider GP. The proposed modifications (Sheet No. 79.5), which the Company describes as intended to simplify the GoGreen Program, are twofold: (1) establishes a single per-unit rate for all participants, and (2) removes carbon credits from the program. The Company also proposes to remove language from the rider that identifies a specific program expiration date.

The Staff does not oppose these proposed modifications.

However, Staff does note that the Commission currently has an open docket pertaining to a rulemaking for Green Pricing Programs as required by Am. Sub. S.B.315. This docket, Case No. 12-2157-EL-ORD, is currently in the comment period. Staff believes that the Company's GoGreen Program should comply with any final rules, as applicable, from Case 12-2157-EL-ORD.

Facilities Relocation - Mass Transportation Rider (Rider FRT)

As part of this distribution rate case, Duke Energy Ohio is requesting a new tariff for relocating its facilities, Facilities Relocation - Mass Transportation Rider (Rider FRT), which focuses on recovery of the costs of relocations due to mass transportation projects initiated by governmental subdivisions.

The Company proposes the design of Rider FRT as such to give the governmental subdivision the option of paying the Company directly for the cost of relocation or, alternatively, to charge only those customers residing within its governmental boundaries for the cost of the project. The charge under either option would be sufficient to pay for the cost of relocating the facilities, plus a carrying charge at the weighted-average cost of capital established in these proceedings.

The Staff does not support the Company's proposal to create Rider FRT. It is Staff's position that Rider FRT as designed is not well defined and too open-ended. Staff does not support Rider FRT for the following reasons:

- Public mass transportation includes various transport services available to the general public including vanpools, buses, trolleybuses, trains and trams, rapid transit, ferries, and their variations. Staff believes that the Company's proposal fails to identify what type of public mass transportation project would be eligible under Rider FRT.
- The Company's proposal does not distinguish between projects that should be funded solely by the governmental subdivision and projects funded

solely by the utility in accordance with home rule charter of the Ohio Constitution.

- The Company's proposal does not address the fact that many transportation projects provide various economic, social, and environmental benefits that are realized directly and indirectly. Additionally many mass transportation projects are built in phases and eventually over time connect one geographic area or city to another city or cities. It is unclear if the design of Rider FRT would ensure that the appropriate customers are being charged for the project in accordance with the principles of cost causation and recovery.
- The Company's proposal to have two options for funding mass transportation projects presents confusion. It is not clear as to what point in time, in conjunction with the governmental subdivision's planning and construction stages, the utility will seek Commission approval to utilize the tariff. Additionally, it is not clear how potential cost overruns would be reviewed and/or approved by the Commission.
- It is not clear if granting mass transportation projects to be funded through the option 2 of Company's proposal, or in other words, through a charge on customer's bills, would result in unintended liability and/or legal issues. For instance, under the Company's proposal it is not clear who bears the assessment of future remediation liability.

Changes specific to individual rate schedules

Rate TD – Optional Time-of-Day Rate for Residential Service

This optional tariff offering has been available to residential customers for over 20 years. Historically there has been very little customer subscription under this rate. As of September, 2012 only 21 customers are taking service under this rate. The tariff sheet still prescribes that customers must accept company demand meters with programmable time-of-day registers to be installed on their premises to receive this service. There will be limited occasions where the demand meters with programmable time-of-day registers will be needed in the next 2 years due to the Company's system wide smart grid rollout. The Staff recommends that this tariff be available to any residential customer who has a certified advanced meter that has been deployed as a part of the smart grid rollout.

In addition, there is a provision in the Terms and Conditions section that requires customers to take service under this tariff for a minimum of 3 years. The Staff sees no justification that customers must take service under this tariff for 3 years with the severe penalties to be imposed for exiting early. Generally, the reason why time-of-day rates require at least 1 year of subscription is to prevent customers from gaming. The Staff

recommends that customers be able to take service under this rate for a minimum of one year instead of the 3 years proposed. The Staff recommends the same monthly charge penalties if the customer cancels service in less than one year. By reducing the required amount of time to be on this tariff, it may encourage more customers to take this service under this rate. The Company's increases in the customer and energy charges are being imposed to reflect their increase in distribution costs.

Rider LM – Load Management Rider

This optional service has been offered to distribution and transmission service customers that were taking service under Rate DS, Rate DP or Rate TS. Prior to retail access, customers under 500 kw were not required to have an interval meter before retail access and therefore they had to pay for a demand meter with a programmable Time-of-Use register to receive this service. Since retail access, Tier 1 (< 500 kw demand) customers were required to have an interval meter. However, since the Company's implementation of the smart meter, there is no longer a need for qualified customers to pay for an interval meter with a programmable Time-of-Use register to receive this service. The \$7.50 incremental monthly charge is to pay for the incremental programming costs for billing under this service.

The Staff does not believe there needs to be a distinction between Tier 1 and Tier 2 incremental monthly customer charges due to the smart meter rollout. The Staff recommends that the Tier 2 incremental monthly charge be reduced to \$7.50 as it is for Tier 1. The Staff recommends that the alternative calculation for determining the demand charges for Tier 2 customers remain since it is more likely that some of these customers could escape paying their reasonable share of demand charges by shifting production to the defined off-peak periods.

Rider PLM - Peak Load Management Program

The Staff recommends that the tariff language be modified on Sheet No. 87, page 1 of 5, under the section Service Options, para. 3, second sentence to reflect parallel construction. Staff recommends it read as follows:

“The targeted hours for the PLM Program will generally be between 11:00 A.M. and 8:00 P.M., Monday through Friday, during the summer months; and between 7:00 A.M. and 1:00 P.M., Monday through Friday, during the winter months.”

Other than that, the Staff does not recommend any other changes to this tariff.

Rate TD-2012 (Optional Time-of-Day Rate for Residential Service with Advanced Metering)

This rate is part of a series of experimental pilot rates the Company has offered to residential customers as a part of the Company's smart grid rollout. The experimental time-of-use rates have been offered to help determine which residential customers would be willing to take additional risks to reduce their consumption during high cost periods. By shifting consumption from higher cost periods to lower cost periods customers can save money on their monthly bill. This rate structure has been thoroughly discussed and vetted in the Company's smart grid collaborative with stakeholder approval. As more information becomes available about customer response to this rate, it may be modified or deleted in the future. Otherwise, the Staff recommends that this tariff be approved as filed.

Rate RTP – Real Time Pricing Program

This particular rate is offered to only those customers who are on distribution secondary, distribution primary or transmission voltage level service. Rate RTP is voluntary and comes with the most risk and volatility of any of the Company's offerings. The generation commodity charge varies by the hour and customers who are inquiring about the rate should be notified by the Company of its risks. Currently, the tariff provides that customers who request this service shall pay for any incremental special metering costs. However, in the instance where any of these customers already have a certified advanced meter installed, there should be no additional special metering costs applied to the customer. The tariff should be modified to reflect this change. Staff is in agreement with the Company's RTP billing formula and recommends that it be approved. Customers who elect this tariff rate must take generation service from the Company.

RATE AND REVENUE ANALYSIS

General guidelines or objectives are followed in Staff's review of rate schedules and design. The applicable schedules should provide the utility the opportunity of recovering an authorized revenue. The various schedules should represent a reasonable distribution of revenue between and among various customer groups. The particular schedules should be equitable and reasonable, should provide for customer understanding and continuity of rates, and should cause minimal customer impact.

Rate design criteria are to be viewed as a package, in that they are interrelated. Although each item can be separately identified and applied to rate schedule determinations, no single standard is overriding in determining proper rate design. The rate schedules which comprise a particular utility's tariff should provide for recovery of

expenses found proper in the course of a regulatory proceeding. If the rate schedule is designed on the basis of cost causation, it will provide for expense recovery in the long term, given changes in customer consumption characteristics. Normally, and to the extent sufficient information is available, cost of service studies and related expense analyses are necessary to determine the appropriate level of revenue to be generated and the appropriate recovery of such revenue.

The rate schedules should be designed to be equitable and reasonable to the customers served pursuant to their applicability. This criterion involves several considerations. The rate schedules should, to the extent practicable, be predicated upon the cost associated with a particular service rendered. Customers receiving like services should be facing the same charges and provisions. Also, differences in applicable charges should be representative of differences in costs.

From a practicable rate design standpoint, absolute equality between costs and revenues may be difficult to achieve in the short term. While it may be viewed as equitable to set rates at costs, if there is a substantial divergence in the current rates, the resulting impact on individual customers may be viewed as unreasonable. While desiring cost supported charges, Staff considers such items as resulting typical customer billings and resulting revenue increases which would necessarily occur. While it is the Staff's position that rate schedules reflect costs, it is also important to consider the continuity associated with current and proposed pricing structures. This may result in movement more closely aligning revenue with costs rather than an absolute match at a particular time period.

When employing these standards to develop and design rates, the results should be understandable to all the customers billed under the tariff.

Cost of Service Analysis

Cost of service studies approximate the costs incurred by a utility in providing service and identifies the cause of the costs. These are determined by assigning the costs to the customer class relative to what each class imposes on the system. There are several steps involved, as listed below:

- **Functionalization:** The separation of costs according to production, transmission or distribution function.
- **Classification:** The separation of costs as being customer, demand or energy related. Customer costs are independent of customer usage characteristics and are costs which are associated with customer service

connections to the system and vary with the number of customers served. Demand and capacity costs are those expenses which vary with the rate in which the service is used, such as the cost of meeting peak demand. Energy costs are the costs which vary according to the volume of energy consumed, or the customer's kilowatt-hour consumption.

- Allocation: The last step is the allocation of costs to each customer class. This is determined by a combination of the number of customers, class demands, and energy usage.

The Cost of Service Study (COSS) filed by the Applicant is an embedded fully allocated cost of service study by rate class for the test period ended December 31, 2012. The COSS allocates distribution-related items such as plant investment, operating expenses and taxes to the various customer classes. These costs are then classified as customer-related or demand-related. Finally the cost of service study calculates the revenue responsibility of each class required to generate the applicant's recommended rate of return.

The Applicant based its allocations on the cost causation guidelines established in the NARUC "Electric Utility Cost Allocation Manual." The Applicant used the non-coincident peak and average class group peak methodologies for the COSS for determining the major allocation factors. The allocation factors were developed based on customer, energy and demand statistics from the Applicant's 2011 load research studies and customer usage data. The Applicant used 2008 data from its prior rate case filing Case No. 08-709-EL-AIR in determining weighted cost factor for allocating meter costs. In data request responses 061-002 and 101-001, the Applicant stated that at the time of the merger of Duke Energy and Cinergy Corp, different levels of information for meters were kept in each company's property catalogs. When records were consolidated into one catalog, the data was converted to a higher less detailed level consistent with the information contained in the Duke Energy Carolina catalog. Staff accepted the analysis only on the basis that no other information was made available, but recommends that the company maintain a more detailed record keeping system.

The Applicant submitted a corrected COSS in data request response 107-001 and 107 - 002 changing the lighting kWh on WPE – 3.2, p. 2 of 6 from 4,200,135 to 127,970,020, along with an adjustment to the Uncollectible Expense allocation factor for transmission service in WPE – 3.2d, p. 9 of 10 from \$1,000,000 to \$122,600. Staff modified the COSS even further adjusting the allocation factor assigning miscellaneous revenues to customer classes. Staff does not agree with the Applicant's use of allocation factor D249 (weighted net distribution plant) allocating \$3,283,825 in miscellaneous revenue. \$1,556,768 of the miscellaneous revenue consists of reconnection charges, check

charges and field collection charges. Staff applied allocation K403 (total customers) allocating revenues associated with these activities to better reflect customer activity. Staff utilized the adjusted COSS as a starting point in assigning customer class responsibility. COSS results are presented on Tables 1 and 2.

Table 1 provides the Current, Applicant-proposed and Staff-proposed distribution related Rates of Return and Indexes for the customer classes.

Table 2 provides the Current, Applicant-proposed and Staff-proposed distribution of total distribution related revenue based on the current total distribution revenue and Applicant's proposed increase in total distribution revenue.

Table 1

**COST OF SERVICE RESULTS
RATES OF RETURN**

	Current		Applicant Proposed		Staff Proposed	
	%	Index	%	Index	%	Index
Residential	2.089	0.6674	7.245	0.8911	7.288	0.8964
Secondary Distribution Large	5.769	1.8431	10.373	1.2759	10.341	1.2720
Secondary Distribution Large EH	(0.303)	(0.0968)	1.593	0.1959	2.699	0.3320
Secondary Distribution Small DM	9.451	3.0195	13.994	1.7213	13.736	1.6896
Secondary Distribution Small GSFL	5.371	1.7160	10.034	1.2342	9.912	1.2191
Primary Distribution	(1.000)	(0.3195)	4.620	0.5683	4.570	0.5621
Transmission	34.054	10.8799	34.415	4.2331	36.033	4.4322
Lighting	0.965	0.3083	4.649	0.5718	4.550	0.5597
Total Distribution	3.130	1.0000	8.1300	1.0000	8.130	1.00

Table 2

**COST OF SERVICE RESULTS
REVENUE DISTRIBUTION PERCENTAGE**

	Current Revenue	Applicant Proposed Revenue	Staff Proposed Revenue
	%	%	%
Residential	56.50	56.02	55.98
Secondary Distribution Large	29.14	28.94	29.00
Secondary Distribution Large EH	0.34	0.32	0.34
Secondary Distribution Small DM	5.42	5.08	5.03
Secondary Distribution Small GSFL	0.16	0.16	0.16
Primary Distribution	6.18	6.77	6.76
Transmission	0.03	0.03	0.03
Lighting	2.21	2.69	2.68
Total Distribution	100.00	100.00	100.00

Distribution of Proposed Revenue Increase

The Applicant is proposing a total increase in distribution base revenues of approximately \$86.5 million. The proposed increase is based on a two step process to distribute the proposed revenue increase. The first step eliminates 15 percent of the subsidy/excess revenues between customer classes based on present revenues. The second step allocates the rate increase to customer classes based on the electric distribution original cost depreciated rate base.

The Staff has analyzed the COSS utilized by the Applicant and finds that the revised COSS including corrections as submitted in data request response 107 coupled with the Staff recommended modification to the allocation of miscellaneous revenue is a reasonable indicator of costs and cost responsibility. Although the adjustments did not produce earth shattering differences, it is imperative for Staff to illustrate the differences and similarities in the Applicant's and Staff's proposal. Staff recommends that the customer classes be moved sixty-seven percent (2/3) of the way towards equal rates of return in this case. With the exception of the Rate EH class in Table 1, Staff's proposal is not significantly different from the Applicant. Staff analyzed various rate of return movements toward a levelized rate of return and have determined that the 2/3 movement is the most appropriate in this case. Table 2 shows the revenue distribution percentages for the COSS results. Tables 3 and 4 provide Applicant's and Staff's proposed distribution of revenue and revenue increase for each class of customer as well as each class's percentage of total revenues to be received. Tables 5 and 6 provide the Applicant's and Staff's proposed distribution revenue increase based on total company revenues.

Staff's total increase amounts in Tables 4 & 6 reflect the Applicant proposed increase and not the Staff proposed increase discussed elsewhere in this report. Table 7 should be utilized to allocate the final Commission authorized increase.

Table 3

**REVENUE DISTRIBUTION & INCREASE
APPLICANT PROPOSED**

	Current		Applicant Proposed		Increase	
	\$	% of Total	\$	% of Total	\$	%
Residential	198,522,719	56.50	245,319,480	56.02	46,796,761	23.57
Secondary Distribution Large	102,395,120	29.14	126,735,145	28.94	24,340,025	23.77
Secondary Distribution Large EH	1,202,853	0.34	1,383,281	0.32	180,428	15.00
Secondary Distribution Small DM	19,058,213	5.42	22,241,651	5.08	3,183,438	16.70
Secondary Distribution Small GSFL	575,543	0.16	713,343	0.16	137,800	23.94
Primary Distribution	21,703,289	6.18	29,647,723	6.77	7,944,434	36.60
Transmission	122,600	0.03	123,544	0.03	944	0.77
Lighting	7,772,168	2.21	11,770,312	2.69	3,998,144	51.44
Total Distribution	351,352,505	100.00	437,934,479	100.00	86,581,974	24.64

Table 4

**REVENUE DISTRIBUTION & INCREASE
STAFF PROPOSED**

	Current		Staff Proposed		Increase	
	\$	% of Total	\$	% of Total	\$	%
Residential	198,522,719	56.50	245,173,970	55.98	46,651,251	23.50
Secondary Distribution Large	102,395,120	29.14	127,014,932	29.00	24,619,812	24.04
Secondary Distribution Large EH	1,202,853	0.34	1,496,935	0.34	294,082	24.45
Secondary Distribution Small DM	19,058,213	5.42	22,041,096	5.03	2,982,883	15.65
Secondary Distribution Small GSFL	575,543	0.16	714,146	0.16	138,603	24.08
Primary Distribution	21,703,289	6.18	29,612,093	6.76	7,908,804	36.44
Transmission	122,600	0.03	123,499	0.03	899	0.73
Lighting	7,772,168	2.21	11,757,807	2.68	3,985,639	51.28
Total Distribution	351,352,505	100.00	437,934,479	100.00	86,581,974	24.64

Table 5

**REVENUE DISTRIBUTION & INCREASE
APPLICANT PROPOSED**

	Current		Applicant Proposed		Increase	
	\$	% of Total	\$	% of Total	\$	%
Residential	709,435,289	41.98	756,232,050	42.57	46,796,761	6.60
Secondary Distribution Large	533,626,646	31.58	557,966,671	31.41	24,340,025	4.56
Secondary Distribution Large EH	5,700,076	0.34	5,880,504	0.33	180,428	3.17
Secondary Distribution Small DM	56,487,523	3.34	59,670,961	3.36	3,183,438	5.64
Secondary Distribution Small GSFL	2,625,138	0.16	2,762,938	0.16	137,800	5.25
Primary Distribution	177,986,472	10.53	185,930,906	10.47	7,944,434	4.46
Transmission	186,820,964	11.06	186,821,908	10.52	944	0.00
Lighting	17,108,577	1.01	21,106,721	1.19	3,998,144	23.37
Total Distribution	1,689,790,685	100.00	1,776,372,659	100.00	86,581,974	5.12

Includes riders.

Table 6

**REVENUE DISTRIBUTION & INCREASE
STAFF PROPOSED**

	Current		Staff Proposed		Increase	
	\$	% of Total	\$	% of Total	\$	%
Residential	709,435,289	41.98	756,086,539	42.56	46,651,250	6.58
Secondary Distribution Large	533,626,646	31.58	558,246,459	31.43	24,619,813	4.61
Secondary Distribution Large EH	5,700,076	0.34	5,994,158	0.34	294,082	5.16
Secondary Distribution Small DM	56,487,523	3.34	59,470,406	3.35	2,982,883	5.28
Secondary Distribution Small GSFL	2,625,138	0.16	2,763,741	0.16	138,603	5.28
Primary Distribution	177,986,472	10.53	185,895,276	10.46	7,908,804	4.44
Transmission	186,820,964	11.06	186,821,863	10.52	899	0.00
Lighting	17,108,577	1.01	21,094,216	1.19	3,985,639	23.30
Total Distribution	1,689,790,685	100.00	1,776,372,659	100.00	86,581,974	5.12

Table 7

**DISTRIBUTION OF PROPOSED REVENUE INCREASE
APPLICANT PROPOSED**

	Applicant proposed		Staff proposed	
	\$	% of Total	\$	% of Total
Residential	46,796,761	54.05	46,651,251	53.88
Secondary Distribution Large	24,340,025	28.11	24,619,812	28.44
Secondary Distribution Large EH	180,428	0.21	294,082	0.34
Secondary Distribution Small DM	3,183,438	3.68	2,982,883	3.45
Secondary Distribution Small GSFL	137,800	0.16	138,603	0.16
Primary Distribution	7,944,434	9.18	7,908,804	9.13
Transmission	944	0.00	899	0.00
Lighting	3,998,144	4.62	3,985,639	4.60
Total Distribution	86,581,974	100.00	86,581,974	100.00

Residential Customer Charge Determination

Staff has utilized a method for determining customer charges that is considered minimally compensatory and includes only those costs such as meters and service drops that are necessary for each customer to be served. In this case, the Applicant has proposed to include a portion of transformer costs in its proposed customer charge. The transformer cost portion which has been classified as customer related was determined based on minimum-size transformers as outlined in the Applicant's testimony. Staff does not find it unreasonable to include costs related to minimum size transformers in a customer charge, recognizing that a minimum size distribution system is required to serve any one customer.

The Applicant's calculation generates a \$12.81 customer charge, but the Applicant is proposing a \$6.79 customer charge for standard residential customers. Staff has included the minimum size transformer cost in its standard calculation methodology, but all other accounts will remain the same. Utilizing Staff's methodology for calculating customer charges and including the costs of minimum size transformers, Staff calculates a customer charge of \$6.69 (See Table 8 below). As a result, Staff recommends a customer charge of \$6.70 for standard residential customers.

Table 8

Residential Customer Charge		
Acct. No.	Account Title	Account Balance
		\$
	Plant Accounts	
368	Transformers (Minimum Size)	43,320,426
369	Services	25,385,314
370	Meters	23,260,212
	Total Customer Related Distribution Plant	91,965,952
	Expense Accounts	
586/597	Meter Expense/Maintenance	1,255,888
587	Customer Installation Expense	2,579,323
901-903	Cust. Accts. Supervision/meter read/records	30,551,388
908	Customer Assistance Information	31,376
909	Customer Information and Instruction	75,628
	Total Customer Related Expenses	34,493,603
	Customer Related Distribution Plant	
	Carrying Cost (91,965,952 * 17.27%)	15,886,199
	Total Carrying Cost and Expenses	50,379,801
	Number of Customer Bills/Year	7,535,400
	Customer Cost/Bill (Unweighted)	6.69
	Staff Recommended Monthly Customer Charge	6.70

Rate Design

Rate RS – Residential Service

This service is available for private residences, single occupancy apartments and separately metered common use areas of multi-occupancy buildings. The Applicant is maintaining the same block structure. The Applicant is proposing to increase the Customer Charge from \$5.50 to \$6.79. As discussed earlier, Staff recommends increasing the customer charge to \$6.70. To achieve Staff's proposed revenue recovery for residential service, Staff is proposing a slightly higher energy charge offsetting the lower customer charge proposed by Staff.

	Current	Applicant		Staff	
		Proposed	Increase	Proposed	Increase
	\$	\$	%	\$	%
Customer Charge	5.50	6.79	23.45	6.70	21.82
Energy Charge: All kWh	0.022126	.027331	23.52	.027410	23.88

Distribution rates for Rate-TD-2012 (pilot) for residential customers are currently set at the same rates for the standard residential customers. The proposed customer charges for single phase service and energy rates for Rate-TD-2012 continue to equal standard residential rates as provided above. The Applicant is proposing to maintain the three phase \$8.00 customer charge for this service. Staff recommends a \$9.20 customer charge equal to Staff's proposed customer charge for the three phase customer for Rate RS3P

Rate RS3P – Residential Three-Phase Service

This rate is available for private residences and single occupancy apartments and separately metered common use areas of multi-occupancy buildings where three-phase service is required. The distribution rates are similar to Rates RS except a higher customer charge is necessary to reflect the required three-phase meter. The Applicant is proposing to increase the customer charge by 16.13% from \$8.00 to \$9.29 and recommends the same energy rates as proposed for Rate RS. The Staff recommends a customer charge of \$9.20 increasing the current customer charge by 15.00% and recommends the same energy charges as Staff proposed for Rate RS.

Rate ORH – Optional Residential Service with Electric Space Heating

This service is available to customers in private residences and single occupancy apartments where electric heating is used as the primary source of heating. The Applicant is proposing to increase the customer charge from \$5.50 to 6.79 and increase the energy charges, similar to rate RS. The Staff recommends a \$6.70 customer charge with an increase to the energy block rates as provided below:

	Current	Applicant Proposed	Increase	Staff Proposed	Increase
	\$	\$	%	\$	%
Customer Charge	5.50	6.79	23.45	6.70	21.82
Energy Charge:					
<u>Summer</u>					
First 1000 kWh	0.025983	0.032111	23.58	0.032133	23.67
Additional kWh	0.030778	0.038038	23.59	0.038063	23.67
Excess of 150 times Demand	0.030778	0.038037	23.58	0.038063	23.67
<u>Winter</u>					
First 1000 kWh	0.025983	0.032111	23.58	0.032133	23.67
Additional kWh	0.014351	0.017736	23.59	0.017748	23.67
Excess of 150 times Demand	0.009675	0.011956	23.59	0.011964	23.66

Rate TD – Optional Time-Of-Day Rate for Residential Service

This service is available to customers in private residences and single occupancy apartments that have programmable time-of-day meters. The Applicant is proposing to increase the customer charge from \$16.00 to \$17.29 per month and increase On-Peak and Off-Peak energy charges. The Staff recommends the customer charge be increased to \$17.20 per month and the energy charges be increased as provided in the following table:

	Current	Applicant		Staff	
		Proposed	Increase	Proposed	Increase
	\$	\$	%	\$	%
Customer Charge	16.00	17.29	8.06	17.20	7.5
Energy Charge:					
<u>Summer</u>					
On Peak kWh	0.041195	0.055613	35.00	0.055720	35.33
Off Peak kWh	0.007186	0.009701	35.00	0.009722	35.29
<u>Winter</u>					
On Peak kWh	0.032735	0.044192	35.00	0.044289	35.30
Off Peak kWh	0.007181	0.009694	35.00	0.009713	35.26

Rate CUR – Common Use Residential Service

This rate schedule is applicable to electric service other than three phase service for separately metered common use areas of multi-occupancy buildings. The distribution rates are currently identical to Rate RS rates. Applicant is proposing the same increases to the customer charge and energy blocks as it proposed for Rate RS. Staff is recommending the same customer charge and energy rates as it proposed for Rate RS.

Rate RSLI – Residential Service – Low Income

This rate schedule is applicable to customers who are at or below 200% of the Federal poverty level and who do not participate in the Percentage of Income Payment Plan ("PIPP"). The service is applicable to electric service other than three phase service, for all domestic purposes in private residences and single occupancy apartments and separately metered common use areas of multi-occupancy buildings. The Applicant is proposing to increase the customer charge from \$1.50 to \$2.79 and recommends the same energy rates as proposed for Rate RS. The Staff recommends a customer charge of \$2.70 and recommends the same energy charges as Staff proposed for Rate RS.

	Current	Applicant		Staff	
		Proposed	Increase	Proposed	Increase
	\$	\$	%	\$	%
Customer Charge	1.50	2.79	86.00	2.70	80.00
Energy Charge	0.022126	0.027331	23.52	0.027410	23.88

Rate DS-Service at Secondary Distribution Voltage

This rate schedule is applicable to customers who have load requirements at the secondary system voltage level and the average monthly demand is greater than 15 kW. The Applicant is proposing to increase the customer from \$20.00 to \$24.75 for single phase service and from \$40.00 to \$49.51 for single and/or three phase service. The Staff recommends approval of the Applicant's proposed customer charges. Applicant is also recommending an increase to the distribution demand charge. Both Staff and Applicant's proposed demand charges are provided below:

	Current	Applicant		Staff	
		Proposed	Increase	Proposed	Increase
	\$	\$	%	\$	%
Customer Charge:					
Single Phase	20.00	24.75	23.75	24.75	23.75
Single/Three Phase	40.00	49.51	23.78	49.51	23.78
Demand Charge:					
All kilowatts	4.6848/kW	5.7984/kW	23.77	5.81240/kW	24.07

Rate GS-FL – Optional Unmetered General Service Rate for Small Fixed Loads

This rate schedule is available to customers where secondary distribution lines exist for any fixed load that can be served by standard service drop from the Company's existing distribution system. Although this schedule does not have a customer charge, it does have a minimum charge of \$5.00 per month per fixed load location. The Applicant is proposing to increase this charge from \$5.00 to \$6.20. Staff recommends approval of the Applicant's proposed fixed charge. The Applicant and Staff proposed increases for the energy charges are provided in the following table:

	Current	Applicant		Staff	
		Proposed	Increase	Proposed	Increase
	\$	\$	%	\$	%
Fixed Charge	5.00	6.20	24.00	6.20	24.00
<u>Distribution Charges</u>					
(a) For loads based on a					
Range of 540 to 720 hours					
Use per month of the rated					
Capacity of the connected					
equipment	0.018362	0.022758	23.94	0.022785	24.09
(b) For loads of less than					
540					
Hours use per month of the					
Rated capacity of the					
Connected equipment	0.021067	0.026108	23.93	0.026139	24.08

Rate EH- Optional Rate for Electric Space Heating

The Optional Electric Space Heating schedule is available to any public school, parochial school, private school, or church whose primary source of heating is electric energy and such energy can be furnished at one point of delivery and can be metered separately. The Applicant has proposed to increase the customer charge for single phase service from \$20.00 to \$23.00, three phase service from \$40.00 to \$46.00 and maintain primary service at \$200.00. The Staff recommends approval of the Applicant's proposed customer charges. The Applicant also proposes an increase to the energy charge. The Applicant and Staff-proposed increases for the energy charges are provided below:

	Current	Applicant		Staff	
		Proposed	Increase	Proposed	Increase
	\$/kWh	\$/kWh	%	\$/kWh	%
Customer Charge:					
Single Phase	20.00	23.00	15.00	23.00	15.00
Three Phase	40.00	46.00	15.00	46.00	15.00
Primary	200.00	200.00	00.00	200.00	00.00
Energy Charge:					
All kilowatt-hours	0.014329	0.016478	15.00	0.018115	26.42

Rate DM – Secondary Distribution- Small

This service is available to customers who have loads of 15 kW or less and is also available for recreation facilities which are promoted, operated and maintained by non-profit organizations where such service is separately metered. The Applicant has proposed to increase the customer charge for single phase service from \$7.50 to \$8.75, three phase service from \$15.00 to \$17.51. The Staff proposes to increase the customer charge to \$8.65 for single service and \$17.30 for three phase service. The Applicant and Staff-proposed increases for the energy charges are provided below:

	Current	Applicant Proposed	Increase	Staff Proposed	Increase
	\$	\$	%	\$	%
Customer Charge:					
Single Phase	7.50	8.75	16.67	8.65	15.33
Three Phase	15.00	17.51	16.73	17.30	15.33
Energy Charge:					
Summer					
First 2,800 kWh	0.039017	.045534	16.70	.045162	15.75
Next 3,200 kWh	0.003246	.003788	16.70	.003757	15.74
Additional kWh	0.001377	.001607	16.70	.001596	15.90
Winter					
First 2,800 kWh	0.028008	.032686	16.70	.032419	15.75
Next 3,200 kWh	0.003246	.003788	16.70	.003757	15.74
Additional kWh	0.001377	.001607	16.70	.001595	15.83

Rate DP – Service at Primary Distribution Voltage

This service is available to customers who have load requirements at nominal primary distribution system voltages of 12,500 volts or 34,500 volts. The Applicant is proposing to increase the customer charge from \$200.00 to \$273.21 as well as increasing the demand charge. The Staff supports the customer charge increase to \$273.21, however proposes to increase the distribution demand charge slightly lower than Applicant's proposal. See below:

	Current	Applicant		Staff	
		Proposed	Increase	Proposed	Increase
	\$	\$	%	\$	%
Customer Charge:					
Primary Voltage Service	200.00	273.21	36.60	273.21	36.60
Demand Charge:					
All kilowatts	3.7700/kW	5.1500/kW	36.60	5.143540/kW	36.43

Rate TS - Service at Transmission Voltage

This service is available to customers with load requirements at a nominal transmission system voltage of 69,000 volts or higher. The Applicant is proposing to increase the customer charge from \$200.00 to \$201.54 to better reflect the fixed costs of serving transmission customers. Staff is recommending a slightly higher customer charge to recover the recommended revenue for this rate class. Staff is proposing a customer charge of \$201.58. The Applicant proposes to maintain the existing rate design proposing no demand charge, since transmission voltage customers do not utilize the distribution system below 69,000 volts. Staff agrees.

	Current	Applicant		Staff	
		Proposed	Increase	Proposed	Increase
	\$	\$	%	\$	%
Customer Charge:	200.00	201.54	.77	201.58	.79
Demand Charge:					
All kilowatts	0.000/kVa	0.000/kVa	(00.0)	0.000/kVa	(00.0)

Rate RTP – Real Time Pricing Program (Distribution)

The hourly Energy Delivery Charge is a charge for using the distribution system to deliver energy to the customer. The Applicant and Staff proposals are as follows:

Charge (Credit) For Each kW Per Hour From the CBL(Customer Base Load):

	Current	Applicant		Staff	
		Proposed	Increase	Proposed	Increase
	\$	\$	%	\$	%
Rate DS					
per kW per hour	.016616	.021612	30.07	.021670	30.42
Rate DP					
per kW per hour	.019689	.027208	38.19	.027175	38.02
Rate TS					
per kW per hour	.000000	.000000	00.00	.000000	00.00

The Applicant is proposing maintaining the current \$325.00 customer. Staff agrees.

Street Lighting, Traffic Lighting, Outdoor Lighting Services

The Applicant proposes an increase of 51.4% for all lighting schedules to reflect the cost of service results of all lighting classes combined. The Staff recommends an across the board increase of 51.3%, which is a result of Staff's recommendation of moving the customer classes only 67% of the way towards achieving equal rates of return. Although the Applicant's methodology in determining proposed revenue for rate classes differs, Staff ended reasonably close using the 2/3 method. It is difficult not to assign the proposed increase to this class without moving other classes further away from the levelized rate of return. Staff's proposed increase will result in the lighting class earning a 4.55% rate of return, in comparison to the Applicant proposed 8.13 overall rate of return.

Typical Customer Bill Tables

See Schedule E-5 for typical bills of various customer classes and customer usages. The tables provide current typical bills; Applicant proposed and Staff proposed typical bills on a total customer bill basis which includes Riders in effect as of May 1, 2012.

RELIABILITY AND SERVICE QUALITY REVIEW

ELECTRIC PLANT MAINTENANCE PROGRAM REVIEW

Staff routinely conducts investigations, (corporate office audits and field staff site inspections), of the Applicant's distribution system, administrative operations, and specific physical facilities. The primary purpose of the audits is to assess the compliance of the Applicant's programs to maintain system safety and service reliability in accordance with Rule 4901:1-10-27 Ohio Administrative Code, "Inspection, Maintenance, Repair, and Replacement of Transmission and Distribution Facilities, (Circuits and Equipment)". The following review also reflects the Staff's activity and findings relative to the Applicant's compliance with Rule 4901:1-10-27 from November 2008 through September 2012, as well as, with Rules 4901:1-10-04, 05, 06, and 11 (Voltage, Metering, National Electric Safety Code, and Distribution Circuit Performance).

Scheduled Inspections

Circuits & Equipment

Rule 4901:1-10-27 (D)(1) lists inspection requirements for distribution facilities (circuits and equipment) to maintain safe and reliable service on the following scheduled basis:

At least one-fifth of all distribution circuits and equipment shall be inspected annually. All distribution circuits and equipment shall be inspected at least once every five years.

Staff conducted office audits in 2010 and 2012 to determine how the Applicant implemented Rule 27(D)(1). Specifically, Staff audited the Applicant's overhead distribution circuits and equipment inspection programs to review various components of the distribution system. The audits and field inspections verified the Applicant's compliance with its inspection programs and with the rule's requirement to inspect all distribution circuits and equipment at least once every five years. The Applicant failed to inspect at least one-fifth of all distribution circuits in 2011. Additionally, the Applicant self reported the loss of inspection records for 27 circuits inspected in 2010. The Applicant committed to and completed re-inspections on the 27 circuits missed in 2010 and inspected an additional 23 circuits to meet the one-fifth requirement for the 2011

inspection cycle. Records indicate all additional inspections and re-inspections were completed by June 15, 2012. No recommendations are being made at this time with respect to circuit inspections.

Substations

Rule 4901:1-10-27 (D)(3) specifies the inspection frequency requirement for substations and equipment to maintain safe and reliable service:

All transmission and distribution substation and equipment shall be inspected twelve times annually, with no inspection interval exceeding forty calendar days between inspections.

Staff conducted office audits in 2009 and 2011 of the Applicant's substation monthly inspection programs. Staff has conducted 10 field verification audits for monthly substation inspections from November 2008 through September 2012. The audits and field inspections confirmed the Applicant's compliance with the rule's requirement to conduct monthly transmission and distribution substation and equipment inspections, however Staff audits also found the Applicant failed to comply with the requirement that inspection intervals not exceed 40 calendar days on 210 occasions between January 2010 and June 2011. Staff issued the Applicant a Letter of Probable Non-Compliance on May 26, 2011 for the missed inspection intervals. The Applicant indicated that they mistakenly continued to operate under the old rule language which required substation inspections at least once each calendar month. The current rule, which went into effect in January 2010, requires substation inspections to occur within forty days of the previous inspection. The Applicant initiated training and a reporting procedure to ensure all substations are inspected at least twelve times annually with no inspection interval exceeding forty days. Staff's review of the Applicant's records verified that substation inspection now met the rule requirements. No recommendations are requested at this time with respect to substations.

Distribution Inspection, Maintenance, Repair, and Replacement Programs

Rule 4901:1-10-27 (E) (1), requires each electric utility and transmission owner to:

Establish, maintain and comply with written programs, policies, procedures and schedules for the inspection, maintenance, repair, and replacement of its transmission and distribution circuits and equipment. These programs shall establish preventative requirements for the electric utility to maintain safe and reliable service. Programs shall include, but are not limited to, the following facilities:

(a) Poles and towers -- Staff conducted audits of the Applicant's program for distribution wood pole inspection & maintenance in 2010 and 2011 and five field verification inspections of poles and towers from November 2008 through September 2012. The audits and field inspections verified the Applicant's compliance with its distribution poles and towers ground line inspection program. No recommendations are being made at this time with respect to poles and towers.

(b) Circuit and Line Inspections

Staff conducted audits in 2010 and 2012 to determine how the Applicant implements the requirements of Rule 4901:1-10-27 (E) (1) (b) for conductors. The audits showed that the Applicant has existing programs and procedures in accordance with the rule. Staff conducted eight field verification inspections for this requirement from November 2008 through September 2012. The audits and field inspections verified the Applicant's compliance with its inspection program and the rule's requirement to annually inspect at least one fifth of all distribution circuits and equipment. Examples of equipment visually inspected during conductor inspections include: cross arms, lightning arresters, insulators, conductors, poles, guys, pad-mount transformers, pedestals, grounds, risers, bushings, gang operated air brakes, vegetation encroachment, pole tags and conductor sag. No recommendations are being made at this time with respect to conductor inspections.

(c) Primary Enclosures (e.g., pad-mounted transformers)

Staff conducted audits in 2010 and 2012 to determine how the Applicant implements the requirements of Rule 4901:1-10-27 (E)(1)(c) for primary and secondary enclosures. Staff confirmed that the Applicant's primary and secondary enclosure circuit inspections included the following: unit identification, locking mechanism, bolt type, cabinet condition (rust), door hinges (condition), pad foundation, tank leakage, accessibility, and physical damage. Staff conducted eight verification field inspections for this requirement from November 2008

through September 2012. As determined by field inspections and office audits, the Applicant conducts and documents primary and secondary enclosure inspections in conjunction with circuit inspections. No recommendations are being made at this time with respect to pad-mounted transformer.

(d) Line reclosers; and (e) Line capacitors

Staff audited a statistically valid sample of the Applicant's line recloser and line capacitor inspection programs. The Applicant annually does a visual inspection of line reclosers along with the counter reading on each device recorded. Prior to the Applicant filing an applicationⁱ to revise the inspection process for line capacitors, line capacitors were annually inspected and then divided into two primary parts; a visual inspection (for both fixed and switched banks) and an operational test (for switched banks only). Through SmartGrid deployment of distribution automation, the Applicant now has the capability to remotely and electronically operate and monitor the performance of its capacitor banks, and accordingly proposed changing its inspection methodology from annual visual inspections to once every five years. The application was auto-approved on July 13, 2012. Staff performed office verification audits of the Applicant's line reclosers and line capacitors in 2010 and 2012 and one field inspection from November 2008 through September 2012. As determined by field and office audits, the Applicant conducts and documents line recloser and line capacitor inspections in accordance with its program. No recommendations are being made at this time with respect to line reclosers and line capacitors.

ⁱ In Case No. 12-1679-EL-ESS *Application of Duke Energy Ohio, Inc., to Revise and Amend Its Circuit Inspection Program*.

(f) Right-of-way vegetation control

Staff conducted office audits in 2009 and 2011 to determine the Applicant's Right-of-Way Vegetation Control program practices. The purpose of the audits was to check documentation of circuit work and that the chosen circuits had indeed been trimmed pursuant to the Applicant's stated (4-year cycle) program. Staff conducted nine field verification inspections from November 2008 through September 2012. As determined by field and office audits, the Applicant conducts and documents right-of-way vegetation control in accordance with its program. No recommendations are being made at this time with respect to Right-of-Way Vegetation Control.

(g) Substations

Staff conducted audits in 2009 and 2011 of the Applicant's substation monthly inspection activities. Staff has conducted 10 field verification audits for monthly substation inspections from November 2008 through September 2012. The Applicant's "Substation Maintenance Work Practices" manual contains procedures for performing monthly substation inspections and maintenance. Staff conducted a random sample survey of the Applicant's substation monthly inspections and verified the inspections by reviewing database program and work papers. Staff also audited maintenance records and documents for circuit breakers, including frequency, types, methodology, and personnel. Staff initially discovered three circuit breakers that were more than one year past due for preventative maintenance. Upon further inquiry, an additional 46 circuit breakers were identified as being more than one year past due for preventative maintenance. On September 15, 2009, Staff issued a Letter of Probable Non-Compliance related to the past due preventative maintenance procedures. The Applicant initiated new procedures to ensure substation equipment preventative maintenance would be performed in compliance within the required timeframe. Since implementation of the new procedures, records and documents indicate compliance with required timeframes. No recommendations are being made at this time with respect to substations.

Equipment for Voltage Measurements

Rule 4901:1-10-04 (A) requires that:

Portable indicating instruments (e.g., electro-mechanical indicating, electronic indicating, and electronic indicating and recording) used to test or record service voltage at the customer's premises in response to a customer inquiry or complaint shall be checked for accuracy against a recognized standard. For transmission facilities within the Commission's jurisdiction, the voltage measuring equipment accuracy and testing requirements shall comply with the requirements of the transmission system operator. Accuracy checks shall be conducted as recommended by the manufacturer or annually if no period is specified. The most recent accuracy test record shall be kept with each such instrument, or at a central location for the electric utility and/or transmission owner.

Staff performed an office review at the Applicant's Queensgate testing facility in 2008, 2009, 2010, 2011, and 2012. Staff verified that the Applicant has a methodology, (calibration program), and keeps test records for assuring that the equipment used for voltage measurement has been checked for accuracy against a recognized standard, as recommended by the manufacturer or annually if no period is specified. Applicant on an annual basis returns laboratory standard instrument/calibrators used in measuring voltage to the equipment manufacturer on a scheduled basis to ensure compliance with the National Institute of Standards and Technology. No discrepancies were noted. No recommendations are being made in this area at this time.

Metering

Rule 4901:1-10-05(B) requires that:

A customer's electric usage shall be metered by commercially acceptable measuring devices that comply with "American National Standards Institute" (ANSI) standards. Meter accuracy shall comply with the 2001 ANSI C12.1 standards. No metering device shall be placed in service or knowingly allowed to remain in service if it violates these standards.

Staff performed office and field metering testing reviews at the Applicant's Queensgate testing facility in 2008, 2009, 2010, 2011, and 2012. Staff found that the meters and other equipment examined had been calibrated with laboratory standard instruments/calibrators in compliance with the National Institute of Standards and Technology. The laboratory not only performs the calibration process for meters used to report customer electric usage, but supplies the calibration process for the Applicant as well. No discrepancies were noted. No recommendations are being made in this area at this time.

National Electrical Safety Code

Rule 4901:1-10-06 requires that:

Each electric utility and transmission owner shall comply with the 2007 edition of the "American National Standard Institute's," "National Electrical Safety Code" approved by the "American National Standards Institute" and adopted by the "Institute of Electric and Electronics Engineers."

Staff conducted a number of field inspections of the Applicant's facilities from November 2008 to October 2012 for compliance with the National Electrical Safety Code (NESC) requirements. A total of 578 field inspections evaluated compliance with Rule 4901:1-10-06 requirements for: substations, pad-mounted transformers, switch gear, and overhead/other (pole or vegetation). The following is a list of field inspections Staff conducted by topic and the number of exceptions to the NESC that were found.

Topic	Inspections	Units Inspected	Exceptions
Substations	204	204	20
Primary/Secondary Enclosures	175	6,433	342
Overhead	168	412.5 hrs.*	175
Switch Gear	1	2	0
Total	548	6,639 units/412.5 hrs.*	537
* Overhead inspections, (include: poles, cross-arms/braces, lightning arresters, transformers, capacitors, reclosers, fused cut-outs, guys, grounds, pins, insulators and conductors), are counted by the number of hours of Staff examination.			

The above Staff-identified exceptions were timely corrected and no further action is recommended.

Distribution Circuit Performance

Rule 4901:1-10-11(C)(1) requires that each electric utility:

Shall submit, no later than ninety (90) calendar days after the end of its reporting period, a report to the director of the service monitoring and enforcement department that identifies the worst performing eight (8%) percent of the electric utility's distribution circuits during the previous twelve (12) month period.

Staff reviewed the Applicant's annual reports which identify the lowest performing eight percent (8%) of distribution circuits for the previous twelve-month reporting period. Circuits were selected and inspected by field Staff in order to verify that the Applicant had met its corrective and/or preventative actions commitments.

Staff conducted 18 inspections to verify corrective actions during the period November 2008 to October 2012. No discrepancies were noted during these inspections. No recommendations relating to carrying out designated remedial activity are necessary at this time.

Two-Pole Conditions

Staff's inspections of electric and telephone poles revealed an increase in the number of two-pole conditionsⁱ. Staff surveyed the regulated electric and telephone companies, (and cable companies on a voluntary basis), in an attempt to determine what was causing or contributing to the problem. The survey revealed variations between the ways utilities communicated with each other, as well as their joint service agreements to remove and replace poles. Staff then sought to: identify the reason(s) for protracted pole transfer activity and old pole removal, develop measurements for such activity, facilitate solution(s) for the root cause(s), eliminate old (pre 2006) two-pole conditions by 2010, and resolve all future two-pole conditions

ⁱ A two-pole condition is one where electric service has been removed from an old or damaged pole and placed on a new pole and the original pole is left in place for an extended period after the transfer of the electric service.

within 12 months of their creation. Commencing January 1, 2011, Staff began documenting and reporting two-pole conditions to the Applicant. The applicant has relatively few two-pole conditions compared to other regulated electric utilities. Since 1996, the Applicant, Cincinnati Bell Telephone (CBT), Time Warner and the local municipalities, utilize an electronic notification process to track and manage two-pole conditions. In situations where the applicant and CBT are jointly on the same pole, regardless of pole ownership, the applicant erects the new pole and CBT removes the old pole unless the pole in question is set in a hard surface such as concrete or asphalt. Any pole not removed by CBT is reported to the applicant through a joint use request for expedited removal. The owner of the pole is responsible for maintaining the pole. Since January 1, 2011, Staff identified and reported to Applicant for remediation 128 two-pole conditions. Applicant's average number of days to eliminate these redundant pole conditions is 105 days, which exceeds Staff's 365 day expectation. No recommendations are being made in this area at this time.

ELECTRIC RELIABILITY PERFORMANCE

As part of its investigation in this case, Staff trended the Applicant's historical reliability performance and compared Duke's more-recent performance against its reliability standards, which were established for years beginning 2010.ⁱ These analyses are discussed in the paragraphs below.

Rule 4901:1-10-10 (C) of the Ohio Administrative Code requires each electric utility to file an annual report of performance against its reliability standards. Chart A trends Duke's CAIDI performance for the five-year period 2007 through 2011. CAIDI, or the Customer Average Interruption Duration Index, measures the average service restoration time for customers that experience one or more sustained interruptions (lasting over five minutes).

ⁱ Duke's SAIFI standards were established in Case No. 08-920-EL-SSO and its CAIDI standards in Case No. 09-757-EL-ESS.

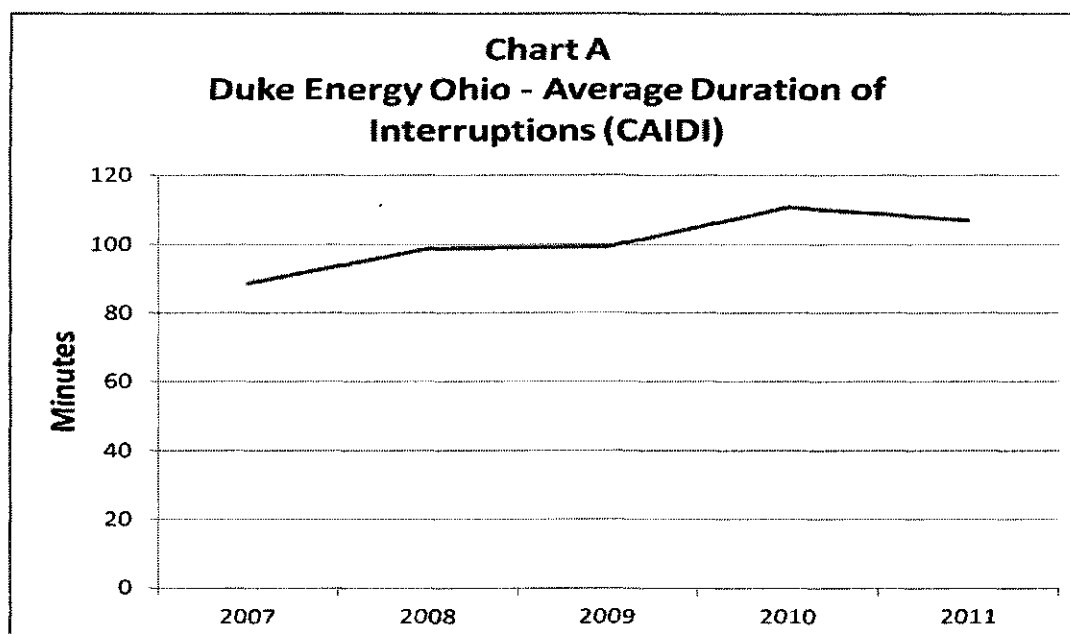


Chart A indicates a general upward trend in CAIDI performance. Staff attributes this increase to Duke's implementation of distribution automation and other improvements that reduce the number of customer interruptions without causing an adverse impact on outage duration for the customers that are interrupted. This phenomenon is recognized in Duke's reliability standards as arrayed Table 1 below.

Table 1 Duke Energy Ohio – Reliability Standards						
	2010	2011	2012	2013	2014	2015
CAIDI	108.79	111.90	115.02	118.14	121.25	124.37
SAIFI	1.44	1.38	1.31	1.24	1.17	1.10

As Table 1 indicates, in each successive year Duke's CAIDI standard becomes higher while its SAIFI standard becomes lower. The lower SAIFI reflects the reduction in interruptions expected to result from Duke's implementation of its distribution automation program.

Chart B trends Duke's SAIFI performance over the five years 2007 through 2011. SAIFI, or the System Average Interruption Frequency Index, measures the average number of service interruptions across all customers served.

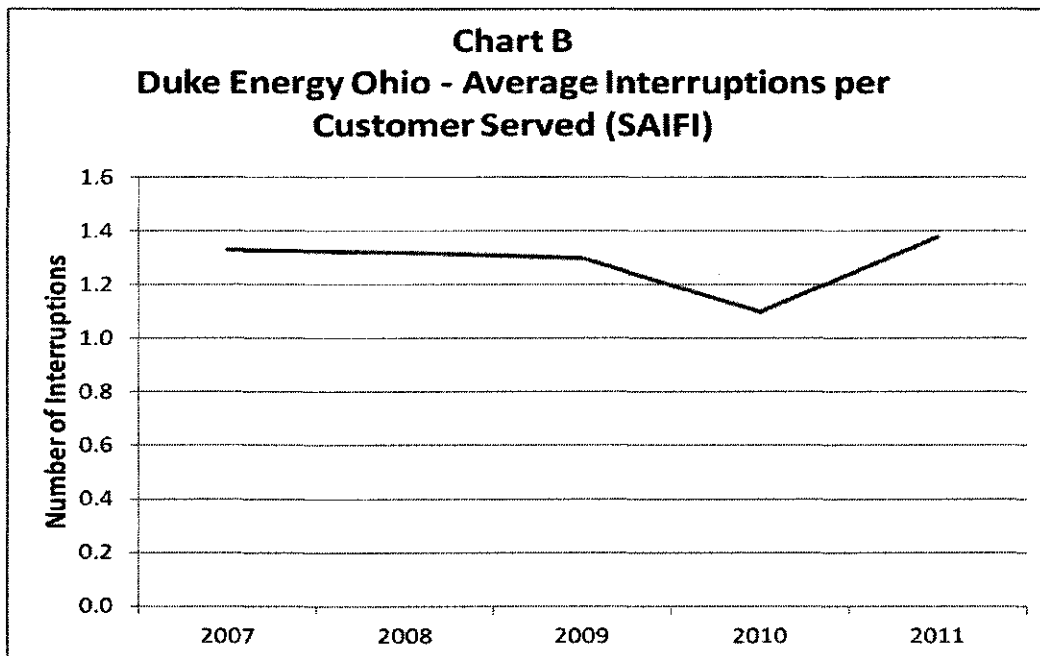


Chart B depicts a 15 percent SAIFI decrease from 2009 to 2010, followed by a 25 percent increase from 2010 to 2011. Duke attributes the latter SAIFI spike to an increase in lightning and storms. Staff analyzed Duke's Outage-by-Cause data, which indicate a 41 percent increase in outages caused by lightning and a 124 percent increase in outages caused by "Weather" from 2010 to 2011. These results are consistent with Duke's explanation. Duke also provided Staff its SAIFI performance for the more recent 12-month period ending September 2012. During this period, Duke's SAIFI dropped to 1.02 interruptions, which appears to indicate that Duke's 2012 SAIFI performance will not only better its reliability standard, but should be much improved compared to that for 2011. Staff concludes that the spike in 2011 does not foretell an adverse trend.

Although Charts A and B trend Duke's performance from 2007 through 2011, Duke's reliability standards do not apply until years beginning 2010. Table 2 compares Duke's performance against its reliability standards during years 2010 and 2011.

Table 2			
Duke's Performance Against Reliability Standards			
Measure	Comparison	2010	2011
CAIDI	Standard	108.79	111.90
	Actual	110.85	107.00
SAIFI	Standard	1.44	1.38
	Actual	1.10	1.38

Table 2 indicates that Duke missed its CAIDI standard in 2010. Staff attributes this miss to the impact of Duke's distribution automation program, and discusses this impact above with respect to Chart A. Although it was expected that CAIDI would increase as SAIFI decreased, both of these trends were accelerated in 2010. Accordingly, while Duke's SAIFI performance decreased by 15 percent and beat its standard by a wide margin, its CAIDI performance increased by 12 percent causing Duke to miss its CAIDI standard. Such a miss does not constitute a rule violation, however, unless it occurs in two consecutive years. Staff also notes that Duke's customers, taken as a whole, averaged shorter interruption duration in 2010 than in 2009. Staff concludes that Duke's 2010 CAIDI miss need not be of immediate concern.

Based on its review as described above, Staff has no issues with Duke's reliability performance and recommends no action at this time.

CUSTOMER SERVICE AUDIT AND CUSTOMER CONTACTS

Customer Service Audit

Staff performs audits of regulated utility companies in order to ensure compliance with current rules and regulations. The audit team has found to date, that the overall customer service practices and policies of the applicant, as reviewed and observed by the team, comply with the applicable rules and regulations set forth by the Commission.

Customer Contacts

Staff reviewed the customer contactsⁱ to the Call Center regarding Dukeⁱⁱ for the period January 1, 2010 through September 30, 2012. The PUCO received 10,874 contacts during this period. Contacts in 2010 numbered 4,895, with 3,454 contacts in 2011 and 2,225 contacts through September, 2012.

Contacts about disconnection issues or payment arrangements prompted the largest number of contacts, with 4,340 for the period. The next highest category was billing issues with 2,118 contacts. Electric or gas choice issues led to 1,095 contacts.

Before calling the company, 1,003 customers called the Call Center. Most of these customers were seeking account information and were directed back to the Company to give the Company the first opportunity to respond to their customers.

New service or repair issues comprised the next category with 736 contacts. Other service-related issues included 155 contacts were outage-related. One hundred thirty-seven customers voiced their concerns about the quality of the company's customer service. Eighty-three customers contacted us over the period because they had difficulty reaching the company.

Three hundred sixty-five customers had issues or questions regarding the Commission, while one hundred fifty-seven had comments on the company's policies. One hundred thirty-nine customer contacts were to protest the company's rate cases.

ⁱ Consumer contacts to the Commission's Call Center may result in either an educational reference or an informal complaint investigation.

ⁱⁱ Duke is a combination electric and gas utility, because consumers may contact the Commission about either or both their electric and gas service, the Call Center does not segregate complaints by industry.

One hundred fourteen contacts were complaints or concerns regarding deposits. Contacts regarding smart meters or privacy issues accounted for seventy contacts. The remaining 362 were miscellaneous contacts, including questions about non-jurisdictional issues, requests for formal complaints or issues regarding utility easements.

DUKE MANAGEMENT AND OPERATIONS REVIEW

Section 4909.154 of the Ohio Revised Code states that the Public Utilities Commission shall consider the management policies, practices, and organization of public utilities in fixing the just, reasonable, and compensatory rates, joint rates, tolls, classification, charges of rentals to be observed and charged for service of any public utility.

Section 4901-7 of the Ohio Administrative Code requires medium and large utilities to include in their rate filings a concisely written summary of their management policies, practices and organization. Among other things, the summary is to include a discussion of policy and goal setting, strategic and long range planning, organization structure, decision making and controlling, and communications for the company's executive management process (Schedule S-4.1) as well as for functional areas common to most electric utility companies (Schedule S-4.2).

Staff routinely reviews the S-4.1 and S-4.2 schedules, applicant performance, and various events relating to the applicant's management. As a result of these review activities, Staff selects certain management topics for rate case reporting. In this Duke rate case, Staff reports on the Applicant's cost allocation methodology and Information Technology (IT) -planning process.

COST ALLOCATION METHODOLOGY

Duke is required to maintain a Cost Allocation Manual (CAM) that outlines the methods for which costs are allocated between the electric utility and affiliates and the regulated and non-regulated operations. On July 31, 2008, Duke filed an application for approval of its corporate separation plan, in accordance with Rule 4901:1-37-05(A), Ohio Administrative Code (Case No. 08-920-EL-SSO or Corporate Separation Case). In Case No. 09-495-EL-UNC, the Commission selected Silverpoint Consulting LLC and Vantage Consulting, Inc. (Silverpoint) to assist the Commission with the evaluation of Duke's corporate separation plan. Silverpoint completed its audit and submitted its Report of Investigation on March 29, 2010. On April 11, 2011, the Commission issued its Opinion and Order. Based on the auditor's evaluation and the Commission's directives, which Duke had committed to satisfy, the Commission concluded that Duke had, in all material respects, implemented its corporate separation plan in compliance with Section 4928.17, Revised Code, and Chapter 4901:1-37, Ohio Administrative Code.

Part of Staff's audit relied on Silverpoint's assessment of Duke's allocation methodology and its sample transactions. The report submitted by Silverpoint identified six recommendations of which one was related to cost allocation methodology (page 6).ⁱ Although Silverpoint did not uncover any major problems, Silverpoint did recommend that Duke keep Staff informed of future changes to the cost distribution methods used by Duke Energy, Inc. (Duke Corporate or Service Company). Silverpoint stated that prior audits of Duke's affiliate transactions and cost distribution methods resulted in three recommendations related to the methods by which the Service Company distributes its costs, namely, it should: narrow the use of the three-part formula general allocator; eliminate the effect of spreading overhead costs from the calculation of allocation percentages; and develop a method to fairly assign Service Company overhead costs. According to Silverpoint, Duke has implemented changes to address these three concerns beginning in 2010. The Silverpoint audit found no material weakness in the methodology therefore, Staff, in Data Request 17, asked Duke to explain any changes to the allocation methodology. Duke stated that no major changes had occurred and that a new Service Company overhead loader approach was implemented in 2010. The new method loads an overhead percentage on all direct labor. The intent of this is to have overhead related to Service Company employees follow where the Service Company labor is charged and in the process reduce the amount that is allocated on the three factor basis.

The Duke Corporate Accounting Group is responsible for initially developing and annually reviewing the allocation factors. The annual review is normally done during the budget process using data from the year ended June. Any new or revised allocation factors are implemented at the beginning of the next year.

Staff compared the allocation methods reported in the Silverpoint audit to the allocation methodologies used in the current test year. In both cases Duke identified the same 20 allocation methodologies such as Number of Employees Ratio, Miles of Distribution Lines Ratio, Number of Personal Computer Workstations Ratio, etc. The allocation methods have remained the same.

ⁱ Case no. 09-0495-EL-UNC (Silverpoint Compliance Audit Report)

Duke outlined 23 Service Company functions that accumulate costs, many of which its Service Company separates further into sub-functions. Where identifiable, costs are directly assigned or distributed to Client Companies or other Service Company functions. For costs accumulated for services of a general nature that cannot be directly assigned or distributed, they are allocated based on the function and associated allocation method(s) assigned to each of the 23 functions. For example, the Service Company function of Human Resources is allocated to the Client Companies based on the Number of Employees Ratio while the Rates function is allocated to the Client Companies based on the Sales Ratio.

DUKE SERVICE COMPANY FUNCTIONS

Information Systems	Meters	Transportation
System Maintenance	Marketing/Customer Relations	Transmission/Distribution Engineering/Construction
Power Engineering and Construction	Human Resource	Materials Management
Facilities	Accounting	Power & Gas Planning and Operations
Public Affairs	Legal	Rates
Finance	Rights of Way	Internal Auditing
Environmental Health & Safety	Fuels	Investor Relations
Planning	Executive	

The weighting of allocation factors is reviewed annually by the Duke Corporate Accounting Group with the purpose of assigning costs to the business units or functions. This is done as certain variables used in the calculation may change, for example the number of employees, customers, or meters can change from year to year. Barring any major organization change, changes to allocation percentages should be minimal.

Staff reviewed the Service Company cost allocation details for years 2011 and 2012. This schedule shows each of the 23 functions and each of the different allocations within each sub-function and the percentage allocated to Duke. A total of 106 allocation percentages were reviewed and compared for years 2011 and 2012.

FINDINGS AND RECOMMENDATIONS

Staff reviewed the 2011 through June 2012 direct and indirect costs that were charged to Duke.

Analysis of this data shows that 32% of the 2011 charges were allocated and that 30% of the charges for the first half of 2012 were allocated.

Duke Electric	2011	2012
Allocated	32%	30%
Direct	68%	70%

The comparison of 106 sub-function allocation percentages between 2011 and 2012 found only one significant increase in allocation percentage between the two years. The Materials Management Inventory Utilities sub-function of the Material Management function increased from 28.93% in 2011 to 40.16% in 2012. The increase is primarily due to the Smart Grid inventory for Ohio.

The percent changes in the total dollars allocated to Duke between 2011 and 2012 were not significant. The trend for the first six months of 2012 indicates a 2% reduction in allocation costs. The number of business functions and allocation methodologies remained the same as was found by Silverpoint in the 2010 corporate separation audit.

After a thorough review of the application and supporting information, Staff finds Duke's cost allocation methodology is appropriate and the allocations of indirect costs to Duke appear to be reasonable.

INFORMATION TECHNOLOGY PLANNING.

Duke's Service Company Information Technology Department (ITD) provides technology services to Duke. The Information Technology Department is comprised of nine divisions:

- Enterprise Application and Vendor Management Office;
- Data Management and Architecture;
- IT Project Management Office (PMO) and Resource Management;
- Duke Energy International Information Technology;
- Operations and Infrastructure;
- Operations Applications;
- Generation IT;
- Performance and Project Management.

The ITD utilizes a planning process consisting of three levels: Strategic Planning, Business Unit IT Planning, and Enterprise Technology Planning. Strategic Planning is conducted annually to refine the IT vision, strategy, and major initiatives for a three to five year period. Business Unit IT Planning is conducted to identify focus areas, initiatives and projects to be undertaken during the next twelve months. Enterprise

Technology Planning is an aggregation of IT initiatives needed to enable Business Unit IT Planning needs, along with enterprise wide IT needs, identified within the Strategic Planning. Each year the results of this planning process are incorporated into a document that tracks requested projects called the Annual IT Business Plan. This Annual IT Business Plan identifies areas of focus, initiatives, and projects for the next twelve month period.

One of the Departments within Duke that provides input into the Business Unit IT Planning and Enterprise Technology Planning is the Retail Customer Products and Services (RCPS). RCPS is comprised of the following seven areas:

- Call Center Operations
- Customer Systems and Processes
- Revenue Services
- Smart Grid Innovation and Energy Systems
- Large Business Customers
- Marketing and Customer Experience
- Customer Strategy and Innovation

The RCPS creates an annual business plan that defines, for a three year planning period, the activities to support Duke. This plan outlines the resources needed to support basic operations (customer service, billing, etc.) and the products and services as enabled by technology. One example of RCPS strategy within the business plan is the use of customer surveys by Call Center Operations to guide development of additional services.

Staff requested copies of the Ohio Retail Customer Products and Services Technology Plan for 2011 and 2012. The purpose of this request was to review Ohio impacted projects and determine the cost-related decision making process for approving and/or denying projects. The 2011/ 2012 Ohio RCPS project portfolio consists of 10 Ohio only projects and 26 Ohio impacted projects.

FINDINGS

Staff randomly selected two Ohio only RCPS projects and three Ohio impacted RCPS projects for a review of the following:

- Business case documentation
- Original budget amount
- Actual cost to date

- Variance justification
- Cost control/progress reports

The review of the business case documentation found that all but one of the requested projects were related to the Duke Smart Grid project, whose justification and cost tracking are captured under the Smart Grid project. Reviews of items related to Smart Grid are done separately within the Commission-approved Duke Smart Grid Rider and therefore no further review occurred here.

The non-Smart Grid project for Duke was justified in the business base document as needing new test data to support the testing of Customer Service Systems. The current test data was collected in 2009 and no longer meets the need of IT or business operations. Many major functions or applications have been implemented since 2009 or have changed significantly. Project goals, objectives, and deliverables were sufficiently identified within the business case document. The intangible benefit was listed as removal of the current system used for creating test data and replacing it with an existing tool that extracts data from existing systems into a test database. In addition, project teams will have more readily available current data for testing, thus reducing the time and resources needed to create test data for various projects.

A review of the project status report found that the project is on target with no budget overruns.

Based on a review of the documentation provided, Duke appears to have a reasonable and enforced formal methodology for requesting and managing projects. Creating a fully justified business case document is the foundation for project success as it provides the what, why, where, who, when, and how of a project. The object is to secure senior management buy-in and project approval. The business case information also provides an estimated timeline and estimated budget, which can be used by the Project Management Office to create and execute a detailed project plan.

Staff recommends that Duke continue the use of its business case document for requesting Information Technology services and tracking approved projects timeline and budget.

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
OVERALL FINANCIAL SUMMARY
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE A-1
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): SEE BELOW

LINE NO.	DESCRIPTION	Supporting Schedule Reference	Applicant	Staff	
				Lower Bound	Upper Bound
1	Rate Base	B-1	1,116,672,916	1,064,653,254	1,064,653,254
2	Current Operating Income	C-1	35,534,337	52,798,453	52,798,453
3	Earned Rate of Return (Line 2 / Line 1)		3.18%	4.96%	4.96%
4	Requested Rate of Return	D-1A	8.13%	7.19%	7.73%
5	Required Operating Income (Line 1 x Line 4)		90,785,508	76,548,569	82,297,697
6	Operating Income Deficiency (Line 5 - Line 2)		55,251,171	23,750,116	29,499,244
7	Gross Revenue Conversion Factor	A-2	1.5670614	1.5650023	1.5650023
8	Revenue Deficiency (Line 6 x Line 7)		86,581,977	37,168,986	46,166,385
9	Adjusted Operating Revenues	C-1	360,388,775	367,501,149	367,501,149
10	Revenue Requirements (Line 8 + Line 9)		446,970,749	404,670,135	413,667,534
11	Revenue Increase Requested / Recommended ^(A)	E-4	86,581,974	37,168,986	46,166,385
12	Percent Increase (Line 11 / Line 9)		24.02%	10.11%	12.56%

^(A) Difference between Line 8 and Line 11 is due to rounding.

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
COMPUTATION OF GROSS REVENUE CONVERSION FACTOR
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE A-2
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): WPC-3.16a, WPC-3.19a, WPC-4.1a

LINE NO.	DESCRIPTION	PERCENT OF INCREMENTAL GROSS REVENUE
1	Operating Revenues	100.000%
2		
3	Less:	
4	Uncollectible Accounts Expenses	0.5425%
5	City of Cincinnati Franchise Tax	0.1100%
6	Commercial Activities Tax	0.2600%
7		
8		0.913%
9	Income before Income Tax (Line 1 - Line 8)	99.087%
10		
11	State Income Tax (0.4011% x 99.087%)	0.397%
12		
13	Municipal Income Tax (0.3895% x 99.087%)	0.386%
14		
15	Income before Federal Income Tax (Line 9 - Line 11 - Line 13)	98.304%
16		
17	Federal Income Tax (35% x 98.304%)	34.406%
18		
19	Operating Income Percentage (Line 15 - Line 17)	63.898%
20		
21	Gross Revenue Conversion Factor (100% / 63.898%)	1.5650023

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
JURISDICTIONAL RATE BASE SUMMARY
AS OF MARCH 31, 2012

SCHEDULE B-1
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): SEE BELOW

LINE NO.	RATE BASE COMPONENT	Supporting Schedule Reference	Applicant Proposed Amount	Staff Proposed Amount
1	Plant In Service			
2	Production	B-2	\$ 0	\$ 0
3	Transmission	B-2	0	0
4	Distribution	B-2	1,880,293,822	1,878,034,210
5	General	B-2	85,837,915	85,791,990
6	Common	B-2	107,603,623	106,419,826
7	Total Plant In Service		<u>2,073,735,360</u>	<u>2,070,246,026</u>
8	Reserve for Accumulated Depreciation			
9	Production	B-3	0	0
10	Transmission	B-3	0	0
11	Distribution	B-3	(644,412,550)	(646,781,562)
12	General	B-3	(45,746,925)	(45,701,000)
13	Common	B-3	(54,340,141)	(53,599,973)
14	Total Reserve for Accumulated Depreciation		<u>(744,499,616)</u>	<u>(746,082,535)</u>
15	Net Plant In Service (Line 7 + Line 14)		1,329,235,744	1,324,163,491
16	Construction Work in Progress	B-4	0	0
17	Cash Working Capital Allowance	B-5	0	0
18	Material and Supplies	B-5	46,947,409	0
19	Other Items:			
20	Contributions in Aid of Construction (a)	B-6	0	0
21	Customer Service Deposits	B-6	(15,568,360)	(15,568,360)
22	Postretirement Benefits	B-6	7,270,777	7,270,777
23	Investment Tax Credits	B-6	(1,183)	(1,183)
24	Deferred Income Taxes	B-6	(251,211,471)	(251,211,471)
25	Other Rate Base Adjustments	B-6	<u>0</u>	<u>0</u>
26	Rate Base (Line 15 through Line 25)		<u>\$ 1,116,672,916</u>	<u>\$ 1,064,653,254</u>

(a) Contributions in aid of construction are already netted against gross plant per FPC Order No. 490.

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
PLANT IN SERVICE SUMMARY BY MAJOR PROPERTY GROUPINGS
AS OF MARCH 31, 2012

SCHEDULE B-2
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): STAFF'S SCHEDULE B-2.1

LINE NO.	MAJOR PROPERTY GROUPING	TOTAL COMPANY	ADJUSTMENTS	ADJUSTED TOTAL COMPANY	ALLOCATION %	ALLOCATED JURISDICTION
		\$				\$
1	Production	3,429,463,641	0	3,429,463,641	0.000%	0
2	Transmission	616,403,010	0	616,403,010	0.000%	0
3	Distribution	1,956,178,401	(78,144,191)	1,878,034,210	100.000%	1,878,034,210
4	General	139,503,199	(46,510,808)	92,992,391	92.257%	85,791,990
5	Common (Allocated to Electric)	255,772,215	(18,339,254)	237,432,961	44.821%	106,419,826
6	Completed Construction Not Classified (1)	0	0	0	0.000%	0
7	Other (specify) - DENA Plant	234,211	0	234,211	0.000%	0
8	Total	6,397,554,677	(142,994,253)	6,254,560,424		2,070,246,026

(1) Included in each function on Schedule B-2.1

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
PLANT IN SERVICE BY ACCOUNTS AND SUBACCOUNTS
AS OF MARCH 31, 2012
NON-JURISDICTIONAL ELECTRIC PLANT

SCHEDULE B-2.1
PAGE 1 OF 5

WORK PAPER REFERENCE NO(S): APPLICANT'S SCHEDULE B-2.1 & STAFF'S SCHEDULE B-2.2

F.E.R.C. COMPANY		ACCOUNT TITLE		TOTAL	ADJUSTMENTS	ADJUSTED	ALLOCATION	ALLOCATED
LINE NO.	ACCT. NO.	ACCT. NO.		COMPANY		TOTAL COMPANY	%	JURISDICTION
				\$				\$
1	Various		Electric Production - Steam	3,405,817,368		3,405,817,368	0.000%	0
2	Various		Electric Production - Other	23,646,273		23,646,273	0.000%	0
3	Various		Electric Transmission Plant	616,403,010		616,403,010	0.000%	0
4	Various		Electric Production/Transmission Plant - DENA Plants	234,211		234,211	0.000%	0
5			Total Non-Jurisdictional Electric Plant	4,046,100,862		4,046,100,862		0

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
PLANT IN SERVICE BY ACCOUNTS AND SUBACCOUNTS
AS OF MARCH 31, 2012
DISTRIBUTION PLANT

WORK PAPER REFERENCE NO(S): APPLICANT'S SCHEDULE B-2.1 & STAFF'S SCHEDULE B-2.2

SCHEDULE B-2.1
PAGE 2 OF 5

F.E.R.C. COMPANY		ACCOUNT TITLE	TOTAL COMPANY	ADJUSTMENTS	ADJUSTED TOTAL COMPANY	ALLOCATION %	ALLOCATED JURISDICTION
LINE NO.	ACCT. NO.						
1	360		\$				\$
2	360	Land and Land Rights	13,109,977		13,109,977	100.000%	13,109,977
3	3601	Rights of Way	26,110,943		26,110,943	100.000%	26,110,943
4	361	Structures and Improvements	8,317,815		8,317,815	100.000%	8,317,815
5	362	Station Equipment	182,040,569	(17,100,300)	164,940,269	100.000%	164,940,269
6	362	Major Equipment	103,229,213	(2,103,326)	101,125,887	100.000%	101,125,887
7	362	Station Equipment Electronic	2,620,440	(2,719,820)	(99,380)	100.000%	(99,380)
8	364	Poles, Towers & Fixtures	243,486,355	(1,162,056)	242,324,299	100.000%	242,324,299
9	365	Overhead Conductors and Devices	396,969,778	(12,365,335)	384,604,443	100.000%	384,604,443
10	366	Underground Conduit	88,227,723		88,227,723	100.000%	88,227,723
11	367	Underground Conductors and Devices	282,336,871		282,336,871	100.000%	282,336,871
12	368	Line Transformers	367,228,972		367,228,972	100.000%	367,228,972
13	3681	Customer Transformer Installations	5,272,832		5,272,832	100.000%	5,272,832
14	369	Services - Underground	3,391,901		3,391,901	100.000%	3,391,901
15	3692	Services - Overhead	64,385,178		64,385,178	100.000%	64,385,178
16	370	Meters	41,968,249		41,968,249	100.000%	41,968,249
17	3701	Leased Meters	17,699,187		17,699,187	100.000%	17,699,187
18	3702	Utility of the Future Meters	40,433,742	(40,433,742)	0	100.000%	0
19	371	Installations on Customers' Premises	241,509		241,509	100.000%	241,509
20	3712	Company Owned Outdoor Light	714,040	(714,040)	0	100.000%	0
21	372	Leased Property on Customers' Premises	102,503		102,503	100.000%	102,503
22	3730, 3731	Street Lighting	21,127,345	(180,809)	20,946,536	100.000%	20,946,536
23	3732	Street Lighting - Boulevard	28,103,634		28,103,634	100.000%	28,103,634
24	3733	Light Security OL POL Flood	17,694,862		17,694,862	100.000%	17,694,862
24	3734	Light Choice OLE - Public	1,364,763	(1,364,763)	0	100.000%	0
25		Total Electric Distribution Plant	1,956,178,401	(78,144,191)	1,878,034,210		1,878,034,210

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
PLANT IN SERVICE BY ACCOUNTS AND SUBACCOUNTS
AS OF MARCH 31, 2012
GENERAL PLANT

SCHEDULE B-2.1
PAGE 3 OF 5

WORK PAPER REFERENCE NO(S): APPLICANT'S SCHEDULE B-2.1 & STAFF'S SCHEDULE B-2.2

F.E.R.C. COMPANY		ACCOUNT TITLE		TOTAL COMPANY		ADJUSTMENTS		ADJUSTED TOTAL COMPANY		ALLOCATION %		ALLOCATED JURISDICTION	
LINE NO.	ACCT. NO.												
				\$				\$				\$	
1	303	Miscellaneous Intangible Plant		34,776,041		(5,191,891)		29,584,150		92.257%		27,293,450	
2	389	Land and Land Rights		949,213				949,213		92.257%		875,715	
3	390	Structures and Improvements		25,029,892		(96,525)		24,933,367		92.257%		23,002,776	
4	391	Office Furniture and Equipment		502,944				502,944		92.257%		464,001	
5	391	Electronic Data Processing Equipment		2,403,741		(1,069,127)		1,334,614		92.257%		1,231,275	
6	391	Transportation Equipment		1,302,268				1,302,268		92.257%		1,201,433	
7	391	Trailers		2,940,408				2,940,408		92.257%		2,712,732	
8	393	Stores Equipment		1,090,920				1,090,920		92.257%		1,006,450	
9	392	Tools, Shop & Garage Equipment		14,796,560				14,796,560		92.257%		13,650,862	
10	392	Laboratory Equipment		125,110				125,110		92.257%		115,423	
11	393	Power Operated Equipment		1,555,719				1,555,719		92.257%		1,435,260	
12	393	Communication Equipment		53,946,585		(40,153,265)		13,793,320		92.257%		12,725,303	
13	394	Miscellaneous Equipment		83,798				83,798		92.257%		77,310	
Total Electric General Plant				139,503,199		(46,510,808)		92,992,391				85,791,990	
Total Electric Plant				6,141,782,462		(124,654,999)		6,017,127,463				1,963,826,200	

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
PLANT IN SERVICE BY ACCOUNTS AND SUBACCOUNTS
AS OF MARCH 31, 2012
COMMON PLANT - EXCLUDING SMARTGRID

SCHEDULE B-2.1
PAGE 4 OF 5

WORK PAPER REFERENCE NO(S): APPLICANT'S SCHEDULE B-2.1 & STAFF'S SCHEDULE B-2.2

F.P.R.C. COMPANY			ACCOUNT TITLE			TOTAL COMPANY		ADJUSTMENTS		ADJUSTED TOTAL COMPANY		ALLOCATION %		ALLOCATED JURISDICTION	
LINE NO.	ACCT. NO.	ACCT. NO.													
\$															
1	1030		Miscellaneous Intangible Plant	121,520,890						121,520,890		44.821%	54,466,878		
2	1890		Land and Land Rights	2,121,647						2,121,647		44.821%	950,943		
3	1891		Rights of Way	37,969						37,969		44.821%	17,018		
4	1900		Structures & Improvements	129,745,709		(5,031,788)				124,713,921		44.821%	55,898,026		
5	1910		Office Furniture & Equipment	4,220,950		(6,594)				4,214,356		44.821%	1,888,917		
6	1911		Electronic Data Processing - Non SmartGrid	693,843						693,843		44.821%	310,987		
7	1920		Transportation Equipment	85,311						85,311		44.821%	38,237		
8	1921		Trailers	474,273						474,273		44.821%	212,574		
9	1930		Stores Equipment	189,750						189,750		44.821%	85,048		
10	1940		Tools, Shop & Garage Equipment	1,829,999		(52,910)				1,777,089		44.821%	796,509		
11	1950		Laboratory Equipment	23,250						23,250		44.821%	10,421		
12	1960		Power Operated Equipment	153,899						153,899		44.821%	68,979		
13	1970		Communication Equipment - Non SmartGrid	27,931,369		(8,238)				27,923,131		44.821%	12,515,427		
14	1980		Miscellaneous Equipment	429,603		(8,081)				421,522		44.821%	188,930		
15	1990, 1991		Retirement Work in Process - ARO	99,735		(99,735)				0		44.821%	0		
15			Total Common Plant - Excluding SmartGrid	289,558,197		(5,207,346)				284,350,851			127,448,894		
16	83.50%		Common Plant Allocated to Electric (excluding SmartGrid)	241,781,095		(4,348,134)				237,432,961			106,419,826		

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
PLANT IN SERVICE BY ACCOUNTS AND SUBACCOUNTS
AS OF MARCH 31, 2012
COMMON PLANT - SMARTGRID

SCHEDULE B-2.1
PAGE 5 OF 5

WORK PAPER REFERENCE NO(S): APPLICANT'S SCHEDULE B-2.1 & STAFF'S SCHEDULE B-2.2

F.E.R.C. COMPANY		ACCOUNT TITLE	TOTAL COMPANY		ADJUSTMENTS	ADJUSTED TOTAL COMPANY	ALLOCATION %	ALLOCATED JURISDICTION
LINE NO.	ACCT. NO.							
\$								
1	1911	Electronic Data Processing - SmartGrid	113,194		(113,194)	(0)	100.000%	0
2	1970	Communication Equipment - SmartGrid	27,261,331		(27,261,331)	0	100.000%	0
3		Total Common Plant - SmartGrid	27,374,525		(27,374,525)	(0)	100.000%	0
4	(1)	Common Plant Allocated to Electric - SmartGrid	13,991,120		(13,991,120)	0	100.000%	0
5		Total Common Plant	316,932,722		(32,581,871)	284,350,851		127,448,894
6		Total Common plant allocated to Electric	255,772,215		(18,339,254)	237,432,961		106,419,826
7		Total Electric Plant Including Allocated Common	6,397,554,677		(142,994,253)	6,254,560,424		2,070,246,026

(1) Allocation of Common Plant / SmartGrid to electric determined by SmartGrid filings

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
ADJUSTMENTS TO PLANT IN SERVICE
AS OF MARCH 31, 2012

SCHEDULE B-2.2
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): STAFF'S SCHEDULE B-2.5a thru B-2.5d

LINE NO.	COMPANY ACCT NO.	ACCOUNT TITLE	TOTAL COMPANY ADJUSTMENT	ALLOCATION %	JURISDICTIONAL ADJUSTMENT
1	DISTRIBUTION PLANT	3620 Station Equipment	(17,100,300)	100.000%	(17,100,300)
2		3622 Major Equipment	(2,103,326)	100.000%	(2,103,326)
3		3635 Station Equipment Electronic	(2,719,820)	100.000%	(2,719,820)
4		3640 Poles, Towers & Fixtures	(1,162,056)	100.000%	(1,162,056)
5		3650 Overhead Conductors and Devices	(12,365,335)	100.000%	(12,365,335)
6		3702 Utility of the Future Meters	(40,433,742)	100.000%	(40,433,742)
7	(a)	3712 Company Owned Outdoor Light	(714,040)	100.000%	(714,040)
8	(a)	3730, 3731 Street Lighting	(180,809)	100.000%	(180,809)
9	(a)	3734 Light Choice OLE-Public	(1,364,763)	100.000%	(1,364,763)
10		Total Distribution Plant	(78,144,191)		(78,144,191)
11	GENERAL PLANT	3030 Miscellaneous Intangible Plant	(5,191,891)	92.257%	(4,789,883)
12		3900 Structures and Improvements	(46,746)	92.257%	(43,126)
13	(b)	3900 Structures and Improvements-Atrium II	(49,779)	92.257%	(45,925)
14		3911 Electronic Data Processing Equipment	(1,069,127)	92.257%	(986,345)
15		3970 Communication Equipment	(40,153,265)	92.257%	(37,044,198)
16		Total General Plant	(46,510,808)		(42,909,477)
17	COMMON PLANT	1911 Electronic Data Processing Common	(113,194)	100.000%	(113,194)
18	SmartGrid	1970 Communication Equipment Common	(27,261,331)	100.000%	(27,261,331)
19		Total Common Plant - Smart Grid	(27,374,525)		(27,374,525)
20	(1)	Common Allocated to Electric - Smart Grid	(13,991,120)	100.000%	(13,991,120)
21	COMMON PLANT	1900 Structures & Improvements	(1,968,452)	44.821%	(882,280)
22	(b)	1900 Structures and Improvements-Holiday Park	(2,509)	44.821%	(1,125)
23	(b)	1900 Structures and Improvements-Fourth & Walnut (Clopay)	(202,197)	44.821%	(90,627)
24	(c)	1900 Structures & Improvements-Envision Center	(1,726,080)	44.821%	(773,646)
25	(d)	1900 Structures & Improvements-Hartwell Golf Course	(171,131)	44.821%	(76,703)
26	(b)	1900 Structures & Improvements-Atrium II	(961,419)	44.821%	(430,918)
27		1910 Office Furniture & Equipment	(6,594)	44.821%	(2,955)
28		1940 Tools, Shop & Garage Equipment	(52,910)	44.821%	(23,715)
29		1970 Communication Equipment	(8,238)	44.821%	(3,692)
30		1980 Miscellaneous Equipment	(8,081)	44.821%	(3,622)
31	(e)	1990, 1991 ARO Common General Plant-Retirement Work in Progress	(99,735)	44.821%	(44,702)
32		Total Common Plant (excluding SmartGrid)	(5,207,346)		(2,333,985)
33	83.50%	Common Allocated to Electric (excluding SG)	(4,348,134)	44.821%	(1,948,877)
34		Total Adjustments including Allocated Common	(142,994,253)		(136,993,665)

Description and Purpose of Adjustment

To eliminate from rate base the Hartwell Recreation Facilities allocated to uses other than for specific company purposes. (See Schedule B-2.5)

To eliminate from rate base the electric portion of separately filed SmartGrid Rider. (See Schedule B-2.5b)

(1) Allocation of Common Plant / SmartGrid to electric determined by SmartGrid filings

- (a) See Response to Staff's Data Request 134
- (b) See Response to Staff's Data Request 97
- (c) See Response to Staff's Data Request 129 & 131
- (d) See Response to Staff's Data Request 129
- (e) See Response to Staff's Data Request 78

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
PROPERTY EXCLUDED FROM RATE BASE
(FOR REASONS OTHER THAN RATE AREA ALLOCATION)
AS OF MARCH 31, 2012

SCHEDULE B-2.5a
PAGE 1 OF 6

WORK PAPER REFERENCE NO(S):

LINE NO.	COMPANY ACCT. NO.	DESCRIPTION OF EXCLUDED PROPERTY	IN-SERVICE DATE	ORIGINAL COST	ACCUM. DEPRE.	NET ORIGINAL COST	TEST YEAR		REASON FOR EXCLUSION
							AMOUNT	ACCT. NO.	
1	1900	Structures & Improvements	1944	\$ 5,857	\$ 2,676	\$ 3,181			
2			1948	730	314	416			
3			1949	41,064	17,379	23,685			
4			1950	2,089	870	1,219			
5			1951	174,973	71,691	103,282			
6			1952	5,459	2,200	3,259			
7			1953	5,774	2,288	3,486			
8			1954	874	340	534			
9			1955	701	268	433			
10			1957	291,203	107,530	183,673			
11			1960	11,628	4,058	7,570			
12			1961	4,663	1,596	3,067			
13			1962	1,565	525	1,040			
14			1965	783	247	536			
15			1966	87,744	27,074	60,670			
16			1972	1,765	473	1,292			
17			1974	4,382	1,116	3,266			
18			1975	4,990	1,237	3,753			
19			1976	3,610	870	2,740			
20			1978	491	112	379			
21			1980	5,637	1,207	4,430			
22			1981	3,018	626	2,392			
23			1982	27,381	5,494	21,887			
24			1983	16,375	3,175	13,200			
25			1984	1,683	315	1,368			
26			1985	8,727	1,574	7,153			
27			1986	7,578	1,316	6,262			
28			1988	18,636	2,985	15,651			
29			1989	70,136	10,761	59,375			
30			1990	1,727	253	1,474			
31			1991	29,559	4,137	25,422			
32			1992	44,047	5,867	38,180			
33			1994	101,176	12,112	89,064			
34			1995	4,931	557	4,374			
35			1996	132,006	12,242	119,764			
36			1999	253,156	21,769	231,387			
37			2000	51,576	4,087	47,489			
38			2001	70,482	5,110	65,372			
39			2002	48,954	3,219	45,735			
40			2003	33,161	1,957	31,204			
41			2005	17,609	802	16,807			
42			2006	60,849	2,360	58,489			
43			2008	124,449	3,148	121,301			
44			2009	135,502	2,513	132,989			
45			2010	49,752	587	49,165			
46		Total		1,968,452	351,037	1,617,415			

Hartwell Recreation Facilities

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
PROPERTY EXCLUDED FROM RATE BASE
(FOR REASONS OTHER THAN RATE AREA ALLOCATION)
AS OF MARCH 31, 2012

SCHEDULE B-2.5a
PAGE 2 OF 6

WORK PAPER REFERENCE NO(S):

LINE NO.	COMPANY ACCT. NO.	DESCRIPTION OF EXCLUDED PROPERTY	IN-SERVICE DATE	ORIGINAL COST	ACCU. DEPRE.	NET ORIGINAL COST	TEST YEAR		REASON FOR EXCLUSION
							REVENUE & EXPENSES	ACCT. NO.	
				\$	\$	\$	AMOUNT		DESCRIP.
1	1910	Office Furniture & Equipment	1992	2,507	(1,556)	4,063			Hartwell Recreation Facilities
2			2008	4,087	(482)	4,569			
3		Total		6,594	(2,038)	8,632			

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
PROPERTY EXCLUDED FROM RATE BASE
(FOR REASONS OTHER THAN RATE AREA ALLOCATION)
AS OF MARCH 31, 2012

SCHEDULE B-2.5a
PAGE 3 OF 6

WORK PAPER REFERENCE NO(S):

LINE NO.	COMPANY ACCT. NO.	DESCRIPTION OF EXCLUDED PROPERTY	IN-SERVICE DATE	ORIGINAL COST	ACCUM. DEPRE.	NET ORIGINAL COST	TEST YEAR		REASON FOR EXCLUSION
							REVENUE & EXPENSES	ACCT. NO.	
				\$	\$	\$			
1	1940	Tools, Shop & Garage	1988	1,276	917	359			Hartwell Recreation Facilities
2		Equipment	1989	11,754	8,096	3,658			
3			1990	4,809	3,166	1,643			
4			1991	18,522	11,635	6,887			
5			1993	16,549	9,394	7,155			
6		Total		52,910	33,208	19,702			

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
PROPERTY EXCLUDED FROM RATE BASE
(FOR REASONS OTHER THAN RATE AREA ALLOCATION)
AS OF MARCH 31, 2012

SCHEDULE B-2.5a
PAGE 4 OF 6

WORK PAPER REFERENCE NO(S):

LINE NO.	COMPANY ACCT. NO.	DESCRIPTION OF EXCLUDED PROPERTY	IN-SERVICE DATE	ORIGINAL COST	ACCUM. DEPRE.	NET ORIGINAL COST	TEST YEAR		REASON FOR EXCLUSION
							REVENUE	EXPENSES	
							AMOUNT	NO.	
1	1970	Miscellaneous Equipment	2009	8,238	1,232	\$ 7,006			Hartwell Recreation Facilities
2		Total		8,238	1,232	7,006			

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
PROPERTY EXCLUDED FROM RATE BASE
(FOR REASONS OTHER THAN RATE AREA ALLOCATION)
AS OF MARCH 31, 2012

SCHEDULE B-2.5a
PAGE 5 OF 6

WORK PAPER REFERENCE NO(S):

LINE NO.	COMPANY ACCT. NO.	DESCRIPTION OF EXCLUDED PROPERTY	IN-SERVICE DATE	ORIGINAL COST	ACQU. DEPRE.	NET ORIGINAL COST	TEST YEAR		REASON FOR EXCLUSION
							REVENUE & EXPENSES		
							AMOUNT	NO.	
				\$	\$	\$	\$	\$	
1	1980	Miscellaneous Equipment	1993	5,259	5,179	80			Hartwell Recreation Facilities
2			2011	2,822	111	2,711			
3		Total		8,081	5,290	2,791			

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
PROPERTY EXCLUDED FROM RATE BASE
(FOR REASONS OTHER THAN RATE AREA ALLOCATION)
AS OF MARCH 31, 2012

SCHEDULE B-2.5a
PAGE 6 of 6

WORK PAPER REFERENCE NO(S):

LINE NO.	COMPANY ACCT. NO.	DESCRIPTION OF EXCLUDED PROPERTY	IN-SERVICE DATE	ORIGINAL COST	ACCUM. DEPRE.	NET ORIGINAL COST	REVENUE & EXPENSES		REASON FOR EXCLUSION
							AMOUNT	NO.	
				\$	\$	\$	\$	\$	
1	3900	Structures and Improvements	2008	46,746	3,519	43,227			Hartwell Recreation Facilities
2		Total		46,746	3,519	43,227			
3		Grand Total - Hartwell Recreation Facilities		2,091,021	392,248	1,698,773			

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
PROPERTY EXCLUDED FROM RATE BASE - SMART GRID
(FOR REASONS OTHER THAN RATE AREA ALLOCATION)
AS OF MARCH 31, 2012

SCHEDULE B-2.5b
PAGE 1 OF 3

WORK PAPER REFERENCE NO(S):

LINE NO.	COMPANY ACCT. NO.	DESCRIPTION OF EXCLUDED PROPERTY	IN-SERVICE DATE	ORIGINAL COST		ACCU. DEPRE.	NET COST		TEST YEAR ACCT. NO.	REVENUE & EXPENSES		REASON FOR EXCLUSION
				\$	\$	\$	\$	\$		AMOUNT	DESCRIP.	
1	3620	Station Equipment	2008	-	-	-	-	-	-	-	-	SmartGrid Electric
2			2009	2,909,388								
3			2010	5,843,944								
4			2011	7,962,620								
5			2012	384,348								
6		Total		17,100,300	452,294		16,648,006					
7	3622	Major Equipment	2008	-	-	-	-	-	-	-	-	
8			2009	1,185,549								
9			2010	585,688								
10			2011	311,203								
11			2012	20,886								
12		Total		2,103,326	86,536		2,016,790					
13	3635	Distribution Station Equipment	2008	-	-	-	-	-	-	-	-	SmartGrid Electric
14			2009	741,224								
15			2010	586,039								
16			2011	1,060,993								
17			2012	331,564								
18		Total		2,719,820	178,269		2,541,551					
19	3640	Poles, Towers and Fixtures	2008	-	-	-	-	-	-	-	-	
20			2009	-								
21			2010	71,298								
22			2011	850,085								
23			2012	240,673								
24		Total		1,162,056	13,609		1,148,447					
25	3650	Distribution OH Conduct & Devices	2008	-	-	-	-	-	-	-	-	SmartGrid Electric
26			2009	2,142,118								
27			2010	4,490,063								
28			2011	4,350,380								
29			2012	1,382,774								
30		Total		12,365,335	367,470		11,997,865					
31	3702	Utility of the Future Meters	2008	6,575,444								
32			2009	2,598,322								
33			2010	11,465,184								
34			2011	16,684,082								
35			2012	3,110,710								
36		Total		40,433,742	2,853,005		37,580,737					
37		TOTAL DISTRIBUTION		75,884,579	3,951,183		71,933,396					

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
PROPERTY EXCLUDED FROM RATE BASE - SMART GRID
(FOR REASONS OTHER THAN RATE AREA ALLOCATION)
AS OF MARCH 31, 2012

SCHEDULE B-2.5b
PAGE 2 OF 3

WORK PAPER REFERENCE NO(S):

LINE NO.	COMPANY ACCT. NO.	DESCRIPTION OF EXCLUDED PROPERTY	IN-SERVICE DATE	ORIGINAL COST	ACCUM. DEPRE.	NET ORIGINAL COST	TEST YEAR		REASON FOR EXCLUSION
							REVENUE	EXPENSES	
							AMOUNT	NO.	
1	3030	Intangible Electric	2008	-	-	-			SmartGrid Electric
2			2009	-	-	-			
3			2010	4,496,850					
4			2011	914,623					
5			2012	(219,582)					
6		Total		5,191,891	1,526,149	3,665,742			
7	3911	Electronic Data Processing Equip	2008	19,522					
8			2009	(19,522)					
9			2010	670,020					
10			2011	365,749					
11			2012	33,358					
12		Total		1,089,127	216,033	853,094			
13	3970	Communication Equipment Electric	2008	12,016,987					
14			2009	102,971					
15			2010	4,525,071					
16			2011	18,408,344					
17			2012	5,099,892					
18		Total		40,153,265	4,244,815	35,908,450			
19		TOTAL GENERAL PLANT		46,414,283	5,986,997	40,427,286			

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
PROPERTY EXCLUDED FROM RATE BASE - SMART GRID
(FOR REASONS OTHER THAN RATE AREA ALLOCATION)
AS OF MARCH 31, 2012

SCHEDULE B-2.5b
PAGE 3 OF 3

WORK PAPER REFERENCE NO(S):

LINE NO.	COMPANY ACCT. NO.	DESCRIPTION OF EXCLUDED PROPERTY	IN-SERVICE DATE	ORIGINAL COST		ACCUM. DEPRE.		NET ORIGINAL COST		TEST YEAR REVENUE & EXPENSES ACCT. NO.	DESCRIP.	REASON FOR EXCLUSION
				\$	\$	\$	\$	\$	\$			
1	1911	Electronic Data Processing Common	2008	-	-	-	-	-	-			SmartGrid Electric
2			2009	19,522								
3			2010	-								
4			2011	41,923								
5			2012	51,749								
6		Total		113,194	34,024			79,170				
7	1970	Communication Equipment Common	2008	1,036,041								
8			2009	1,056,591								
9			2010	2,489,824								
10			2011	8,202,809								
11			2012	14,476,066								
12		Total		27,261,331	1,908,843			25,352,488				
13		TOTAL COMMON PLANT		27,374,525	1,942,867			25,431,658				
14		Grand Total - SmartGrid		149,673,386	11,881,047			137,792,341				

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
PROPERTY EXCLUDED FROM RATE BASE
(FOR REASONS OTHER THAN RATE AREA ALLOCATION)
AS OF MARCH 31, 2012

SCHEDULE B-2.5c
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S)::

LINE NO.	COMPANY ACCT. NO.	DESCRIPTION OF EXCLUDED PROPERTY	IN-SERVICE DATE	ORIGINAL COST	REASON FOR EXCLUSION
1	1900	Structures and Improvements		171,131	Hartwell Golf Course (a)
2		Total - Hartwell Golf Course		<u>171,131</u>	
3	1900	Structures and Improvements	2011	1,726,080	Envision Center (b)
4		Total - Envision Center		<u>1,726,080</u>	
5	1900	Structures and Improvements	2004	2,509	Leasehold Improvements-Holiday Park (c)
6		Total-Holiday Park		<u>2,509</u>	
7	1900	Structures and Improvements		202,197	Leasehold Improvements-Fourth & Walnut (Clipay) (d)
8		Total-Fourth & Walnut (Clipay)		<u>202,197</u>	
9	1900	Structures and Improvements		961,419	Leasehold Improvements-Atrium II (e)
10	3900	Structures and Improvements		<u>49,779</u>	Leasehold Improvements-Atrium II (e)
11		Total-Atrium II		<u>1,011,198</u>	

- (a) To Eliminate the Hartwell Golf Course (See Data Request 129)
(b) To Eliminate the Envision Center (See Data Request 129 & 131)
(c) To Eliminate a portion of Holiday Park (See Data Request 79)
(d) To Eliminate a portion of Clipay (See Data Request 97)
(e) To Eliminate the Atrium II (See Data Request 97)

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
PROPERTY EXCLUDED FROM RATE BASE
(FOR REASONS OTHER THAN RATE AREA ALLOCATION)
AS OF MARCH 31, 2012

SCHEDULE B-2.5d
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S):

LINE NO.	COMPANY ACCT. NO.	DESCRIPTION OF EXCLUDED PROPERTY	ORIGINAL COST	REASON FOR EXCLUSION
1	1900, 1991	ARO Common General Plant	99,735	Retirement Work in Process - ARO (a)
2		Total	<u>99,735</u>	
3		Grand Total - ARO Common General Plant	<u>99,735</u>	

\$

(a) To Eliminate the Asset Retirement Obligation (See Staff Data Request 78)

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
PROPERTY EXCLUDED FROM RATE BASE
(FOR REASONS OTHER THAN RATE AREA ALLOCATION)
AS OF MARCH 31, 2012

SCHEDULE B-2.5e
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S).:

LINE NO.	COMPANY ACCT. NO.	DESCRIPTION OF EXCLUDED PROPERTY	ORIGINAL COST	REASON FOR EXCLUSION
1	371.2	Company Owned Outdoor Light	\$ 714,040	Customer Contributions (a)
2	373.0, 373.1	Street Lighting	180,809	
3	373.4	Light Choice OLE - Public	1,364,763	
		Total - Distribution Plant	2,259,612	

(a) To Eliminate Street Lighting (See Staff's Data Request 134)

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
ACCUMULATED DEPRECIATION AND AMORTIZATION
AS OF MARCH 31, 2012
NON-JURISDICTIONAL ELECTRIC PLANT

SCHEDULE B-3
PAGE 1 OF 5

WORK PAPER REFERENCE NO(S): APPLICANT'S SCHEDULE B-3, STAFF'S SCHEDULE B-2 & B-3.1

F.E.R.C. COMPANY		ACCOUNT TITLE	TOTAL	\$	TOTAL	ADJUSTED	ALLOCATION	ALLOCATED	JURISDICTION
LINE	ACCT.		COMPANY						
NO.	NO.								
1	Various	Electric Production - Steam	3,405,817,368		1,263,259,857	1,263,259,857		0.000%	0
2	Various	Electric Production - Other	23,646,273		18,660,870	18,660,870		0.000%	0
3	Various	Electric Transmission Plant	616,403,010		225,890,480	225,890,480		0.000%	0
4	Various	Electric Production/Transmission Plant - DENA Pla	234,211		70,744	70,744		0.000%	0
5		Total Non-Jurisdictional Electric Plant	4,046,100,862		1,507,881,951	1,507,881,951	0		0

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
ACCUMULATED DEPRECIATION AND AMORTIZATION
AS OF MARCH 31, 2012
DISTRIBUTION PLANT

WORK PAPER REFERENCE NO(S): APPLICANT'S SCHEDULE B-3, STAFF'S SCHEDULE B-2 & B-3.1

SCHEDULE B-3
PAGE 2 OF 5

F.E.R.C. COMPANY		ACCOUNT TITLE	TOTAL COMPANY INVESTMENT		TOTAL COMPANY ADJUSTMENTS		ADJUSTED TOTAL COMPANY		ALLOCATION %		ALLOCATED JURISDICTION	
LINE NO.	ACCT. NO.		NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	%	AMOUNT	%	AMOUNT
1	360	Land and Land Rights	3600	13,109,977				1,539	100.000%	1,539	100.000%	1,539
2	360	Rights of Way	3601	26,110,943				2,520,994	100.000%	2,520,994	100.000%	2,520,994
3	361	Structures and Improvements	3610	8,317,815				4,004,656	100.000%	4,004,656	100.000%	4,004,656
4	362	Station Equipment	3620	182,040,569				70,196,281	100.000%	70,196,281	100.000%	70,196,281
5	362	Major Equipment	3622	103,229,213				(452,294)	100.000%	(452,294)	100.000%	(452,294)
6	363	Dist Station Equip Elec	3635	2,620,440				(86,536)	100.000%	(86,536)	100.000%	(86,536)
7	364	Poles, Towers & Fixtures	3640	243,486,355				(178,269)	100.000%	(178,269)	100.000%	(178,269)
8	365	Overhead Conductors and Devices	3650, 3651	396,969,778				(13,609)	100.000%	(13,609)	100.000%	(13,609)
9	366	Underground Conduit	3660	88,227,723				(367,470)	100.000%	(367,470)	100.000%	(367,470)
10	367	Underground Conductors and Devices	3670	282,336,871					100.000%		100.000%	
11	368	Line Transformers	3680, 3681	367,228,972				143,569,293	100.000%	143,569,293	100.000%	143,569,293
12	368	Customer Transformer Installations	3682	5,272,832				2,628,003	100.000%	2,628,003	100.000%	2,628,003
13	369	Services - Underground	3691	3,391,901				2,248,643	100.000%	2,248,643	100.000%	2,248,643
14	369	Services - Overhead	3692	64,385,178				36,808,118	100.000%	36,808,118	100.000%	36,808,118
15	370	Meters	3700	41,968,249				12,697,346	100.000%	12,697,346	100.000%	12,697,346
16	370	Leased Meters	3701	17,699,187				4,187,966	100.000%	4,187,966	100.000%	4,187,966
17	370	Utility of the Future Meters	3702	40,433,742				(2,853,005)	100.000%	(2,853,005)	100.000%	(2,853,005)
18	371	Installations on Customers' Premises	3710	241,509				2,770	100.000%	2,770	100.000%	2,770
19	371	Company Owned Outdoor Light	3712	714,040				0	100.000%	0	100.000%	0
20	372	Leased Property on Customers' Premises	3720	102,503				(76,085)	100.000%	(76,085)	100.000%	(76,085)
21	373	Street Lighting - Overhead	3730, 3731	21,127,345				10,738,065	100.000%	10,738,065	100.000%	10,738,065
22	373	Street Lighting - Boulevard	3732	28,103,634				5,929,055	100.000%	5,929,055	100.000%	5,929,055
23	373	Light Security OL POL Flood	3733	17,694,862				5,507,955	100.000%	5,507,955	100.000%	5,507,955
24	373	Light Choice OLE - Public	3734	1,364,763				375,920	100.000%	375,920	100.000%	375,920
25	108	Retirement Work in Progress	108					(7,669,689)	100.000%	(7,669,689)	100.000%	(7,669,689)
26		Total Electric Distribution Plant		1,956,178,401				648,363,733		(1,582,171)		646,781,562

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
ACCUMULATED DEPRECIATION AND AMORTIZATION
AS OF MARCH 31, 2012
GENERAL PLANT

SCHEDULE B-3
PAGE 3 OF 5

WORK PAPER REFERENCE NO(S): APPLICANT'S SCHEDULE B-3, STAFF'S SCHEDULE B-2 & B-3.1

F.E.R.C. COMPANY LINE ACCT. NO.	ACCT. NO.	ACCOUNT TITLE	TOTAL COMPANY INVESTMENT		TOTAL COMPANY ADJUSTMENTS		ADJUSTED TOTAL COMPANY		ALLOCATION %	ALLOCATED JURISDICTION
			\$	\$	\$	\$	\$	\$		
1	303	Miscellaneous Intangible Plant	34,776,041	28,383,791	(1,526,149)	26,857,642	92.257%	24,778,055		
2	389	Land and Land Rights	949,213	0		0	92.257%	0		
3	390	Structures and Improvements	25,029,892	10,786,139	(53,298)	10,732,841	92.257%	9,901,797		
4	391	Office Furniture and Equipment	502,944	44,916		44,916	92.257%	41,438		
5	391	Electronic Data Processing Equipment	2,403,741	441,424	(216,033)	225,391	92.257%	207,939		
6	391	Transportation Equipment	1,302,268	1,218,529		1,218,529	92.257%	1,124,178		
7	391	Trailers	2,940,408	1,621,154		1,621,154	92.257%	1,495,628		
8	391	Stores Equipment	1,090,920	(597)		(597)	92.257%	(551)		
9	392	Tools, Shop & Garage Equipment	14,796,560	3,920,084		3,920,084	92.257%	3,616,552		
10	392	Laboratory Equipment	125,110	(1,080,986)		(1,080,986)	92.257%	(997,285)		
11	393	Power Operated Equipment	1,555,719	1,088,310		1,088,310	92.257%	1,004,042		
12	393	Communication Equipment	53,946,585	7,472,559	(4,244,815)	3,227,744	92.257%	2,977,820		
13	394	Miscellaneous Equipment	83,798	10,412		10,412	92.257%	9,606		
14	395	Retirement Work in Progress	0	1,671,181		1,671,181	92.257%	1,541,781		
15		Total Electric General Plant	139,503,199	55,576,916	(6,040,295)	49,536,621		45,701,000		
16		Total Electric Plant	6,141,782,462	2,211,822,600	(7,622,466)	2,204,200,134		692,482,562		

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
ACCUMULATED DEPRECIATION AND AMORTIZATION
AS OF MARCH 31, 2012
COMMON PLANT - EXCLUDING SMARTGRID

SCHEDULE B-3
PAGE 4 OF 5

WORK PAPER REFERENCE NO(S): APPLICANT'S SCHEDULE B-3, STAFF'S SCHEDULE B-2 & B-3.1

LINE NO.	F.E.R.C. COMPANY ACCT. NO.	ACCOUNT TITLE	TOTAL COMPANY INVESTMENT		TOTAL COMPANY		ADJUSTMENTS COMPANY		ADJUSTED TOTAL COMPANY		ALLOCATION % JURISDICTION	
			\$		\$		\$		\$		\$	
1	1030	Miscellaneous Intangible Plant	121,520,890		107,949,728				107,949,728		44.821%	48,384,148
2	1890	Land and Land Rights	2,121,647		106,907				106,907		44.821%	47,917
3	1891	Rights of Way	37,969		0				0		44.821%	0
4	1900	Structures & Improvements	129,745,709		26,647,207		(2,211,475)		24,435,732		44.821%	10,952,339
5	1910	Office Furniture & Equipment	4,220,950		(1,746,218)		2,038		(1,744,180)		44.821%	(781,759)
6	1911	Electronic Data Processing - Non SmartGrid	693,843		274,745				274,745		44.821%	123,143
7	1920	Transportation Equipment	85,311		85,311				85,311		44.821%	38,237
8	1921	Trailers	474,273		234,543				234,543		44.821%	105,125
9	1930	Stores Equipment	189,750		(151,381)				(151,381)		44.821%	(67,850)
10	1940	Tools, Shop & Garage Equipment	1,829,999		555,791		(33,208)		522,583		44.821%	234,227
11	1950	Laboratory Equipment	23,250		1,293				1,293		44.821%	580
12	1960	Power Operated Equipment	153,899		62,759				62,759		44.821%	28,129
13	1970	Communication Equipment - Non SmartGrid	27,931,369		12,183,687		(1,232)		12,182,455		44.821%	5,460,298
14	1980	Miscellaneous Equipment	429,603		131,816		(5,290)		126,526		44.821%	56,710
15	1990, 1991	Retirement Work in Process - ARO	99,735		117,273		(117,273)		0		44.821%	0
16	108	Retirement Work in Progress			(869,369)				(869,369)		44.821%	(389,660)
17		Total Common Plant	289,558,197		145,584,092		(2,366,440)		143,217,652			64,191,584
18		Common Plant Allocated to Electric										
19	83.50%	Original Cost	241,781,095								44.821%	53,599,973
	83.50%	Reserve										

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
ACCUMULATED DEPRECIATION AND AMORTIZATION
AS OF MARCH 31, 2012
COMMON PLANT - SMARTGRID
WORK PAPER REFERENCE NO(S): APPLICANT'S SCHEDULE B-3, STAFF'S SCHEDULE B-2 & B-3.1

SCHEDULE B-3
PAGE 5 OF 5

SCHEDULE B-3
PAGE 5 OF 5

F.E.R.C. COMPANY		ACCOUNT TITLE	TOTAL COMPANY INVESTMENT		TOTAL COMPANY ADJUSTMENTS		ADJUSTED TOTAL COMPANY		ALLOCATION %	ALLOCATED JURISDICTION
LINE NO.	ACCT. NO.		PLANT							
			\$	\$				\$		
1	1911	Electronic Data Processing - SmartGrid	113,194		34,024	(34,024)	0		100.000%	0
2	1970	Communication Equipment - SmartGrid	27,261,331		1,908,843	(1,908,843)	0		100.000%	0
3		Total Common Plant - SmartGrid	27,374,525		1,942,867	(1,942,867)	0			0
4		Common Plant Allocated to Electric - SmartGrid								
5	(1)	Original Cost	13,991,120							
	(1)	Reserve			992,999	(992,999)	0		44.821%	0
6		Total Common Plant	316,932,722		147,526,959	(4,309,307)	143,217,652			64,191,584
7		Total Common plant allocated to Electric	255,772,215		122,555,716	(2,968,976)	119,586,740			53,599,973
8		Total Electric Plant Including Allocated Common	6,397,554,677		2,334,378,316	(10,591,442)	2,323,786,874			746,082,535

(1) Allocation of Common Plant / SmartGrid to electric determined by SmartGrid filings

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
ADJUSTMENTS TO ACCUMULATED DEPRECIATION AND AMORTIZATION
AS OF MARCH 31, 2012

WORK PAPER REFERENCE NO(S): APPLICANT'S SCHEDULE B-3.1 & STAFF'S SCHEDULE WPB-3.1a

SCHEDULE B-3.1

PAGE 1 OF 1

LINE NO.	F.E.R.C. ACCT. NO.	COMPANY ACCT. NO.	ACCOUNT TITLE	TOTAL COMPANY ADJUSTMENT	ALLOCATION %	JURISDICTIONAL ADJUSTMENT
Distribution Plant				\$		\$
SmartGrid						
1	362	3620	Station Equipment	452,294	100.000%	452,294
2	362	3622	Major Equipment	86,536	100.000%	86,536
3	363	3635	Station Equipment Electronic	178,269	100.000%	178,269
4	364	3640	Poles, Towers & Fixtures	13,609	100.000%	13,609
5	365	3650	Overhead Conductors and Devices	367,470	100.000%	367,470
6	370	3702	Utility of the Future Meters	2,853,005	100.000%	2,853,005
7			Total Distribution Plant	3,951,183		3,951,183
General Plant						
SmartGrid						
8	303	3030	Miscellaneous Intangible Plant	1,528,149	92.257%	1,407,979
9	391	3911	Electronic Data Processing Equipment	216,033	92.257%	199,306
10	397	3970	Communication Equipment	4,244,815	92.257%	3,916,139
11			Total General Plant	5,986,997		5,523,424
Common Plant						
SmartGrid						
12		1911	Electronic Data Processing Common	34,024	100.000%	34,024
13		1970	Communication Equipment Common	1,908,843	100.000%	1,908,843
14			Total Common Plant - SmartGrid	1,942,867		1,942,867
15			Common Allocated to Electric - SmartGrid (1)	992,999	100.000%	992,999
Hartwell Recreation Facilities (2)						
16		1900	Structures & Improvements	351,037	44.821%	157,338
17		1910	Office Furniture & Equipment	(2,038)	44.821%	(913)
18		1940	Tools, Shop & Garage Equipment	33,208	44.821%	14,884
19		1970	Miscellaneous Equipment	1,232	44.821%	552
20		1980	Miscellaneous Equipment	5,290	44.821%	2,371
21			Total	388,729		174,232
22		83.50%	Common Allocated to Electric - Excl SG	324,589	44.821%	145,484
23	390	3900	Structures and Improvements	3,519	92.257%	3,247
Common Plant						
24		1990, 1991	Retirement Work in Progress - ARO (3)	117,273	44.821%	52,563
25		1900	Structures & Improvements-Hartwell Golf Course (4)	60,252	44.821%	27,006
26		1900	Structures & Improvements-Envision Center (5)	681,977	44.821%	305,669
27		1900	Structures & Improvements-Atrium II (6)	961,419	44.821%	430,918
28		1900	Structures & Improvements-Holiday Park (7)	2,509	44.821%	1,125
29		1900	Structures & Improvements-Fourth & Walnut (Clipay) (8)	154,281	44.821%	69,150
30			Total	1,977,711		886,431
31		83.50%	Common Allocated to Electric - Excl SG	1,651,389		740,170
Distribution Plant						
32	371	3712	Company Owned Outdoor Light (9)	(244,226)	100.000%	(244,226)
33	373	3730, 3731	Street Lighting (9)	(1,748,866)	100.000%	(1,748,866)
34	373	3734	Light Choice OLE-Public (9)	(375,920)	100.000%	(375,920)
			Total	(2,369,012)		(2,369,012)
General Plant						
35	390	3900	Structures & Improvements-Atrium II (6)	49,779	92.257%	45,925
36			Total electric plant adjustments including allocated common	10,591,443		9,033,420

Description and Purpose of Adjustment

- (1) Allocation of Common Plant / SmartGrid to electric determined by SmartGrid filings
- (2) To eliminate from rate base the Hartwell Recreation Facilities allocated to uses other than for specific company purposes. (See Schedule B-2.5a)
- (3) To eliminate Asset Retirement Obligation from rate base (See Data Request No. 78)
- (4) To eliminate from rate base the Hartwell Golf Course (See Data Request No. 133 in Case No. 12-1685-GA-AIR)
- (5) To eliminate from rate base the Envision Center (See Applicant's Schedule B-3.4)
- (6) To eliminate from rate base the Atrium II (See Staff Schedule B-2.2)
- (7) To eliminate from rate base a portion of Holiday Park (See Staff Schedule B-2.2)
- (8) To eliminate from rate base a portion of Clipay (See Staff Schedule B-2.2 & Staff Workpaper WPB-3.1a)
- (9) To eliminate from rate base Street Lighting (See Staff Schedule B-2.2 & Staff Data Request No. 134)

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
PROPOSED DEPRECIATION ACCRUAL RATES AND
ACCUMULATED BALANCES BY ACCOUNTS, FUNCTIONAL CLASS OR MAJOR PROPERTY GROUP
AS OF MARCH 31, 2012
NON-JURISDICTIONAL ELECTRIC PLANT

SCHEDULE B-3.2
PAGE 1 OF 4

WORK PAPER REFERENCE NO(S): STAFF'S SCHEDULE B-2.1 & B-3

LINE NO.	ACCT. NO.	COMPANY NO.	ACCOUNT TITLE OR MAJOR PROPERTY GROUPING	ADJUSTED JURISDICTION		PROPOSED ACCRUAL RATE	CALCULATED		AVERAGE SERVICE LIFE	CURVE FORM
				PLANT INVESTMENT	ACCUMULATED BALANCE		DEPR. EXPENSE	% NET SALVAGE		
(A)	(B-1)	(B-2)	(C)	(D)	(E)	(F)	(G=DxF)	(H)	(I)	(J)
				\$	\$	%	\$			
1	Various	Various	Electric Production - Steam	-	-	-	-	-	-	-
2	Various	Various	Electric Production - Other	-	-	-	-	-	-	-
3	Various	Various	Electric Transmission Plant	-	-	-	-	-	-	-
4			Total Non-Jurisdictional Electric Plant	-	-	-	-	-	-	-

DISTRIBUTION PLANT

WORK PAPER REFERENCE NO. (See Footnote at end of Schedule)

F.E.R.C. COMPANY		ACCOUNT TITLE OR MAJOR PROPERTY GROUPING		ADJUSTED JURISDICTION		PROPOSED		CALCULATED		AVERAGE	
LINE NO.	ACCT. NO.	PLANT	INVESTMENT	ACCUMULATED	ACCURAL	DEPR.	% NET	SERVICE	CURVE	LIFE	FORM
(A)	(B-1)	(C)	(D)	(E)	(F)	(G-DxP)	(H)	(I)	(J)		
			\$	\$	%	\$					
1	360	Land and Land Rights	13,109,977	1,539							
2	360	Rights of Way	26,110,943	2,520,994	1.33	347,276	0	75	R3		
3	361	Structures and Improvements	8,317,815	4,004,656	1.69	140,571	(10)	65	R2.5		
4	362	Station Equipment	164,940,269	70,196,281	1.92	3,166,853	(15)	60	R1.5		
5	362	Major Equipment	107,125,887	36,836,728	1.92	1,941,617	(15)	60	R2.5		
6	362	Station Equipment Electronic	(99,380)	31,059	5.00	(4,969)	0	20	S3		
7	364	Poles, Towers & Fixtures	242,324,299	108,036,863	2.40	5,815,783	(20)	50	R1		
8	365	Overhead Conductors and Devices	384,804,443	98,318,263	2.80	10,768,924	(40)	50	R1		
9	366	Underground Conduit	88,227,723	35,969,974	2.00	1,764,534	(30)	65	R3		
10	367	Underground Conductors and Devices	282,336,871	73,293,965	2.16	6,098,476	(25)	58	R1.5		
11	368	Line Transformers	367,228,972	143,568,293	2.50	9,180,724	(5)	42	R1		
12	368	Customer Transformer Installations	5,272,832	2,628,093	2.22	117,057	0	45	R0.5		
13	369	Services - Underground	3,391,901	2,248,643	2.00	67,838	(30)	65	R1.5		
14	369	Services - Overhead	64,385,178	36,808,118	3.26	2,098,957	(40)	43	R0.5		
15	370	Meters	41,968,249	12,697,346	Amort (6)	4,037,366	Amortization				
16	370	Meters - Catch Up Deprec	-	-	0.00	-	-				
17	370	Leased Meters	17,699,187	4,187,966	Amort (6)	1,863,617	Amortization				
18	370	Utility of the Future Meters	-	-	6.67	-	0	15	S2.5		
19	371	Installations on Customers' Premises	241,509	2,770	6.67	16,109	0	15	S0		
20	371	Company Owned Outdoor Lighting	-	-	6.67	-	0	15	S0		
21	372	Leased Property on Customers' Premises	102,503	(76,085)	4.00	4,100	0	25	L1.5		
22	373	Street Lighting - Overhead	20,946,536	10,738,065	3.93	823,199	(10)	28	L1		
23	373	Street Lighting - Boulevard	28,103,634	5,929,055	2.44	685,729	(10)	45	R1.5		
24	373	Light Security OL POL Flood	17,694,862	5,507,955	3.83	677,713	(15)	30	R0.5		
25	373	Light Choice OLE - Public	-	-	4.20	-	(5)	25	R0.5		
26	108	Retirement Work in progress	-	(7,669,689)							
27		Total Electric Distribution	1,876,034,210	646,781,562							49,611,494

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
PROPOSED DEPRECIATION ACCRUAL RATES AND
ACCUMULATED BALANCES BY ACCOUNTS, FUNCTIONAL CLASS OR MAJOR PROPERTY GROUP
AS OF MARCH 31, 2012
GENERAL PLANT

SCHEDULE B-3.2
PAGE 3 OF 4

WORK PAPER REFERENCE NO(S): STAFF'S SCHEDULE B-2.1 & B-3

LINE NO.	FERC COMPANY ACCT. NO.	ACCOUNT TITLE OR MAJOR PROPERTY GROUPING	ADJUSTED PLANT INVESTMENT	ACCUMULATED BALANCE	PROPOSED ACCRUAL RATE	CALCULATED DEPR. EXPENSE	% NET SALVAGE	AVERAGE SERVICE LIFE	CURVE FORM
(A)	(B-1)	(C)	(D)	(E)	(F)	(G-DxF)	(H)	(I)	(J)
			\$	\$	%	\$			
1	303	Miscellaneous Intangible Plant	27,293,450	24,778,055	(8)	2,030,355	Amortization		
2	389	Land and Land Rights	875,715	-			Perpetual Life		
3	390	Structures and Improvements	23,002,776	9,901,797	2.90	667,081	Composite	20	SQ
4	391	Office Furniture and Equipment	464,001	41,438	5.00	23,200	0	5	SQ
5	391	Electronic Data Processing Equipment	1,231,275	207,939	20.00	246,255	0	12	L3
6	391	Transportation Equipment	1,201,433	1,124,178	7.50		10	21	S1.5
7	391	Trailers	2,712,732	1,495,629	4.05		15	20	SQ
8	393	Stores Equipment	1,006,450	(551)	5.00	50,323	0	25	SQ
9	392	Tools, Shop & Garage Equipment	13,650,862	3,616,552	4.00	546,034	0	15	SQ
10	392	Laboratory Equipment	115,423	(997,285)	6.67	7,699	0	18	S0.5
11	393	Power Operated Equipment	1,435,260	1,004,042	4.44		20	15	SQ
12	393	Communication Equipment	12,725,303	2,977,820	6.67	848,778	0	20	SQ
13	394	Miscellaneous Equipment	77,310	9,608	5.00	3,866	0	20	SQ
14	108	Retirement Work in progress		1,541,781					
15		Total Electric General	85,791,990	45,701,000		4,423,591			
16		Total Electric Distribution and General Plant	1,963,826,200	692,482,562		54,035,085			

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
PROPOSED DEPRECIATION ACCRUAL RATES AND
ACCUMULATED BALANCES BY ACCOUNTS, FUNCTIONAL CLASS OR MAJOR PROPERTY GROUP
AS OF MARCH 31, 2012
COMMON PLANT

WORK PAPER REFERENCE NO(S): STAFF'S SCHEDULE B-2.1 & B-3

SCHEDULE B-3.2
PAGE 4 OF 4

LINE NO. (A)	FERC COMPANY ACCT. NO. (B-1)	ACCOUNT TITLE OR MAJOR PROPERTY GROUPING (C)	PLANT INVESTMENT (D)	ACCUMULATED BALANCE (E)	PROPOSED ACCRUAL RATE (F)	CALCULATED DEPR. EXPENSE (G-DxF)	% NET SALVAGE (H)	AVERAGE SERVICE LIFE (I)	CURVE FORM (J)
1	1030	Miscellaneous Intangible Plant	54,466,878	48,384,148	(8)	3,133,484	Amortization		
2	1890	Land and Land Rights	950,943	47,917			Perpetual Life		
3	1891	Rights of Way	17,018	0			Perpetual Life		
4	1900	Structures & Improvements	53,429,403	8,713,664	3.47 (5)	1,854,000	Composite		
5	1900	Structures & Improvements - Atrium II	0	0	(1)	0	Fully Amortized		
6	1900	Structures & Improvements - Envision Center	0	0	(1)	0	Amortization		
7	1900	Structures & Improvements - Clopay Bldg - 3rd Floor	164,402	29,149	15.19 (1)	24,973	Amortization		
8	1900	Structs & Improvements - Clopay Bldg - 4th / 5th / 6th Flr	299,402	245,704	2.69 (1)	8,054	Amortization		
9	1900	Structs & Improvements - Clopay Bldg - Bld & Access Ramp	1,969,743	1,840,784	0.49 (1)	9,162	Amortization		
10	1900	Structures & Improvements - Holiday Park	135,076	123,038	16.23 (1)	21,923	Amortization		
11	1910	Office Furniture & Equipment	1,888,917	(781,759)	5.00	94,446	0	20	SQ
12	1911	Electronic Data Processing - Non SmartGrid	310,987	123,143	20.00	62,197	0	5	SQ
13	1911	Electronic Data Processing - SmartGrid	-	0	20.00	0	0	5	SQ
14	1920	Transportation Equipment	38,237	38,237	8.33 (7)	0	0	12	L3
15	1921	Trailers	212,574	105,125	4.29 (7)	0	10	21	S1.5
16	1930	Stores Equipment	85,048	(67,850)	5.00	4,252	0	20	SQ
17	1940	Tools, Shop & Garage Equipment	796,509	234,227	4.00	31,860	0	25	SQ
18	1950	Laboratory Equipment	10,421	580	6.67	695	0	15	SQ
19	1960	Power Operated Equipment	68,979	28,129	4.44 (7)	0	20	18	S0.5
20	1970	Communication Equipment - Non SmartGrid	12,515,427	5,460,298	6.67	834,779	0	15	SQ
21	1970	Communication Equipment - SmartGrid	-	0	6.67	0	0	15	SQ
22	1980	Miscellaneous Equipment	188,930	56,710	5.00	9,447	0	20	SQ
23	1990, 1991	Retirement Work in Process - ARO	-	0					
24	108	Retirement Work in progress	-	(389,660)					
25		Total Common	127,448,894	64,191,584		6,089,272			
26		Common Plant Allocated to Electric							
27		Original Cost (2)	106,419,826						
28		Reserve (3)		53,599,973					
28		Annual Provision (4)							
29		Total Electric Plant Including Allocated Common	2,070,246,026	746,082,535		59,119,627			

- (1) These leasehold improvements are being amortized over the life of the lease (Applicant's Schedule B-3.4 and Staff's Data Request No. 122 in Case No. 12-1685-GA-AIR)
- (2) Total Common Allocated at 83.50% Less adjustment for Hartwell Recreation Facilities per Schedule B-2.1
- (3) Total Common Allocated at 83.50% Less adjustment for Hartwell Recreation Facilities per Schedule B-3.1
- (4) Allocation of Common Plant to electric determined by Common allocation factors and SmartGrid filings.
- (5) Staff's Workpaper WPB-3.2
- (6) See Text
- (7) Depreciation Changed to Transportation Expense
- (8) Applicant's Schedule B-3.2

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
CONSTRUCTION WORK IN PROGRESS
AS OF MARCH 31, 2012

SCHEDULE B-4
PAGE 1 OF 1

Line No. (A)	Project No. (B)	Description of Project (C)	Accumulated Costs		Total Cost (F=D+E)	Allocation % (G)	Total Jurisdictional Cost at Date Certain (H)	Estimated Physical Percent Completion (I)
			Construction Dollars (D)	AFUDC Capitalized (E)				

Pollution Control Projects:

- 1 The Company has not included any Construction Work in Progress in this Rate Case.

Other Projects:

- 2 The Company has not included any Construction Work in Progress in this Rate Case.

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
ALLOWANCE FOR WORKING CAPITAL
AS OF MARCH 31, 2012

SCHEDULE B-5
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): STAFF REPORT TEXT

LINE NO.	WORKING CAPITAL COMPONENT DESCRIPTION	WORK PAPER REFERENCE		TOTAL	JURISDICTION
		METHODOLOGY	NUMBER		
1	Cash Working Capital	None Requested		\$ -	\$ -
2					
3					
4	Material and Supplies:				
5					
6	Other	13 Month Average Balance	SCH B-5.1,	0	0
7		less allowance for new	WPB-5.1b		
8		construction			
9					
10	Total Working Capital			\$ -	\$ -

DUKE ENERGY OHIO, INC.
CASE NO. 12-1882-EL-AIR
OTHER RATE BASE ITEMS SUMMARY
AS OF MARCH 31, 2012
WPB-6.1a through WPB-6.1e

WORK PAPER REFERENCE NO(S): APPLICANT'S SCHEDULE B-6.1, WPB-6.1a through WPB-6.1e										SCHEDULE B-6 PAGE 1 OF 2	
(See footnote at end of Schedule)											
LINE NO.	ACCOUNT NO.	DESCRIPTION	TOTAL COMPANY	ADJUSTMENTS	ADJUSTED TOTAL COMPANY	ALLOCATION CODE	PERCENT	ALLOCATION TOTAL	ADJUSTED TOTAL		
1	2	3	4	5	6	7	8	9	10	11	12
1	252	Customer Advances for Construction	0	0	0	DALL	100.000%	0	0		
2	235	Customer Service Deposits - Retail	(15,568,360)	0	(15,568,360)	DALL	100.000%	(15,568,360)			
4	235	Customer Service Deposits - Transmission Service	(1,598,298)	0	(1,598,298)	DNON	0.000%	0			
6	253	Post Retirement Benefits	0	7,270,777	7,270,777	DALL	100.000%	7,270,777			
9	255	Investment Tax Credits: (A)									
10		Pre-1971 3% Credit	0	0	0	DALL	100.000%	0			
11		1971 4% Credit	(1,183)	0	(1,183)	DALL	100.000%	(1,183)			
12		1975 6% Credit	0	0	0	DNON	0.000%	0			
13		1981 10% Credit	(2,046,219)	2,046,219	0	DNON	0.000%	0			
14		Total Investment Tax Credits	(2,047,402)	2,046,219	(1,183)			(1,183)			
16		Deferred Income Taxes:									
17	190	401(K) Incentive Plan	3,813	0	3,813	DALL	100.000%	3,813			
18	190	ARO Cumulative Effect	167,964	0	167,964	DALL	100.000%	167,964			
19	190	Cash Flow Hedge	(957,706)	0	(957,706)	DALL	100.000%	(957,706)			
20	190	Electric Meters	14,228,706	0	14,228,706	DALL	100.000%	14,228,706			
21	190	Environmental Reserve	(217,969)	217,969	0	DALL	100.000%	0			
22	190	FAS 106 OPEB	5,771,152	0	5,771,152	DALL	100.000%	5,771,152			
23	190	FAS 87 Non-Qualified Pension	475,376	0	475,376	DALL	100.000%	475,376			
24	190	FAS 87 Qualified Pension	4,193,629	0	4,193,629	DALL	100.000%	4,193,629			
25	190	Federal Deferred Tax Receivable	9,584,130	0	9,584,130	DALL	100.000%	9,584,130			
26	190	Incentive Plan	(215,220)	0	(215,220)	DALL	100.000%	(215,220)			
27	190	Misc	(20,225)	0	(20,225)	DALL	100.000%	(20,225)			
28	190	Post Retirement Benefits - SFAS 112	756,065	0	756,065	DALL	100.000%	756,065			
29	190	Property Tax	(3,758,564)	3,758,564	0	DALL	100.000%	0			
30	190	Save-A-Watt	2,724,518	(2,724,518)	0	DALL	100.000%	0			
31	190	ITC FAS 109	(2,295,515)	2,295,515	0	DALL	100.000%	0			
32	190	Tax Interest Accrual	2,050,955	0	2,050,955	DALL	100.000%	2,050,955			
33	190	Unamortized Debt Premium	803,532	0	803,532	DALL	100.000%	803,532			
34	190	Uncollectible Accounts	383,000	0	383,000	DALL	100.000%	383,000			
35	190	Vacation Pay Accruals	1,300,054	0	1,300,054	DALL	100.000%	1,300,054			
37		Total Account 190	34,957,895	3,547,530	38,505,225			38,505,225			
39	282	263A	(41,534,825)	0	(41,534,825)	DALL	100.000%	(41,534,825)			
40	282	AFUDC Debt	(3,210,820)	0	(3,210,820)	DALL	100.000%	(3,210,820)			
41	282	Casualty Loss	(11,500,231)	0	(11,500,231)	DALL	100.000%	(11,500,231)			
42	282	CIAC	12,778,410	0	12,778,410	DALL	100.000%	12,778,410			
43	282	CWIP Differences	(2,633,663)	0	(2,633,663)	DALL	100.000%	(2,633,663)			
44	282	FAS109	(67,839,487)	67,839,487	0	DALL	100.000%	0			
45	282	Miscellaneous	(13,477,689)	0	(13,477,689)	DALL	100.000%	(13,477,689)			
46	282	Non-Cash Overheads	17,831,308	0	17,831,308	DALL	100.000%	17,831,308			
47	282	Section 174	(937,678)	937,678	0	DALL	100.000%	0			
48	282	Software	(2,713,554)	0	(2,713,554)	DALL	100.000%	(2,713,554)			
49	282	Tax Depreciation	(256,005,595)	37,843,852	(218,161,743)	DALL	100.000%	(218,161,743)			
50	282	Tax Interest Capitalized	5,448,950	0	5,448,950	DALL	100.000%	5,448,950			
51		Total Account 282	(363,594,874)	106,421,017	(257,173,857)			(257,173,857)			

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
OTHER RATE BASE ITEMS SUMMARY
AS OF MARCH 31, 2012

SCHEDULE B-6
PAGE 2 OF 2

WORK PAPER REFERENCE NO(S): APPLICANT'S SCHEDULE B-6.1, WPB-6.1a through WPB-6.1e

LINE NO.	ACCOUNT NUMBER	DESCRIPTION	TOTAL COMPANY \$	ADJUSTMENTS \$	ADJUSTED TOTAL COMPANY \$	ALLOCATION CODE	PERCENT	ALLOCATED TOTAL \$
1		Deferred Income Taxes: (Continued)						
2								
3	283	ARO Cumulative Effect	(116,292)	0	(116,292)	DALL	100.000%	(116,292)
4	283	Deferred Smart Grid Costs	1,924,303	(1,924,303)	0	DALL	100.000%	0
5	283	Environmental Reserve	(949,819)	849,819	0	DALL	100.000%	0
6	283	ESP Deferrals	(3,228,466)	3,228,466	0	DALL	100.000%	0
7	283	FAS 106 OPEB	(1,544,591)	0	(1,544,591)	DALL	100.000%	(1,544,591)
8	283	FAS 87 Non-Qualified Pension	(174,904)	0	(174,904)	DALL	100.000%	(174,904)
9	283	FAS 87 Qualified Pension	(28,372,774)	0	(28,372,774)	DALL	100.000%	(28,372,774)
10	283	Hurricane Ike Storm Damage	(4,073,809)	4,073,809	0	DALL	100.000%	0
11	283	Loss on Reacquired Debt	(861,201)	0	(861,201)	DALL	100.000%	(861,201)
12	283	Merger Costs	135,890	(135,890)	0	DALL	100.000%	0
13	283	Misc	16,562	0	16,562	DALL	100.000%	16,562
14	283	Smart Grid	(10,235,364)	10,235,364	0	DALL	100.000%	0
15	283	Tax Interest Accrual	(726,778)	0	(726,778)	DALL	100.000%	(726,778)
16	283	Uncollectible Accounts	255,879	0	255,879	DALL	100.000%	255,879
17	283	Vacation Pay Accruals	(1,018,540)	0	(1,018,540)	DALL	100.000%	(1,018,540)
18		Total Account 283	(48,870,103)	16,327,265	(32,542,838)			(32,542,838)
19								
20		Total Deferred Income Taxes	(377,507,282)	126,295,812	(251,211,470)			(251,211,471)
21			0	0	0			0
22		Other Rate Base Adjustments						

(A) The company elected the immediate flow through option under Section 46(e)(3) in regards to the 1971 election and the ratable flow through option provided under Section 46(f)(2) in regards to the 1975 election. The total company balance does not include balances related to non-regulated production plant.

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
JURISDICTIONAL ALLOCATION FACTORS
RATE BASE AND OPERATING INCOME

SCHEDULE B-7
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): APPLICANT'S SCHEDULE B-7.1 & WPB-7a

LINE NO.	ACCOUNT NUMBER	ACCOUNT TITLE	JURISDICTIONAL ALLOCATION FACTOR CODE	%	DESCRIPTION OF FACTORS AND/OR METHOD OF ALLOCATION
1					Most accounts are 100% jurisdictional. Certain accounts are specifically coded as non-jurisdictional
2					or have been allocated to Distribution. The following accounts have been allocated:
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
JURISDICTIONAL PROFORMA INCOME STATEMENT
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-1
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S):: STAFF'S SCHEDULE C-2 & WPC-1a

LINE NO.	DESCRIPTION	ADJUSTED REVENUE & EXPENSES (A)	PROPOSED INCREASE (B)	PROFORMA REVENUE & EXPENSES (C)
1	Operating Revenues	\$ 367,501,149	\$ 86,581,974	\$ 454,083,123
2				
3	Operating Expenses			
4	Operation & Maintenance	160,032,903	592,913	160,625,816
5	Depreciation	59,119,627	0	59,119,627
6	Taxes - Other	78,735,465	320,353	79,055,818
7	Operating Expenses before Income Taxes	297,887,995	913,266	298,801,261
8				
9	State Income Taxes	133,872	677,297	811,169
10	Federal Income Taxes	16,680,829	29,746,994	46,427,823
11				
12	Total Operating Expenses	314,702,696	31,337,557	346,040,253
13				
14	Net Operating Income	\$ 52,798,453	\$ 55,244,417	\$ 108,042,870
15				
16	Rate Base	\$ 1,064,653,254		\$ 1,064,653,254
17				
18	Rate of Return	4.96%		10.15%

(A) Staff's Schedule C-2

(B) Applicant's WPC-1a

(C) Column (A) & Column (B)

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
ADJUSTED TEST YEAR OPERATING INCOME
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-2
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): APPLICANT'S SCHEDULE C-2.1 &
STAFF'S SCHEDULE C-3

LINE NO.	DESCRIPTION	UNADJUSTED REVENUE & EXPENSES	ADJUSTMENTS	ADJUSTED REVENUE & EXPENSES
1	OPERATING REVENUES			
2	Base Revenue and Riders	\$ 503,277,424	\$ (144,812,545)	\$ 358,464,879
3	Fuel Cost Revenue	0	0	0
4	Other Operating Revenue	12,119,951	(3,083,681)	9,036,270
5	Total Operating Revenues	515,397,375	(147,896,226)	367,501,149
6				
7	OPERATING EXPENSES			
8	Operation and Maintenance Expenses			
9	Production Expenses			
10	Fuel Cost	0	0	0
11	Other	0	0	0
12	Total Production Expense	0	0	0
13	Transmission Expense			
14	Distribution Expense	53,724,545	(1,760)	53,722,785
15	Customer Accounts Expense	39,851,214	(1,742,487)	38,108,727
16	Customer Service & Information Expense	10,073,347	(48,640)	10,024,707
17	Sales Expense	348,017	(347,962)	55
18	Administrative & General Expense	62,239,981	(4,271,777)	57,968,204
19	Amortization of Deferred Expense	(2,939,772)	3,148,197	208,425
20	Total Operation and Maintenance Expense	163,297,332	(3,264,429)	160,032,903
21				
22	Depreciation Expense	64,054,092	(4,934,465)	59,119,627
23				
24	Taxes Other Than Income Taxes			
25	Other Federal Taxes	4,046,188	79,201	4,125,389
26	State and Other Taxes	139,836,194	(65,226,118)	74,610,076
27	Total Taxes Other Than Income Taxes	143,882,382	(65,146,917)	78,735,465
28				
29	State and Municipal Income Taxes			
30	Normal and Surcharge	(126,959)	(638,302)	(765,261)
31	Provision for Deferred Income Taxes	860,071	39,062	899,133
32	Total State Income Tax Expense	733,112	(599,240)	133,872
33				
34	Federal Income Taxes			
35	Normal and Surcharge	(5,576,074)	(28,034,374)	(33,610,448)
36	Provision for Deferred Income Taxes	48,194,026	2,097,251	50,291,277
37	Total Federal Income Tax Expense	42,617,952	(25,937,123)	16,680,829
38				
39	Total Operating Expenses and Taxes	414,584,870	(99,882,174)	314,702,696
40				
41	Net Operating Income	\$ 100,812,505	\$ (48,014,052)	\$ 52,798,453

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
SUMMARY OF JURISDICTIONAL ADJUSTMENTS
TO OPERATING INCOME

SCHEDULE C-3
PAGE 1 OF 5

LINE NO.	TITLE OF ADJUSTMENT	SCHEDULE REFERENCE	TOTAL SCHEDULE C-3	ANNUALIZE / NORMALIZE REV & EXP C-3.1	ELIMINATE DSM / EE/SAW REV & EXP C-3.2	RATE CASE EXPENSE C-3.3	ANNUALIZE TEST YEAR WAGES C-3.4	ANNUALIZE DEPRECIATION C-3.5
1	OPERATING REVENUE							
2	Base		(144,812,545)	(14,380,275)	(31,380,843)			
3	Fuel Cost		0					
4	Other		(3,083,681)	21,889	(3,105,570)			
5	Total Revenue		(147,896,226)	(14,358,386)	(34,486,413)	0	0	0
6								
7	OPERATING EXPENSES							
8	Operation and Maintenance Expenses							
9	Production Expenses							
10	Fuel Cost		0					
11	Other		0					
12	Total Production Expense		0	0	0	0	0	0
13	Transmission Expense							
14	Distribution Expense		(1,760)					
15	Customer Accounts Expense		(1,742,487)					
16	Customer Serv & Info Expense		(48,640)					
17	Sales Expense		(347,962)					
18	Administrative & General Expense		(4,271,777)				(636,691)	
19	Amortization of Deferred Expense		3,148,197			53,324		
20	Total Operation and Maintenance Expenses		(3,264,429)	0	19,906,515	53,324	(636,691)	0
21								
22	Depreciation Expense		(4,934,465)	0	0	0	0	(4,934,465)
23								
24	Taxes Other Than Income Taxes							
25	Other Federal Taxes		79,201					
26	State and Other Taxes		(65,226,118)					
27	Total Taxes Other Than Income Tax		(65,146,917)	0	0	0	0	0
28								
29	State & Municipal Income Taxes							
30	Normal and Surtax		(638,302)	(113,517)	(430,030)	(422)	5,034	0
31	Prov Deferred Income Tax (Deferrals)		39,062					31,956
32	Prov Deferred Income Tax (Writebacks)		0					
33	Total State Income Tax Expense		(599,240)	(113,517)	(430,030)	(422)	5,034	31,956
34								
35	Federal Income Taxes							
36	Normal and Surtax		(28,034,374)	(4,985,704)	(18,887,014)	(18,516)	221,080	0
37	Prov Deferred Income Tax (Deferrals)		2,097,251					1,715,713
38	Prov Deferred Income Tax (Writebacks)		0					
39	Total Federal Income Tax Expense		(25,937,123)	(4,985,704)	(18,887,014)	(18,516)	221,080	1,715,713
40								
41	Total Oper. Expenses and Tax		(95,882,174)	(5,099,221)	589,471	34,386	(410,577)	(3,186,796)
42								
43	Net Operating Income		(48,014,052)	(9,259,165)	(35,075,884)	(34,386)	410,577	3,186,796

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
SUMMARY OF JURISDICTIONAL ADJUSTMENTS
TO OPERATING INCOME
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-3
PAGE 2 OF 5

WORK PAPER REFERENCE NO(S): SEE BELOW

LINE NO.	TITLE OF ADJUSTMENT	SCHEDULE REFERENCE	CUSTOMER SERVICE DEPOSITS C-3.6	ELIMINATE STORM RECOVERY REV & EXP C-3.7	ANNUALIZE PROPERTY TAX C-3.8	SMART GRID SAVINGS ADJUSTMENT C-3.9	INTEREST EXPENSE DEDUCTIBLE C-3.10	EXPENSE ADJUSTMENT C-3.11
1	OPERATING REVENUE							
2	Base			(5,363,901)				
3	Fuel Cost							
4	Other							
5	Total Revenue		0	(5,363,901)	0	0	0	0
6								
7	OPERATING EXPENSES							
8	Operation and Maintenance Expenses							
9	Production Expenses							
10	Fuel Cost							
11	Other							
12	Total Production Expense		0	0	0	0	0	0
13	Transmission Expense							
14	Distribution Expense							
15	Customer Accounts Expense					2,565,568		
16	Customer Serv & Info Expense		467,051					
17	Sales Expense							
18	Administrative & General Expense							24,328
19	Amortization of Deferred Expense			(5,354,385)				
20	Total Operation and Maintenance Expenses		467,051	(5,354,385)	0	2,565,568	0	24,328
21								
22	Depreciation Expense		0	0	0	0	0	0
23								
24	Taxes Other Than Income Taxes							
25	Other Federal Taxes							
26	State and Other Taxes				4,690,357			
27	Total Taxes Other Than Income Tax		0	0	4,690,357	0	0	0
28								
29	State & Municipal Income Taxes							
30	Normal and Surtax		(3,692)	(75)	(37,082)	(20,283)	(9,895)	(193)
31	Prov Deferred Income Tax (Deferrals)						7,106	
32	Prov Deferred Income Tax (Writebacks)							
33	Total State Income Tax Expense		(3,692)	(75)	(37,082)	(20,283)	(2,789)	(193)
34								
35	Federal Income Taxes							
36	Normal and Surtax		(162,176)	(3,304)	(1,628,646)	(890,850)	(434,609)	(8,447)
37	Prov Deferred Income Tax (Deferrals)						381,538	
38	Prov Deferred Income Tax (Writebacks)							
39	Total Federal Income Tax Expense		(162,176)	(3,304)	(1,628,646)	(890,850)	(53,071)	(8,447)
40								
41	Total Oper. Expenses and Tax		301,183	(5,357,764)	3,024,629	1,654,435	(55,860)	15,688
42								
43	Net Operating Income		(301,183)	(6,137)	(3,024,629)	(1,654,435)	55,860	(15,688)

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
SUMMARY OF JURISDICTIONAL ADJUSTMENTS
TO OPERATING INCOME
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-3
PAGE 3 OF 5

WORK PAPER REFERENCE NO(S): SEE BELOW

LINE NO.	TITLE OF ADJUSTMENT	OHIO EXCHG TAX RIDER C-3.12	BUDGET EXPENSES C-3.13	ELIMINATE NON JURIS. EXPENSES C-3.14	ADJUST PUC/OCC ASSESSMENTS C-3.15	ADJUST UNCOLLECTIBLE EXPENSE C-3.16	ANNUALIZE PENSION & BENEFIT EXP C-3.17
1	OPERATING REVENUE						
2	Base	(69,521,224)				(7,301,531)	
3	Fuel Cost						
4	Other						
5	Total Revenue	(69,521,224)	0	0	0	(7,301,531)	0
6							
7	OPERATING EXPENSES						
8	Operation and Maintenance Expenses						
9	Production Expenses						
10	Fuel Cost						
11	Other						
12	Total Production Expense	0	0	0	0	0	0
13	Transmission Expense						
14	Distribution Expense		(1,843,923)	(1,760)		(2,931,183)	
15	Customer Accounts Expense			(48,640)			
16	Customer Serv & Info Expense			(347,962)			
17	Sales Expense		(4,744,715)	(219,694)	738,020		125,102
18	Administrative & General Expense						
19	Amortization of Deferred Expense						
20	Total Operation and Maintenance Expenses	0	(6,588,638)	(618,056)	738,020	(2,931,183)	125,102
21							
22	Depreciation Expense	0	0	0	0	0	0
23							
24	Taxes Other Than Income Taxes						
25	Other Federal Taxes						
26	State and Other Taxes	(69,888,878)					
27	Total Taxes Other Than Income Tax	(69,888,878)	0	0	0	0	0
28							
29	State & Municipal Income Taxes						
30	Normal and Surtax	2,907	52,090	4,886	(5,835)	(34,552)	(989)
31	Prov Deferred Income Tax (Deferrals)						
32	Prov Deferred Income Tax (Writebacks)						
33	Total State Income Tax Expense	2,907	52,090	4,886	(5,835)	(34,552)	(989)
34							
35	Federal Income Taxes						
36	Normal and Surtax	127,661	2,287,792	214,610	(256,265)	(1,517,529)	(43,440)
37	Prov Deferred Income Tax (Deferrals)						
38	Prov Deferred Income Tax (Writebacks)						
39	Total Federal Income Tax Expense	127,661	2,287,792	214,610	(256,265)	(1,517,529)	(43,440)
40							
41	Total Oper. Expenses and Tax	(69,758,310)	(4,248,756)	(398,560)	475,920	(4,483,264)	80,673
42							
43	Net Operating Income	237,086	4,248,756	398,560	(475,920)	(2,818,267)	(80,673)

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
SUMMARY OF JURISDICTIONAL ADJUSTMENTS
TO OPERATING INCOME
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-3
PAGE 4 OF 5

WORK PAPER REFERENCE NO(S): SEE BELOW

LINE NO.	TITLE OF ADJUSTMENT	ANNUALIZE FICA TAXES C-3.18	ANNUALIZE COMMERCIAL ACTIVITIES TAX C-3.19	INTENTIONALLY LEFT BLANK C-3.20	INTENTIONALLY LEFT BLANK C-3.21	INTENTIONALLY LEFT BLANK C-3.22	ELIMINATE MERGER COSTS C-3.23
1	OPERATING REVENUE						
2	Base						
3	Fuel Cost						
4	Other						
5	Total Revenue	0	0	0	0	0	0
6							
7	OPERATING EXPENSES						
8	Operation and Maintenance Expenses						
9	Production Expenses						
10	Fuel Cost						
11	Other						
12	Total Production Expense	0	0	0	0	0	0
13	Transmission Expense						
14	Distribution Expense			0			
15	Customer Accounts Expense						
16	Customer Serv & Info Expense						
17	Sales Expense						
18	Administrative & General Expense						
19	Amortization of Deferred Expense						(266,310)
20	Total Operation and Maintenance Expenses	0	0	0	0	0	(266,310)
21							
22	Depreciation Expense	0	0	0	0	0	0
23							
24	Taxes Other Than Income Taxes	79,201					
25	Other Federal Taxes		(27,597)				
26	State and Other Taxes	79,201	(27,597)	0	0	0	0
27	Total Taxes Other Than Income Tax			0	0	0	0
28							
29	State & Municipal Income Taxes						
30	Normal and Surtax	(626)	218	0	0	0	2,105
31	Prov Deferred Income Tax (Deferrals)						
32	Prov Deferred Income Tax (Writebacks)						
33	Total State Income Tax Expense	(626)	218	0	0	0	2,105
34							
35	Federal Income Taxes						
36	Normal and Surtax	(27,501)	9,583	0	0	0	92,472
37	Prov Deferred Income Tax (Deferrals)						
38	Prov Deferred Income Tax (Writebacks)						
39	Total Federal Income Tax Expense	(27,501)	9,583	0	0	0	92,472
40							
41	Total Oper. Expenses and Tax	51,074	(17,796)	0	0	0	(171,733)
42							
43	Net Operating Income	(51,074)	17,796	0	0	0	171,733

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
SUMMARY OF JURISDICTIONAL ADJUSTMENTS
TO OPERATING INCOME
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-3
PAGE 5 OF 5

WORK PAPER REFERENCE NO(S): SEE BELOW

LINE NO.	TITLE OF ADJUSTMENT	INTENTIONALLY LEFT BLANK C-3.24	INTENTIONALLY LEFT BLANK C-3.25	ELIMINATE SMART GRID REV & EXP C-3.26	MEDICAL COSTS C-3.27	INTENTIONALLY LEFT BLANK C-3.28	INTENTIONALLY LEFT BLANK C-3.29
1	OPERATING REVENUE						
2	Base			(16,864,771)			
3	Fuel Cost						
4	Other						
5	Total Revenue	0	0	(16,864,771)	0	0	0
6							
7	OPERATING EXPENSES						
8	Operation and Maintenance Expenses						
9	Production Expenses						
10	Fuel Cost						
11	Other						
12	Total Production Expense	0	0	0	0	0	0
13	Transmission Expense						
14	Distribution Expense					0	
15	Customer Accounts Expense						
16	Customer Serv & Info Expense						
17	Sales Expense				708,183		
18	Administrative & General Expense						
19	Amortization of Deferred Expense			(11,457,257)			
20	Total Operation and Maintenance Expenses	0	0	(11,457,257)	708,183	0	0
21							
22	Depreciation Expense	0	0	0	0	0	0
23							
24	Taxes Other Than Income Taxes						
25	Other Federal Taxes						
26	State and Other Taxes						
27	Total Taxes Other Than Income Tax	0	0	0	0	0	0
28							
29	State & Municipal Income Taxes						
30	Normal and Surtax	0	0	(42,752)	(5,599)	0	0
31	Prov Deferred Income Tax (Deferrals)						
32	Prov Deferred Income Tax (Writebacks)						
33	Total State Income Tax Expense	0	0	(42,752)	(5,599)	0	0
34							
35	Federal Income Taxes						
36	Normal and Surtax	0	0	(1,877,667)	(245,904)	0	0
37	Prov Deferred Income Tax (Deferrals)						
38	Prov Deferred Income Tax (Writebacks)						
39	Total Federal Income Tax Expense	0	0	(1,877,667)	(245,904)	0	0
40							
41	Total Oper. Expenses and Tax	0	0	(13,377,676)	456,680	0	0
42							
43	Net Operating Income	0	0	(3,487,095)	(456,680)	0	0

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
ANNUALIZED REVENUE

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-3.1
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): WPC-3.1a

PURPOSE and DESCRIPTION	TOTAL AMOUNT	ALLOCATION CODE PERCENT	JURISDICTIONAL AMOUNT
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PURPOSE and DESCRIPTION: To eliminate unbilled revenue and to adjust test year base and other revenues to the amounts calculated on Staff Schedule E-4.

Billed Base Revenue Adjustments
Unbilled Revenue
Total Base Revenue

6,343,952	DALL	100.000%	6,343,952
(20,724,227)	DALL	100.000%	(20,724,227)
<u>\$ (14,380,275)</u>			<u>\$ (14,380,275)</u>

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To Sch C-3 Summary

Other Revenue

<u>\$ 21,889</u>	DALL	100.000%	<u>\$ 21,889</u>
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To Sch C-3 Summary

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
ELIMINATE DSM / EE REVENUE & EXPENSE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-3.2
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): WPC-2 and SCHEDULE C-2.1

PURPOSE and DESCRIPTION	TOTAL AMOUNT	ALLOCATION CODE	PERCENT	JURISDICTIONAL AMOUNT
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PURPOSE and DESCRIPTION: To eliminate SAW / Energy Efficiency / Decoupling revenue and expense.

Base Revenue	\$ (31,380,843)	DALL	100.000%	\$ (31,380,843)
Other Revenue	\$ (3,105,570)	DALL	100.000%	\$ (3,105,570)
Total Revenue	<u>\$ (34,486,413)</u>			<u>\$ (34,486,413)</u>
Other Expense	\$ 19,906,515	DALL	100.000%	\$ 19,906,515
Total Revenue	<u>\$ 19,906,515</u>			<u>\$ 19,906,515</u>



To Sch C-3 Summary

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
RATE CASE EXPENSE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-3.3
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): SCHEDULE C-8, WPC-3.3a

PURPOSE and DESCRIPTION	TOTAL		ALLOCATION		JURISDICTIONAL	
	AMOUNT	CODE	PERCENT	AMOUNT	AMOUNT	AMOUNT

PURPOSE and DESCRIPTION: To adjust the test year expenses to reflect the estimated cost of presenting this case as reflected on Schedule C-8.

Total	\$	<u>53,324</u>	DALL	100.000%	\$	<u>53,324</u>
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To Sch C-3 Summary

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
ANNUALIZE TEST YEAR WAGES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-3.4
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): WPC-3.4a through WPC-3.4d

PURPOSE and DESCRIPTION	TOTAL		ALLOCATION		JURISDICTIONAL	
	AMOUNT		CODE	PERCENT	AMOUNT	

PURPOSE and DESCRIPTION: To annualize test year payroll costs
as of August 2012

Total	\$ (636,691)	100.000% \$ (636,691)
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To Sch C-3 Summary

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
ANNUALIZED DEPRECIATION EXPENSE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-3.5
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): WPC-3.5a

PURPOSE and DESCRIPTION	TOTAL		ALLOCATION		JURISDICTIONAL	
	AMOUNT	CODE	PERCENT	AMOUNT	AMOUNT	AMOUNT

PURPOSE and DESCRIPTION: To reflect the adjustment to annualized depreciation expense as shown on Schedule B-3.2 based on plant at March 31, 2012.

Total	\$	(4,934,465)	DALL	100.000%	\$	(4,934,465)
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To Sch C-3 Summary

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
INTEREST ON CUSTOMER SERVICE DEPOSITS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-3.6
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S):: WPB-6.1a

PURPOSE and DESCRIPTION	SCHEDULE/ WORK PAPER REFERENCE	TOTAL AMOUNT	ALLOCATION CODE	PERCENT	JURISDICTIONAL AMOUNT

PURPOSE and DESCRIPTION: To reflect the interest on
Customer Service Deposits as an operating expense.

Customer Service Deposits - Retail	WPB-6.1a	\$ 467,051	DALL	100.000%	\$ 467,051
Customer Service Deposits - Transmission Service	WPB-6.1a	51,945	DNON	0.000%	0
Total		<u>\$ 518,996</u>			<u>\$ 467,051</u>



To Sch C-3 Summary

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
ELIMINATE HURRICANE IKE REVENUE AND EXPENSE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-3.7
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): WPC-3.7a, WPC-2a

PURPOSE and DESCRIPTION	TOTAL		ALLOCATION		JURISDICTIONAL	
	AMOUNT	CODE	PERCENT	AMOUNT	AMOUNT	

PURPOSE and DESCRIPTION: To eliminate the impact of the Rider DR-IKE revenue and amortization.

Base Revenue	\$ (5,363,901)	DALL	100.000%	\$ (5,363,901)	
Total Revenue	<u>\$ (5,363,901)</u>			<u>\$ (5,363,901)</u>	
Other Expense	\$ (5,354,385)	DALL	100.000%	\$ (5,354,385)	
Total Revenue	<u>\$ (5,354,385)</u>			<u>\$ (5,354,385)</u>	



To Sch C-3 Summary

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
PROPERTY TAX ADJUSTMENT
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-3.8
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): WPC-3.8a through WPC-3.8c

PURPOSE and DESCRIPTION	TOTAL AMOUNT	ALLOCATION		JURISDICTIONAL AMOUNT
		CODE	PERCENT	

PURPOSE and DESCRIPTION: To reflect the change in expense if property taxes were calculated based on plant in service as of March 31, 2012.

Total	\$ 4,690,357	DALL	100.000%	\$ 4,690,357
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To Sch C-3 Summary

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
SMART GRID SAVINGS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-3.9
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): WPC-3.9a

PURPOSE and DESCRIPTION	TOTAL AMOUNT	ALLOCATION PERCENT	JURISDICTIONAL AMOUNT
PURPOSE and DESCRIPTION: To add back savings realized from the Smart Grid program which are already credited to ratepayers in the Applicant's annual Rider DR-IM filing.			
Distribution	\$ 2,565,568	DALL 100.000%	2,565,568
Total	<u>\$ 2,565,568</u>		<u>2,565,568</u>

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To Sch C-3 Summary

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
INTEREST EXPENSE DEDUCTIBLE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-3.10
PAGE 1 OF 2

WORK PAPER REFERENCE NO(S): WPC-3.10a, SCHEDULE B-1, SCHEDULE D-1

PURPOSE and DESCRIPTION	TOTAL AMOUNT	ALLOCATION CODE PERCENT	JURISDICTIONAL AMOUNT
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PURPOSE and DESCRIPTION: To reflect income taxes at 35.00% due to interest deductible for tax purposes being based on rate base at March 31, 2012 as shown on Schedule B-1 and the weighted cost of debt of 2.48% as shown on Schedule D-1.

Municipal Income Tax	\$	(9,895)	DALL	100.000%	\$	(9,895)
Federal Income Tax		(434,609)	DALL	100.000%		(434,609)
Total	\$	(444,504)			\$	(444,504)



To Sch C-3 Summary

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
INTEREST EXPENSE DEDUCTIBLE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-3.10
PAGE 2 OF 2

WORK PAPER REFERENCE NO(S): WPC-3.10a, SCHEDULE B-1, SCHEDULE D-1

PURPOSE and DESCRIPTION	TOTAL AMOUNT	ALLOCATION CODE PERCENT	JURISDICTIONAL AMOUNT
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PURPOSE and DESCRIPTION: To reflect the elimination of federal and state deferred tax expenses related to Allowance for Funds Used During Construction, Capitalized Interest and Loss on Reacquired Debt.

Federal Deferrals:
Capitalized Interest
AFUDC - Debt
Loss on Reacquired Debt

\$	471,015	DALL	100.000%	\$	471,015
	(166,325.00)	DALL	100.000%		(166,325.00)
	76,848.00	DALL	100.000%		76,848.00
\$	<u>381,538</u>			\$	<u>381,538</u>

To Sch C-3 Summary

State Deferrals:
Capitalized Interest
AFUDC - Debt
Loss on Reacquired Debt

\$	8,773	DALL	100.000%	\$	8,773
	(3,098)	DALL	100.000%		(3,098)
	1,431	DALL	100.000%		1,431
\$	<u>7,106</u>			\$	<u>7,106</u>

To Sch C-3 Summary

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
EEI EXPENSE ADJUSTMENT
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-3.11
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): WPC-3.11a, WPC-3.11b

PURPOSE and DESCRIPTION	TOTAL AMOUNT	ALLOCATION CODE PERCENT	JURISDICTIONAL AMOUNT
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PURPOSE and DESCRIPTION: To eliminate a portion of Edison Electric Institute dues not recoverable in rates per Commission precedent and to add to test year expense a portion of EEI Dues that was inadvertently allocated to gas operations.

Elimination of Non-Jurisdictional EEI Dues
Additional EEI Dues to Include in Test Year Expense

\$	(50,179)	DLAB	87.319%	\$	(43,816)
	<u>78,040</u>	DLAB	87.319%		<u>68,144</u>
\$	<u>27,861</u>	DLAB	87.319%	\$	<u>24,328</u>

Total



To Sch C-3 Summary

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
OHIO EXCISE TAX RIDER
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-3.12
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): WPC-3.12a, WPC-2a

PURPOSE and DESCRIPTION	TOTAL		ALLOCATION		JURISDICTIONAL	
	AMOUNT		CODE	PERCENT	AMOUNT	

PURPOSE and DESCRIPTION: To adjust revenue and expense for the annualized Ohio Excise Tax revenue and expense.

Revenue	\$ (69,521,224)		DALL	100.000%	\$ (69,521,224)	
Taxes Other Than Income Taxes	\$ (69,888,878)		DALL	100.000%	\$ (69,888,878)	
Total Expense	\$ (69,888,878)				\$ (69,888,878)	

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To Sch C-3 Summary

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
BUDGET EXPENSES

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-3.13
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): WPC-3.13a

PURPOSE and DESCRIPTION	TOTAL AMOUNT	ALLOCATION CODE PERCENT	JURISDICTIONAL AMOUNT
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PURPOSE and DESCRIPTION: To reduce budgeted accounts to normalized levels

Account			
903	Customer Records and Collections	\$ (565,461)	
904	Uncollectible Accounts	(1,278,462)	
924	Property Insurance	(1,513,303)	
929	Duplicate Charges - Credit	(1,914,297)	
930.2	Miscellaneous General Expense	(1,317,115)	
	Total	<u>\$ (6,588,638)</u>	<u>\$ (6,588,638)</u>
		DALL 100.000%	



To Sch C-3 Summary

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
ELIMINATE NON-JURISDICTIONAL EXPENSES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-3.14
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): WPC-3.14a

PURPOSE and DESCRIPTION	TOTAL AMOUNT	ALLOCATION CODE	PERCENT	JURISDICTIONAL AMOUNT
PURPOSE and DESCRIPTION: To eliminate non-jurisdictional operating expenses.				
Distribution Expense	\$ (1,760)	DALL	100.000%	\$ (1,760)
Customer Serv & Info Expense	(48,640)	DALL	100.000%	(48,640)
Sales Expense	(347,962)	DALL	100.000%	(347,962)
Administrative & General Expense	(219,694)	DALL	100.000%	(219,694)
Total Operating Expense Adjustment	<u>\$ (618,056)</u>			<u>\$ (618,056)</u>

PURPOSE and DESCRIPTION: To eliminate non-jurisdictional operating expenses.

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To Sch C-3 Summary

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
ANNUALIZE PUCO AND OCC ASSESSMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-3.15
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): WPC-3.15a

PURPOSE and DESCRIPTION	TOTAL		ALLOCATION		JURISDICTIONAL	
	AMOUNT	CODE	PERCENT	AMOUNT	AMOUNT	

PURPOSE and DESCRIPTION: To annualize the level of PUCO, OCC, and Division of Forecasting assessments to the latest known level.

Annualize PUCO, OCC and Division of Forecasting Assessments	\$	738,020	DALL	100.000%	\$	738,020
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Total	\$	738,020			\$	738,020
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To Sch C-3 Summary

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
ADJUST UNCOLLECTIBLE EXPENSE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-3.16
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): WPC-3.16a

PURPOSE and DESCRIPTION	TOTAL		ALLOCATION		JURISDICTIONAL
	AMOUNT	CODE	PERCENT	AMOUNT	AMOUNT

PURPOSE AND DESCRIPTION: To eliminate Rider UE-ED revenues and annualize uncollectible expense not being recovered via Rider UE-ED.

Eliminate Rider Revenue	\$ (7,301,531)	DALL	100.000%	\$ (7,301,531)	
Uncollectible Accounts Expense	\$ (2,931,183)	DALL	100.000%	\$ (2,931,183)	



To Sch C-3 Summary

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
ANNUALIZE PENSION AND BENEFITS EXPENSE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-3.17
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): WPC-3.17a

PURPOSE and DESCRIPTION	TOTAL		ALLOCATION		JURISDICTIONAL	
	AMOUNT	CODE	PERCENT	AMOUNT	AMOUNT	

PURPOSE and DESCRIPTION: To annualize pension and benefits expense based on annualized test year salaries and wages and budgeted loading rate.

Pension and Benefits Adjustment	\$ 125,102	DALL	100.000%	\$ 125,102	
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To Sch C-3 Summary

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
ANNUALIZE PAYROLL TAXES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-3.18
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): WPC-3.18a

PURPOSE and DESCRIPTION	TOTAL		ALLOCATION		JURISDICTIONAL	
	AMOUNT	CODE	PERCENT	PERCENT	AMOUNT	AMOUNT

PURPOSE and DESCRIPTION: To annualize payroll taxes

Total	\$	79,201	DALL	100.000%	\$	79,201
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To Sch C-3 Summary

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
ANNUALIZE COMMERCIAL ACTIVITIES TAX
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-3.19
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): WPC-3.19a

PURPOSE and DESCRIPTION	TOTAL		ALLOCATION		JURISDICTIONAL	
	AMOUNT	CODE	PERCENT	AMOUNT	AMOUNT	AMOUNT

PURPOSE and DESCRIPTION: To annualize the amount of
test year Commercial Activities Tax based on annualized revenue.

Total

\$ (27,597) DALL 100.000% \$ (27,597)



To Sch C-3 Summary

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
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FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-3.20
PAGE 1 OF 1

PURPOSE and DESCRIPTION	TOTAL		ALLOCATION		JURISDICTIONAL	
	AMOUNT		CODE	PERCENT	AMOUNT	

PURPOSE and DESCRIPTION:

Total	\$	-	DALL	100.000%	\$	-
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To Sch C-3 Summary

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
THIS SCHEDULE INTENTIONALLY LEFT BLANK
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-3.21
PAGE 1 OF 1

PURPOSE and DESCRIPTION	TOTAL		ALLOCATION		JURISDICTIONAL	
	AMOUNT	CODE	PERCENT	AMOUNT	AMOUNT	AMOUNT

PURPOSE and DESCRIPTION:

\$ 0 DALL 100.000% \$ 0



To Sch C-3 Summary

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
THIS SCHEDULE INTENTIONALLY LEFT BLANK
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-3.22
PAGE 1 OF 1

PURPOSE and DESCRIPTION	TOTAL		ALLOCATION		JURISDICTIONAL	
	AMOUNT		CODE	PERCENT	AMOUNT	

PURPOSE and DESCRIPTION:

Total	\$	-	DALL	100.000%	\$	-
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To Sch C-3 Summary

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
ELIMINATE MERGER COSTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-3.23
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): WPC-3.23a

PURPOSE and DESCRIPTION	TOTAL		ALLOCATION		JURISDICTIONAL	
	AMOUNT	CODE	PERCENT	AMOUNT	AMOUNT	AMOUNT

PURPOSE and DESCRIPTION: To eliminate the costs to achieve the merger with Progress Energy included in the test year.

Total	\$ (266,310)	DALL	100.000%	\$ (266,310)	
					↓

To Sch C-3 Summary

SCHEDULE C-3.24
PAGE 1 OF 1

[illegible]

PURPOSE and DESCRIPTION:

Total

\$	-	DALL	\$	-
\$	-	DALL	100.000%	\$
<hr/>				

To Sch C-3 Summary

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
THIS SCHEDULE INTENTIONALLY LEFT BLANK
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-3.25
PAGE 1 OF 1

PURPOSE and DESCRIPTION	TOTAL AMOUNT	ALLOCATION CODE PERCENT	JURISDICTIONAL AMOUNT

PURPOSE and DESCRIPTION:

Total \$ - DALL 100.000% \$ -



To Sch C-3 Summary

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
ELIMINATE SMART GRID REVENUE & EXPENSE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-3.26
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): WPC-3.26a

PURPOSE and DESCRIPTION	TOTAL AMOUNT	ALLOCATION CODE	PERCENT	JURISDICTIONAL AMOUNT
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PURPOSE and DESCRIPTION: To eliminate Smart Grid revenue (Rider DR-IM) and expense.

Base Revenue	\$ (16,864,771)	DALL	100.000%	\$ (16,864,771)
Total Revenue	<u>\$ (16,864,771)</u>			<u>\$ (16,864,771)</u>
Other Expense	\$ (11,457,257)	DALL	100.000%	\$ (11,457,257)
Total Other Expense	<u>\$ (11,457,257)</u>			<u>\$ (11,457,257)</u>

↓
To Sch C-3 Summary

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
INCREASED MEDICAL COSTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-3.27
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S): WPC-3.27a

PURPOSE and DESCRIPTION	TOTAL		ALLOCATION		JURISDICTIONAL	
	AMOUNT		CODE	PERCENT	AMOUNT	

PURPOSE and DESCRIPTION: To adjust expenses
for increased medical costs.

Medical Cost Adjustment	\$	708,183	DALL	100.000%	\$	708,183
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To Sch C-3 Summary

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
THIS SCHEDULE INTENTIONALLY LEFT BLANK
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

SCHEDULE C-3.28
PAGE 1 OF 1

PURPOSE and DESCRIPTION	TOTAL		ALLOCATION		JURISDICTIONAL	
	AMOUNT		CODE	PERCENT	AMOUNT	

PURPOSE and DESCRIPTION:

Total	\$	-	DALL	100.000%	\$	-
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↓
To Sch C-3 Summary

SCHEDULE C-3.29
PAGE 1 OF 1

[illegible]

PURPOSE and DESCRIPTION:

Total

\$	-	DALL	100.000%	\$	-
----	---	------	----------	----	---



To Sch C-3 Summary

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
ADJUSTED JURISDICTIONAL FEDERAL AND STATE INCOME TAXES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

WORK PAPER REFERENCE NO(S): SCHEDULE C-4.1, WPC-4.1a

SCHEDULE C-4
PAGE 1 OF 1

LINE NO.	DESCRIPTION	AT CURRENT RATES			AT PROPOSED RATES	
		UNADJUSTED DISTRIBUTION	SCHEDULE C-4 ADJUSTMENTS	ADJUSTED DISTRIBUTION	PROFORMA ADJUSTMENTS	PROFORMA
		(1)	(2)	(3)	(4)	(5)
		(\$)	(\$)	(\$)	(\$)	(\$)
1	Operating Income before Federal					
2	and State Income Taxes	144,163,569	(74,550,415)	69,613,154	85,668,708	155,281,862
3						
4	Reconciling Items:					
5	Interest Charges	(27,539,174)	(154,314)	(27,693,488)	0	(27,693,488)
6	Net Interest Charges	(27,539,174)	(154,314)	(27,693,488)	0	(27,693,488)
7						
8	Tax Depreciation	(120,591,769)		(120,591,769)	0	(120,591,769)
9	Book Depreciation	61,485,726	(4,934,465)	56,551,261	0	56,551,261
10	Excess of Tax over Book Depreciation	(59,106,043)	(4,934,465)	(64,040,508)	0	(64,040,508)
11						
12	Other Reconciling Items:					
13	Temporary Differences	(73,702,874)	(1,097,320)	(74,800,194)	0	(74,800,194)
14	Permanent Differences	125,923	0	125,923	0	125,923
15	Total Other Reconciling Items	(73,576,951)	(1,097,320)	(74,674,271)	0	(74,674,271)
16	Total Reconciling Items	(160,222,188)	(6,186,099)	(166,408,287)	0	(166,408,287)
17	Federal Taxable Income	(16,058,599)	(80,736,514)	(96,795,113)	85,668,708	(11,126,405)
18						
19	State Income Tax Adjustments:					
20	Unallowable Depreciation	0	0	0	0	0
21	Ohio Taxable Income Adj - OH Franchise	0	0	0	0	0
22	Total State Income Tax Adjustments	0	0	0	0	0
23						
24	State Taxable Income	(16,058,599)	(80,736,514)	(96,795,113)	85,668,708	(11,126,405)
25						
26	State Income Tax @ 0.4011%	(64,411)	(323,834)	(388,245)	343,618	(44,627)
27	Municipal Income Tax @ 0.3895%	(62,548)	(314,468)	(377,016)	333,680	(43,336)
28	State Income Tax	(126,959)	(638,302)	(765,261)	677,298	(87,963)
29						
30	Provision for Deferred State Income Taxes:					
31	Deferred Income Taxes	860,071	39,062	899,133	0	899,133
32	Total State & Municipal Income Tax Expense	733,112	(599,240)	133,872	677,298	811,170
33						
34	Federal Taxable Income (Line 17)	(16,058,599)	(80,736,514)	(96,795,113)	85,668,708	(11,126,405)
35						
36	State Income Tax Deductible (Line 26)	(64,411)	(323,834)	(388,245)	343,618	(44,627)
37	Municipal Income Tax Deductible (Line 27)	(62,548)	(314,468)	(377,016)	333,680	(43,336)
38						
39	Federal Taxable Income	(15,931,640)	(80,098,212)	(96,029,852)	84,991,410	(11,038,442)
40						
41	Federal Income Taxes @ 35% (A)	(5,576,074)	(28,034,376)	(33,610,450)	29,746,994	(3,863,456)
42	Federal Income Taxes - Current	(5,576,074)	(28,034,376)	(33,610,450)	29,746,994	(3,863,456)
43						
44	Provision Deferred Federal Income Taxes - Net					
45	Deferred Income Tax on Depreciation	20,803,094	1,715,713	22,518,807	0	22,518,807
46	Other Deferred Income Taxes - Net	25,626,489	381,538	26,008,027	0	26,008,027
47	Deferred Income Tax Adjustment - ARAM	644,131	0	644,131	0	644,131
48	Deferred Income Tax Adjustment - Flow-Through	1,692,346	0	1,692,346	0	1,692,346
49	Amortization of Investment Tax Credit	(572,034)		(572,034)	0	(572,034)
50	Total Deferred Income Taxes	48,194,026	2,097,251	50,291,277	0	50,291,277
51						
52	Total Federal Income Taxes	42,617,952	(25,937,125)	16,680,827	29,746,994	46,427,821

(A) Calculation may be different due to rounding

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
Rate of Return Summary
Capital Structure as of March 31, 2012

SCHEDULE D-1

	Amount \$	% of Total	% Cost	Weighted Cost %
Long Term Debt	\$2,532,502,631	46.70%	5.32%	2.48%
Preferred Stock	\$0	0.00%	0.00%	0.00%
Common Equity	\$2,890,859,857	53.30%	9.84% -8.82%	5.25% -4.70%
Total Capital	\$5,423,362,488	100.00%		7.73% -7.19%

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
Equity Issuance Cost Adjustment
March 31, 2012

SCHEDULE D-1.1

(1) Retained Earnings ¹	\$1,186,641,118
(2) Total Common Equity ²	\$2,497,378,912
(3) Ratio of (1) to (2)	0.47515
(4) Generic Issuance Cost, f	3.50%
(5) External Equity Ratio, w [1.0 - (3)]	0.52485
(6) Net Adjustment Factor, $(w/(1 - f)) + (1 - w)$	1.01904
(7) Low End Equity Cost [8.78% x (6)]	8.82%
(8) High End Equity Cost [9.78% x (6)]	9.84%

Sources:

- 1 Applicant's Schedule D-5A
- 2 Applicant's Schedule D-1

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
CAPM Cost of Equity Estimate

SCHEDULE D-1.3
PAGE 1 OF 7

Date	Close 10Yr Yld (%)	Close 30Yr Yld (%)
9/30/2011	1.92	2.92
10/3/2011	1.78	2.76
10/4/2011	1.78	2.76
10/5/2011	1.90	2.88
10/6/2011	1.99	2.95
10/7/2011	2.07	3.02
10/10/2011	2.08	3.02
10/11/2011	2.16	3.11
10/12/2011	2.23	3.21
10/13/2011	2.17	3.14
10/14/2011	2.23	3.21
10/17/2011	2.15	3.14
10/18/2011	2.15	3.16
10/19/2011	2.16	3.17
10/20/2011	2.18	3.20
10/21/2011	2.20	3.25
10/24/2011	2.23	3.28
10/25/2011	2.13	3.14
10/26/2011	2.20	3.22
10/27/2011	2.39	3.45
10/28/2011	2.31	3.35
10/31/2011	2.17	3.20
11/1/2011	2.00	3.01
11/2/2011	2.01	3.04
11/3/2011	2.07	3.12
11/4/2011	2.05	3.10
11/7/2011	1.99	3.04
11/8/2011	2.07	3.12
11/9/2011	1.96	3.02
11/10/2011	2.06	3.11
11/11/2011	2.06	3.11
11/14/2011	2.04	3.09
11/15/2011	2.06	3.10
11/16/2011	2.02	3.06
11/17/2011	1.96	2.97
11/18/2011	2.01	3.00
11/21/2011	1.96	2.94
11/22/2011	1.94	2.91

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
CAPM Cost of Equity Estimate

SCHEDULE D-1.3
PAGE 2 OF 7

Date	Close 10Yr Yld (%)	Close 30Yr Yld (%)
11/23/2011	1.88	2.82
11/25/2011	1.97	2.92
11/28/2011	1.96	2.91
11/29/2011	2.00	2.96
11/30/2011	2.07	3.06
12/1/2011	2.12	3.13
12/2/2011	2.04	3.04
12/5/2011	2.05	3.04
12/6/2011	2.09	3.11
12/7/2011	2.02	3.04
12/8/2011	1.97	3.00
12/9/2011	2.05	3.10
12/12/2011	2.01	3.05
12/13/2011	1.96	3.00
12/14/2011	1.90	2.90
12/15/2011	1.91	2.93
12/16/2011	1.85	2.86
12/19/2011	1.81	2.80
12/20/2011	1.92	2.93
12/21/2011	1.97	3.00
12/22/2011	1.95	2.98
12/23/2011	2.03	3.06
12/27/2011	2.01	3.04
12/28/2011	1.91	2.90
12/29/2011	1.90	2.91
12/30/2011	1.87	2.89
1/3/2012	1.96	2.99
1/4/2012	2.00	3.04
1/5/2012	1.99	3.06
1/6/2012	1.96	3.02
1/9/2012	1.96	3.03
1/10/2012	1.97	3.03
1/11/2012	1.90	2.96
1/12/2012	1.93	2.98
1/13/2012	1.85	2.90
1/17/2012	1.85	2.89
1/18/2012	1.90	2.95
1/19/2012	1.97	3.04
1/20/2012	2.03	3.10
1/23/2012	2.07	3.15

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
CAPM Cost of Equity Estimate

SCHEDULE D-1.3
PAGE 3 OF 7

Date	Close 10Yr Yld (%)	Close 30Yr Yld (%)
1/24/2012	2.06	3.16
1/25/2012	2.01	3.15
1/26/2012	1.93	3.09
1/27/2012	1.90	3.06
1/30/2012	1.84	2.98
1/31/2012	1.80	2.93
2/1/2012	1.85	3.02
2/2/2012	1.83	3.01
2/3/2012	1.95	3.15
2/6/2012	1.90	3.09
2/7/2012	1.97	3.14
2/8/2012	1.98	3.14
2/9/2012	2.05	3.19
2/10/2012	1.97	3.12
2/13/2012	1.99	3.14
2/14/2012	1.92	3.07
2/15/2012	1.93	3.09
2/16/2012	1.99	3.15
2/17/2012	2.01	3.16
2/21/2012	2.05	3.19
2/22/2012	2.01	3.15
2/23/2012	1.98	3.12
2/24/2012	1.98	3.10
2/27/2012	1.92	3.04
2/28/2012	1.93	3.06
2/29/2012	1.98	3.09
3/1/2012	2.04	3.16
3/2/2012	1.99	3.11
3/5/2012	2.01	3.14
3/6/2012	1.94	3.08
3/7/2012	1.97	3.12
3/8/2012	2.01	3.17
3/9/2012	2.04	3.19
3/12/2012	2.03	3.17
3/13/2012	2.11	3.25
3/14/2012	2.27	3.41
3/15/2012	2.28	3.41
3/16/2012	2.30	3.41
3/19/2012	2.38	3.48
3/20/2012	2.37	3.46

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
CAPM Cost of Equity Estimate

SCHEDULE D-1.3
PAGE 4 OF 7

Date	Close 10Yr Yld (%)	Close 30Yr Yld (%)
3/21/2012	2.29	3.38
3/22/2012	2.28	3.36
3/23/2012	2.24	3.31
3/26/2012	2.24	3.33
3/27/2012	2.19	3.30
3/28/2012	2.20	3.30
3/29/2012	2.16	3.27
3/30/2012	2.22	3.35
4/2/2012	2.19	3.34
4/3/2012	2.28	3.41
4/4/2012	2.24	3.38
4/5/2012	2.17	3.32
4/9/2012	2.04	3.18
4/10/2012	1.99	3.14
4/11/2012	2.03	3.18
4/12/2012	2.05	3.21
4/13/2012	2.00	3.15
4/16/2012	1.97	3.11
4/17/2012	2.01	3.15
4/18/2012	1.98	3.13
4/19/2012	1.95	3.11
4/20/2012	1.97	3.13
4/23/2012	1.93	3.08
4/24/2012	1.96	3.11
4/25/2012	1.98	3.15
4/26/2012	1.96	3.13
4/27/2012	1.93	3.12
4/30/2012	1.91	3.11
5/1/2012	1.96	3.16
5/2/2012	1.92	3.11
5/3/2012	1.92	3.11
5/4/2012	1.88	3.07
5/7/2012	1.88	3.07
5/8/2012	1.84	3.02
5/9/2012	1.84	3.04
5/10/2012	1.88	3.05
5/11/2012	1.84	3.02
5/14/2012	1.79	2.95
5/15/2012	1.78	2.93
5/16/2012	1.76	2.91

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
CAPM Cost of Equity Estimate

SCHEDULE D-1.3
PAGE 5 OF 7

Date	Close 10Yr Yld (%)	Close 30Yr Yld (%)
5/17/2012	1.70	2.81
5/18/2012	1.70	2.79
5/21/2012	1.74	2.79
5/22/2012	1.79	2.89
5/23/2012	1.72	2.79
5/24/2012	1.76	2.85
5/25/2012	1.75	2.85
5/29/2012	1.73	2.84
5/30/2012	1.62	2.72
5/31/2012	1.58	2.67
6/1/2012	1.47	2.54
6/4/2012	1.53	2.57
6/5/2012	1.56	2.62
6/6/2012	1.65	2.72
6/7/2012	1.65	2.76
6/8/2012	1.64	2.77
6/11/2012	1.60	2.72
6/12/2012	1.66	2.77
6/13/2012	1.60	2.71
6/14/2012	1.61	2.71
6/15/2012	1.59	2.69
6/18/2012	1.58	2.68
6/19/2012	1.62	2.73
6/20/2012	1.64	2.72
6/21/2012	1.62	2.69
6/22/2012	1.67	2.76
6/25/2012	1.61	2.68
6/26/2012	1.63	2.70
6/27/2012	1.62	2.69
6/28/2012	1.58	2.67
6/29/2012	1.66	2.76
7/2/2012	1.58	2.68
7/3/2012	1.63	2.74
7/5/2012	1.60	2.72
7/6/2012	1.54	2.66
7/9/2012	1.51	2.62
7/10/2012	1.50	2.59
7/11/2012	1.50	2.59
7/12/2012	1.48	2.56
7/13/2012	1.50	2.58

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
CAPM Cost of Equity Estimate

SCHEDULE D-1.3
PAGE 6 OF 7

Date	Close 10Yr Yld (%)	Close 30Yr Yld (%)
7/16/2012	1.46	2.55
7/17/2012	1.50	2.60
7/18/2012	1.48	2.58
7/19/2012	1.51	2.61
7/20/2012	1.46	2.55
7/23/2012	1.43	2.52
7/24/2012	1.40	2.47
7/25/2012	1.41	2.47
7/26/2012	1.43	2.49
7/27/2012	1.55	2.64
7/30/2012	1.50	2.58
7/31/2012	1.49	2.58
8/1/2012	1.54	2.61
8/2/2012	1.48	2.55
8/3/2012	1.58	2.66
8/6/2012	1.56	2.65
8/7/2012	1.63	2.72
8/8/2012	1.64	2.74
8/9/2012	1.69	2.75
8/10/2012	1.65	2.74
8/13/2012	1.65	2.74
8/14/2012	1.73	2.83
8/15/2012	1.80	2.91
8/16/2012	1.84	2.96
8/17/2012	1.82	2.93
8/20/2012	1.81	2.93
8/21/2012	1.80	2.91
8/22/2012	1.72	2.83
8/23/2012	1.67	2.78
8/24/2012	1.68	2.79
8/27/2012	1.65	2.76
8/28/2012	1.63	2.74
8/29/2012	1.65	2.77
8/30/2012	1.62	2.74
8/31/2012	1.56	2.68
9/4/2012	1.58	2.69
9/5/2012	1.59	2.70
9/6/2012	1.67	2.80
9/7/2012	1.66	2.83
9/10/2012	1.68	2.84

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
CAPM Cost of Equity Estimate

SCHEDULE D-1.3
PAGE 7 OF 7

Date	Close 10Yr Yld (%)	Close 30Yr Yld (%)
9/11/2012	1.70	2.85
9/12/2012	1.76	2.93
9/13/2012	1.76	2.97
9/14/2012	1.87	3.09
9/17/2012	1.84	3.04
9/18/2012	1.81	3.01
9/19/2012	1.78	2.98
9/20/2012	1.78	2.95
9/21/2012	1.76	2.96
9/24/2012	1.72	2.90
9/25/2012	1.68	2.86
9/26/2012	1.62	2.79
9/27/2012	1.64	2.82
9/28/2012	1.64	2.83

Averages:

Last 64days	1.6259	2.7453
Last 127 days	1.7191	2.7451
Last 190 days	1.8185	2.7461
Last 252 days	1.8722	2.9652

	1.7589	2.7480
--	--------	--------

2.2535

**CAPM Cost of
Equity Estimate**

5.9015

$$\begin{aligned}\text{CAPM} &= \text{risk free return} + \beta(\text{large company total return} - \text{risk free return}) \\ &= 2.253\% + (.64) * (11.8\% - 6.1\%) \end{aligned}$$

Source: Yahoo.com

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
DCF Cost of Equity Estimate

SCHEDULE D-1.4
PAGE 1 OF 7

Stock Prices¹ (\$):	D	DUK	ED	NU	XEL
9/30/2011	48.7800	57.2300	54.7800	32.5100	23.7600
10/3/2011	47.8800	56.4300	54.2600	30.9700	23.3800
10/4/2011	47.2500	56.2300	54.2200	30.2100	23.0300
10/5/2011	47.5700	55.8000	52.9800	30.0400	23.2300
10/6/2011	48.0400	56.1100	53.9500	30.8600	23.7300
10/7/2011	48.3000	56.6600	53.9100	30.9600	23.6800
10/10/2011	49.1900	58.0000	54.9700	31.8400	23.9900
10/11/2011	48.5900	57.0600	54.5300	31.2200	23.7000
10/12/2011	48.2000	56.6900	54.3800	31.4500	23.7600
10/13/2011	48.0800	56.6900	54.4300	31.8200	23.7600
10/14/2011	48.5100	57.0300	55.2900	32.1800	23.9400
10/17/2011	48.0600	57.5700	55.6900	31.7700	23.8400
10/18/2011	48.4900	57.6000	55.7400	32.2000	24.1300
10/19/2011	48.9600	57.8300	55.6400	32.2300	24.2200
10/20/2011	49.0400	57.9500	56.1900	32.2400	24.4700
10/21/2011	50.0300	58.8300	57.4100	32.6200	24.7300
10/24/2011	49.3800	58.2900	56.9200	32.8300	24.5600
10/25/2011	48.7100	57.6600	55.8900	32.2900	24.3300
10/26/2011	49.1400	58.1200	56.5100	32.7700	24.5200
10/27/2011	49.9700	59.0600	57.1900	33.7500	25.2100
10/28/2011	49.3500	58.5800	55.7600	33.4100	24.9300
10/31/2011	49.5700	58.4600	55.6000	33.4000	24.8700
11/1/2011	48.4200	57.8300	54.8100	32.4500	24.2600
11/2/2011	49.2200	58.4900	55.7400	33.0600	24.8500
11/3/2011	49.6700	59.5800	56.4400	33.5900	25.2100
11/4/2011	49.5400	59.0900	56.2600	33.4900	25.0700
11/7/2011	50.3900	59.6900	56.7500	33.2400	25.2000
11/8/2011	50.5700	59.6400	57.0200	33.2500	25.3400
11/9/2011	49.2700	58.8600	55.9300	32.5700	24.7500
11/10/2011	49.3300	59.4100	56.5700	33.1100	25.0100
11/11/2011	50.0200	60.1200	57.3000	33.8900	25.3100
11/14/2011	49.7000	59.6400	56.6500	33.2800	24.9600
11/15/2011	49.5400	59.2100	57.0200	33.7100	25.2000
11/16/2011	49.0200	58.6300	56.2600	33.1600	24.8500
11/17/2011	48.8400	58.2500	56.0900	32.7800	24.6300
11/18/2011	49.0400	58.4500	56.4200	33.3300	24.9400
11/21/2011	48.6700	58.0500	55.7900	32.6500	24.6900
11/22/2011	48.0800	57.7300	55.2200	32.4700	24.3000
11/23/2011	47.3700	56.8900	54.7800	31.8300	24.0000
11/25/2011	47.5700	57.3500	55.4700	32.0600	24.2500
11/28/2011	48.1400	57.9300	55.5400	32.2700	24.4100
11/29/2011	48.8500	58.5700	56.2600	32.5600	24.7400

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
DCF Cost of Equity Estimate

SCHEDULE D-1.4
PAGE 2 OF 7

Stock Prices ¹ (\$)	D	DUK	ED	NU	XEL
11/30/2011	50.0800	60.4200	57.6700	33.4400	25.3000
12/1/2011	49.8200	59.9900	57.7500	33.6700	25.2000
12/2/2011	49.0500	59.7600	56.8800	33.1800	24.8600
12/5/2011	48.9900	59.9900	57.1600	33.2900	25.0100
12/6/2011	48.8400	59.9300	57.2700	33.2200	25.1000
12/7/2011	48.9900	60.0200	56.9800	33.0500	25.0700
12/8/2011	48.6400	59.3800	56.6500	32.3900	24.6800
12/9/2011	49.2500	60.4500	57.4900	33.1400	25.0000
12/12/2011	48.8100	59.7300	57.0800	33.0800	24.9300
12/13/2011	48.9700	60.4800	57.3900	33.4800	24.9800
12/14/2011	48.6800	60.4200	57.0600	33.1300	24.8900
12/15/2011	49.2600	60.9700	58.0100	33.5100	25.4200
12/16/2011	49.1400	60.8900	58.0200	33.5600	25.4100
12/19/2011	48.8600	60.7700	57.8400	33.3400	25.3200
12/20/2011	50.5600	62.0200	59.0000	33.6300	26.0800
12/21/2011	51.2100	62.7400	59.9200	33.9800	26.4000
12/22/2011	51.1500	62.6800	59.8000	34.1000	26.2300
12/23/2011	51.3700	63.4400	60.1500	34.5000	26.4200
12/27/2011	51.8400	63.7300	60.6500	34.9000	26.8300
12/28/2011	51.5000	63.5000	60.3500	34.9000	26.6700
12/29/2011	51.9300	63.9300	60.7400	35.2800	26.9200
12/30/2011	51.5000	63.7600	60.2000	35.1200	26.8500
1/3/2012	50.9300	62.6600	58.8600	34.7600	26.5600
1/4/2012	50.5200	62.3700	58.1300	34.1500	26.3800
1/5/2012	50.4100	62.3400	57.9800	34.1300	26.5000
1/6/2012	49.9000	62.3400	57.3600	34.0800	26.4200
1/9/2012	49.8300	62.2200	57.5200	33.6000	26.4400
1/10/2012	49.7600	62.2200	57.5900	33.5600	26.6500
1/11/2012	49.6400	62.0200	57.4300	33.3400	26.3100
1/12/2012	49.4100	61.6700	57.2400	33.3600	25.9300
1/13/2012	49.0900	61.7600	57.4300	33.3300	25.9800
1/17/2012	49.2800	61.7900	57.5900	33.3100	25.9400
1/18/2012	48.9200	61.7900	57.5300	33.2200	26.0500
1/19/2012	48.8000	61.5500	57.0100	32.6500	25.8300
1/20/2012	49.0600	61.7300	57.0300	33.4500	25.8400
1/23/2012	48.9700	61.6400	56.8900	33.5200	25.8400
1/24/2012	48.8100	61.2600	56.6600	33.6400	25.7600
1/25/2012	49.5800	61.9000	57.6200	33.9900	26.3000
1/26/2012	49.3300	62.2200	58.0100	34.3400	26.6300
1/27/2012	48.0800	61.3800	57.1500	33.8100	26.2100
1/30/2012	47.8700	61.2400	56.9100	33.6300	25.7900
1/31/2012	48.5500	61.7600	57.2200	33.8300	25.8400

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
DCF Cost of Equity Estimate

SCHEDULE D-1.4
PAGE 3 OF 7

Stock Prices1 (\$):	D	DUK	ED	NU	XEL
2/1/2012	48.9200	62.1900	57.2700	34.2300	25.8400
2/2/2012	49.0000	61.9300	57.1300	34.1800	25.6000
2/3/2012	48.8800	62.0200	57.0800	34.3700	25.7600
2/6/2012	48.7700	61.6400	57.0600	34.3400	25.6500
2/7/2012	48.9200	62.2500	57.3800	34.5500	25.8000
2/8/2012	48.7000	61.9600	57.6400	34.6800	25.8200
2/9/2012	48.3700	62.1900	57.7100	34.5300	25.8100
2/10/2012	48.4200	62.2500	57.3800	34.2700	25.7400
2/13/2012	48.4400	62.1300	56.7800	34.0700	25.6800
2/14/2012	48.7300	62.3100	56.8400	33.9800	25.6400
2/15/2012	48.5900	61.1900	56.5300	34.5800	25.4700
2/16/2012	48.9200	61.8700	56.7700	35.2100	25.6000
2/17/2012	49.0600	61.2800	56.7400	35.1500	25.6100
2/21/2012	48.6400	61.1600	56.7300	35.0400	25.6700
2/22/2012	48.9600	61.3700	56.7300	34.9900	25.7200
2/23/2012	49.4200	61.2500	56.8300	34.8000	25.7200
2/24/2012	49.7900	61.8700	57.6900	34.9100	25.7200
2/27/2012	49.8800	61.7800	57.2900	34.7300	25.7700
2/28/2012	49.7200	61.6000	56.9800	34.7200	25.6500
2/29/2012	49.4700	61.3400	56.9700	35.2400	25.7300
3/1/2012	49.4100	61.5500	57.1500	35.3800	25.6300
3/2/2012	49.5200	61.6900	57.1700	35.4200	25.5700
3/5/2012	49.8200	61.8400	57.2500	35.8400	25.6800
3/6/2012	49.5200	61.6300	57.2100	35.2500	25.5000
3/7/2012	49.4900	61.6600	57.0200	35.5800	25.6000
3/8/2012	49.6000	62.0100	57.1800	36.0100	25.7500
3/9/2012	49.7600	62.0100	57.2500	36.1700	25.9300
3/12/2012	50.3200	62.6600	58.0600	36.4300	26.2700
3/13/2012	50.3500	62.8400	58.2400	36.8600	26.3500
3/14/2012	49.5500	62.0100	57.4500	36.0700	25.8600
3/15/2012	49.4800	61.9600	56.9500	36.0400	25.6300
3/16/2012	49.3300	61.7800	56.5000	35.7600	25.6400
3/19/2012	49.2700	61.4000	56.3000	35.6900	25.4800
3/20/2012	49.6400	61.2500	56.4200	35.8600	25.8100
3/21/2012	49.4600	61.1100	56.2000	35.7100	25.7700
3/22/2012	49.4200	61.1900	56.1400	35.7200	25.7600
3/23/2012	49.2900	60.9600	56.0200	36.0700	25.6800
3/26/2012	49.7100	61.4900	56.4600	36.4600	25.8700
3/27/2012	50.0000	61.7500	56.6800	36.5000	25.9700
3/28/2012	49.6900	61.3100	56.5300	36.2200	25.7900
3/29/2012	49.7800	61.3100	56.8700	36.5300	25.8800
3/30/2012	50.2000	61.6000	57.2800	36.4400	25.9700

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
DCF Cost of Equity Estimate

SCHEDULE D-1.4
PAGE 4 OF 7

Stock Prices (\$)	D	DUK	ED	NU	XEL
4/2/2012	50.4800	61.8700	57.4100	36.3700	26.0800
4/3/2012	50.5200	61.9800	57.6000	36.6600	26.2500
4/4/2012	50.5700	62.1300	57.5100	36.3500	26.1300
4/5/2012	50.3700	60.8700	57.0500	36.2200	25.9800
4/9/2012	49.8900	60.4300	56.6300	36.1200	25.8900
4/10/2012	49.2100	59.7300	56.0300	35.2500	25.5700
4/11/2012	49.1800	59.6700	56.2700	35.0700	25.5100
4/12/2012	49.3100	59.7600	56.7400	35.0700	25.6600
4/13/2012	49.2900	59.8400	56.6200	35.1500	25.5300
4/16/2012	49.7400	60.4900	57.0900	35.5400	25.8900
4/17/2012	49.9800	61.0500	57.0900	35.6500	26.0100
4/18/2012	49.6200	61.6300	56.8800	35.5300	25.8700
4/19/2012	49.5400	61.1900	56.7700	35.2600	25.8100
4/20/2012	50.0100	61.6000	57.4700	35.7900	26.2500
4/23/2012	49.8500	61.3700	57.1900	35.4200	26.0000
4/24/2012	49.8100	62.1000	57.5900	35.7400	26.2000
4/25/2012	50.2300	62.4200	57.8700	35.9000	26.4200
4/26/2012	50.8700	62.6900	58.1300	36.0300	26.4400
4/27/2012	51.0400	62.8400	58.1500	36.1500	26.5600
4/30/2012	51.1600	62.8400	58.2900	36.1000	26.5500
5/1/2012	51.4000	63.1300	58.5000	36.4100	26.5500
5/2/2012	51.0800	62.9800	58.1500	36.3500	26.4000
5/3/2012	50.8900	62.7500	58.0100	35.1700	26.4000
5/4/2012	50.9600	63.2200	58.2200	35.4000	26.4700
5/7/2012	50.8500	62.9500	57.9900	35.2300	26.4200
5/8/2012	50.9300	63.1900	58.5400	35.5700	26.7700
5/9/2012	50.6500	63.3300	58.3100	35.5200	26.6700
5/10/2012	51.0800	63.8900	58.8500	35.7900	26.9800
5/11/2012	51.1900	63.6900	58.6400	35.9000	26.9800
5/14/2012	51.2400	63.6000	58.4600	35.5400	26.9700
5/15/2012	51.2700	63.5700	58.1900	35.1300	26.6600
5/16/2012	51.4700	63.4500	58.2700	34.9000	26.9300
5/17/2012	50.8700	63.5700	58.0100	34.4600	26.7300
5/18/2012	51.2600	63.6600	58.1100	34.3000	26.7400
5/21/2012	51.2000	63.4500	58.2500	35.0800	26.8000
5/22/2012	51.4300	64.2200	58.4700	35.5900	27.2700
5/23/2012	51.1800	64.0700	58.6700	35.6100	27.1800
5/24/2012	51.4600	64.6700	59.0300	35.6600	27.2500
5/25/2012	51.5100	65.1400	59.0500	35.7000	27.2700
5/29/2012	51.4600	65.2000	59.3900	36.0800	27.3400
5/30/2012	51.3500	64.8100	59.5300	35.6300	27.0800
5/31/2012	51.5500	65.2000	59.7900	35.6900	27.4900

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
DCF Cost of Equity Estimate

SCHEDULE D-1.4
PAGE 5 OF 7

Stock Prices¹ (\$):	D	DUK	ED	NU	XEL
6/1/2012	51.1200	66.3000	59.7200	36.0900	27.4300
6/4/2012	51.0300	66.6800	60.1300	35.8900	27.5900
6/5/2012	50.9700	67.0700	59.9800	35.8800	27.7500
6/6/2012	51.7400	67.3100	60.6900	36.6700	28.0000
6/7/2012	52.2200	67.9000	61.0900	36.7700	27.8700
6/8/2012	52.7100	68.6700	61.6500	37.0500	27.8900
6/11/2012	52.2900	68.1700	61.1900	36.9800	28.0300
6/12/2012	52.3100	68.1100	61.5900	37.0600	27.8900
6/13/2012	52.5300	67.7800	61.7600	37.2400	27.9200
6/14/2012	53.1900	68.6400	61.9900	37.7600	28.2100
6/15/2012	53.2500	69.0000	62.5000	38.1300	28.3200
6/18/2012	53.7600	69.0600	62.8800	38.3600	28.4700
6/19/2012	53.8500	68.5200	62.2000	38.2200	28.3700
6/20/2012	53.6400	67.7200	60.9200	37.6900	27.8800
6/21/2012	53.1500	67.4800	60.7000	37.2300	27.5800
6/22/2012	53.0900	67.8700	60.9200	37.4200	27.6000
6/25/2012	52.8200	68.0200	60.6600	37.2500	27.5800
6/26/2012	52.8500	67.9300	60.6700	37.6700	27.5100
6/27/2012	53.3900	68.2600	61.2500	37.9800	27.7600
6/28/2012	53.2400	68.4000	61.4800	37.9900	27.7900
6/29/2012	53.4700	68.4000	61.6000	38.4600	28.1300
7/2/2012	53.8600	69.0600	62.1300	38.7500	28.4500
7/3/2012	53.7000	67.9200	61.9800	38.9100	28.4400
7/5/2012	53.2500	67.8000	61.5000	38.4100	28.3600
7/6/2012	53.3000	65.4900	61.5500	38.3400	28.3100
7/9/2012	53.2400	64.5800	61.7500	38.2100	28.3700
7/10/2012	53.1700	65.4000	61.9400	38.3700	28.3600
7/11/2012	53.5100	65.7300	62.2800	38.4800	28.5200
7/12/2012	53.1700	65.8900	62.2700	38.7300	28.4800
7/13/2012	53.6600	65.9900	62.8200	39.5200	28.6100
7/16/2012	53.6600	65.9900	62.5400	39.2200	28.6000
7/17/2012	53.7000	65.6000	62.8100	39.6700	28.7600
7/18/2012	53.8400	65.3300	62.9000	39.9000	28.8800
7/19/2012	53.6600	65.3800	62.7600	40.1100	28.7500
7/20/2012	53.4300	65.4800	63.1700	39.9000	28.9200
7/23/2012	52.9800	64.7700	62.9600	39.4200	28.6400
7/24/2012	52.4900	64.5400	62.9800	38.9800	28.4400
7/25/2012	52.7700	65.0800	62.8800	39.1200	28.4000
7/26/2012	53.6000	66.5800	63.8100	39.6900	28.8500
7/27/2012	54.4300	66.7000	64.2900	39.6000	29.1600
7/30/2012	54.3800	67.3100	64.3200	40.2000	29.2900
7/31/2012	53.7800	67.0200	63.8900	39.5200	29.0200

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
DCF Cost of Equity Estimate

SCHEDULE D-1.4
PAGE 6 OF 7

Stock Prices1 (\$)	D	DUK	ED	NU	XEL
8/1/2012	53.4800	66.7600	63.8400	38.7500	28.9600
8/2/2012	53.2800	66.7000	63.6400	38.9000	28.6700
8/3/2012	53.8800	67.8300	64.0500	39.2100	29.0400
8/6/2012	53.8000	67.4400	63.9400	39.2100	29.0000
8/7/2012	53.4500	67.2900	63.6900	39.1200	28.6700
8/8/2012	53.1400	67.2800	63.2800	39.0900	28.5900
8/9/2012	53.1100	67.3300	62.9900	38.8500	28.4500
8/10/2012	53.1900	67.0900	63.2600	39.2300	28.5800
8/13/2012	52.9300	67.4500	63.2900	38.9400	28.4700
8/14/2012	52.9800	67.4300	63.2000	38.8000	28.4900
8/15/2012	53.2800	66.7700	62.6800	38.6700	28.3400
8/16/2012	53.4200	66.6900	61.8000	38.4200	28.2900
8/17/2012	53.3900	66.4900	61.6800	38.1900	28.2100
8/20/2012	53.5900	66.4400	61.9600	38.3300	28.2000
8/21/2012	53.2700	66.0600	61.3900	37.8700	28.0000
8/22/2012	53.0900	66.0000	61.6100	37.8300	27.9100
8/23/2012	52.6200	65.2400	60.9900	37.4000	27.3800
8/24/2012	52.9700	65.4700	61.4200	37.6300	27.6600
8/27/2012	53.5200	65.5100	61.2400	37.6200	27.7000
8/28/2012	53.4200	65.3700	61.2000	37.6800	27.6800
8/29/2012	52.9700	65.3100	60.7800	37.8000	27.6800
8/30/2012	52.5200	64.8100	60.7600	37.7100	27.5700
8/31/2012	52.4800	64.7800	60.6200	37.6700	27.6200
9/4/2012	52.5100	64.8100	60.8800	38.0100	27.8100
9/5/2012	52.5000	64.4700	60.3300	37.6800	27.7600
9/6/2012	53.7700	65.0000	61.0600	38.1600	28.0700
9/7/2012	53.1600	64.7200	60.6300	38.2400	27.8300
9/10/2012	53.2800	64.8300	60.4900	38.1200	27.8400
9/11/2012	52.9400	64.4600	60.3100	37.9400	27.7400
9/12/2012	52.7600	64.0500	60.1800	37.5900	27.6600
9/13/2012	53.5900	64.6600	60.9900	38.3200	28.0600
9/14/2012	52.8200	64.1900	59.8100	37.7500	27.8700
9/17/2012	52.6100	64.1400	59.6100	37.2800	27.5800
9/18/2012	52.2500	63.1600	59.4800	36.9400	27.4500
9/19/2012	52.3600	63.4300	59.4600	37.0100	27.4200
9/20/2012	52.7200	63.9300	59.4800	37.1700	27.4300
9/21/2012	52.7000	64.0800	59.1000	37.4300	27.3200
9/24/2012	53.1100	64.6500	59.4800	38.0800	27.5900
9/25/2012	52.6500	64.3400	59.4600	38.0400	27.6500
9/26/2012	52.8900	64.3300	60.0900	38.1000	27.7500
9/27/2012	52.8100	64.0600	59.5800	37.9200	27.4500
9/28/2012	52.9400	64.7900	59.8900	38.2300	27.7100

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
DCF Cost of Equity Estimate

SCHEDULE D-1.4
PAGE 7 OF 7

Stock Prices¹ (\$):	D	DUK	ED	NU	XEL
AVERAGE (\$)	50.7739	62.7442	58.6316	35.5807	26.4610
QUARTERLY DIV. ² (\$)	0.4925	0.7500	0.6000	0.2750	0.2600
	0.5275	0.7500	0.6050	0.2938	0.2600
	0.5275	0.7500	0.6050	0.3430	0.2600
	0.5275	0.7650	0.6050	0.3430	0.2700
ANNUAL DIVIDEND (\$)	2.0750	3.0150	2.4150	1.2548	1.0500
YIELD	4.09%	4.81%	4.12%	3.53%	3.97%
REUTERS ³	5.70%	3.53%	3.22%	5.65%	4.88%
MSN ⁴	5.00%	3.70%	3.40%	7.40%	5.50%
YAHOO ⁵	5.50%	2.39%	3.02%	5.72%	5.08%
DCF GROWTH FACTOR	5.40%	3.21%	3.21%	6.26%	5.15%
VALUE LINE ⁶ :					
'10 EARNINGS (\$)	3.00	3.80	3.75	2.00	1.75
'14 EARNINGS (\$)	3.75	5.00	4.25	3.25	2.25
	5.58%	6.86%	3.13%	12.14%	6.28%
VALUE LINE, "BOXED"	5.00%	4.50%	4.00%	8.00%	6.00%
VALUE LINE	5.29%	5.68%	3.56%	10.07%	6.14%
DCF GROWTH ESTIMATE	5.37%	3.83%	3.30%	7.21%	5.40%
DCF COST OF EQUITY ESTIMATE	10.39%	10.38%	9.61%	10.56%	10.28%
DCF AVERAGE				10.24%	
CAPM COST OF EQUITY ESTIMATE				5.90%	
COST OF EQUITY ESTIMATE				9.16%	

Sources:

- 1 MSN Investor
- 2 MSN Investor & Value Line Investment Guide
- 3 investor.reuters.com
- 4 moneycentral.msn.com
- 5 finance.yahoo.com
- 6 Value Line Investment Guide

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
D Non-Constant DCF Calculation

SCHEDULE D-1.5

g= 5.37%	non const dcf= 5.37%	const dcf= 9.68%
D= \$2.08	P= -\$50.77	g(e)= 6.52%

YEAR	GROWTH RATE	DIVIDEND
1	5.37%	\$2.19
2	5.37%	\$2.30
3	5.37%	\$2.43
4	5.37%	\$2.56
5	5.37%	\$2.70
6	5.43%	\$2.84
7	5.49%	\$3.00
8	5.54%	\$3.16
9	5.60%	\$3.34
10	5.66%	\$3.53
11	5.72%	\$3.73
12	5.77%	\$3.95
13	5.83%	\$4.18
14	5.89%	\$4.42
15	5.95%	\$4.69
16	6.00%	\$4.97
17	6.06%	\$5.27
18	6.12%	\$5.59
19	6.18%	\$5.94
20	6.23%	\$6.31
21	6.29%	\$6.70
22	6.35%	\$7.13
23	6.40%	\$7.59
24	6.46%	\$8.08
25	6.52%	\$8.60
26	6.52%	\$9.16
27	6.52%	\$9.76
28	6.52%	\$10.40
29	6.52%	\$11.07
30	6.52%	\$11.80

This schedule is truncated; the calculation extends to 400 years to ensure the stability of the calculation

g, D, P are from Schedule D-1.4
g(e) is from Schedule D-1.9

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
DUK Non-Constant DCF Calculation

SCHEDULE D-1.6

g= 3.83%	non const dcf= 10.39%	const dcf= 8.81%
D= \$3.02	P= -\$62.74	g(e)= 6.52%

YEAR	GROWTH RATE	DIVIDEND
1	3.83%	\$3.13
2	3.83%	\$3.25
3	3.83%	\$3.37
4	3.83%	\$3.50
5	3.83%	\$3.64
6	3.96%	\$3.78
7	4.09%	\$3.94
8	4.23%	\$4.10
9	4.36%	\$4.28
10	4.50%	\$4.47
11	4.63%	\$4.68
12	4.77%	\$4.91
13	4.90%	\$5.15
14	5.04%	\$5.40
15	5.17%	\$5.68
16	5.31%	\$5.99
17	5.44%	\$6.31
18	5.58%	\$6.66
19	5.71%	\$7.04
20	5.85%	\$7.46
21	5.98%	\$7.90
22	6.12%	\$8.38
23	6.25%	\$8.91
24	6.38%	\$9.48
25	6.52%	\$10.10
26	6.52%	\$10.75
27	6.52%	\$11.45
28	6.52%	\$12.20
29	6.52%	\$13.00
30	6.52%	\$13.84

This schedule is truncated; the calculation extends to 400 years to ensure the stability of the calculation.

g, D, P are from Schedule D-1.4
g(e) is from Schedule D-1.9

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
ED Non-Constant DCF Calculation

SCHEDULE D-1.7

g= 3.30%	non const dcf= 9.61%	const dcf= 7.56%
D= \$2.42	P= -\$58.63	g(e)= 6.52%

YEAR	GROWTH RATE	DIVIDEND
1	3.30%	\$2.49
2	3.30%	\$2.58
3	3.30%	\$2.66
4	3.30%	\$2.75
5	3.30%	\$2.84
6	3.46%	\$2.94
7	3.62%	\$3.05
8	3.78%	\$3.16
9	3.94%	\$3.29
10	4.11%	\$3.42
11	4.27%	\$3.57
12	4.43%	\$3.72
13	4.59%	\$3.90
14	4.75%	\$4.08
15	4.91%	\$4.28
16	5.07%	\$4.50
17	5.23%	\$4.73
18	5.39%	\$4.99
19	5.55%	\$5.27
20	5.71%	\$5.57
21	5.88%	\$5.89
22	6.04%	\$6.25
23	6.20%	\$6.64
24	6.36%	\$7.06
25	6.52%	\$7.52
26	6.52%	\$8.01
27	6.52%	\$8.53
28	6.52%	\$9.09
29	6.52%	\$9.68
30	6.52%	\$10.31

This schedule is truncated; the calculation extends to 400 years to ensure the stability of the calculation

g, D, P are from Schedule D-1.4
g(e) is from Schedule D-1.9

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
NU Non-Constant DCF Calculation

SCHEDULE D-1.8

g= 7.21%	non const dcf= 10.56%	const dcf= 10.99%
D= \$1.25	P= -\$35.58	g(e)= 6.52%

YEAR	GROWTH RATE	DIVIDEND
1	7.21%	\$1.35
2	7.21%	\$1.44
3	7.21%	\$1.55
4	7.21%	\$1.66
5	7.21%	\$1.78
6	7.18%	\$1.90
7	7.14%	\$2.04
8	7.11%	\$2.19
9	7.07%	\$2.34
10	7.04%	\$2.50
11	7.00%	\$2.68
12	6.97%	\$2.87
13	6.93%	\$3.07
14	6.90%	\$3.28
15	6.86%	\$3.50
16	6.83%	\$3.74
17	6.80%	\$4.00
18	6.76%	\$4.27
19	6.73%	\$4.55
20	6.69%	\$4.86
21	6.66%	\$5.18
22	6.62%	\$5.52
23	6.59%	\$5.89
24	6.55%	\$6.27
25	6.52%	\$6.68
26	6.52%	\$7.12
27	6.52%	\$7.58
28	6.52%	\$8.08
29	6.52%	\$8.60
30	6.52%	\$9.16

This schedule is truncated; the calculation extends to 400 years to ensure the stability of the calculation.

g, D, P are from Schedule D-1.4
g(e) is from Schedule D-1.9

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
XEL Non-Constant DCF Calculation

SCHEDULE D-1.9

g= 5.40% D= \$1.05	non const dcf= 10.28% P= -\$26.46	const dcf= 9.58% g(e)= 6.52%
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YEAR	GROWTH RATE	DIVIDEND
1	5.40%	\$1.11
2	5.40%	\$1.17
3	5.40%	\$1.23
4	5.40%	\$1.30
5	5.40%	\$1.37
6	5.46%	\$1.44
7	5.51%	\$1.52
8	5.57%	\$1.60
9	5.62%	\$1.69
10	5.68%	\$1.79
11	5.74%	\$1.89
12	5.79%	\$2.00
13	5.85%	\$2.12
14	5.90%	\$2.25
15	5.96%	\$2.38
16	6.02%	\$2.52
17	6.07%	\$2.68
18	6.13%	\$2.84
19	6.18%	\$3.02
20	6.24%	\$3.20
21	6.30%	\$3.41
22	6.35%	\$3.62
23	6.41%	\$3.85
24	6.46%	\$4.10
25	6.52%	\$4.37
26	6.52%	\$4.65
27	6.52%	\$4.96
28	6.52%	\$5.28
29	6.52%	\$5.63
30	6.52%	\$5.99

This schedule is truncated; the calculation extends to 400 years to ensure the stability of the calculation.

g, D, P are from Schedule D-1.4
g(e) is from Schedule D-1.9

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
Growth in U. S. Gross National Product, 1929-2008

SCHEDULE D-1.10
PAGE 1 OF 2

Growth in U. S. Gross National Product, 1929 to 2008

Year	GNP (\$billion)	Change	Growth%
1929	104.4		
1930	91.9	-12.50	-11.97%
1931	77	-14.90	-16.21%
1932	59.1	-17.90	-23.25%
1933	56.7	-2.40	-4.06%
1934	66.3	9.60	16.93%
1935	73.6	7.30	11.01%
1936	84	10.40	14.13%
1937	92.2	8.20	9.76%
1938	86.5	-5.70	-6.18%
1939	92.5	6.00	6.94%
1940	101.7	9.20	9.95%
1941	127.2	25.50	25.07%
1942	162.3	35.10	27.59%
1943	198.9	36.60	22.55%
1944	220.1	21.20	10.66%
1945	223.3	3.20	1.45%
1946	222.9	-0.40	-0.18%
1947	245.2	22.30	10.00%
1948	270.6	25.40	10.36%
1949	268.5	-2.10	-0.78%
1950	295.2	26.70	9.94%
1951	341.2	46.00	15.58%
1952	360.3	19.10	5.60%
1953	381.2	20.90	5.80%
1954	382.4	1.20	0.31%
1955	417.2	34.80	9.10%
1956	440.2	23.00	5.51%
1957	464.1	23.90	5.43%
1958	469.8	5.70	1.23%
1959	509.4	39.60	8.43%
1960	529.6	20.20	3.97%
1961	548.3	18.70	3.53%
1962	589.7	41.40	7.55%
1963	622.2	32.50	5.51%
1964	668.6	46.40	7.46%
1965	724.4	55.80	8.35%
1966	792.8	68.40	9.44%
1967	837.8	45.00	5.68%
1968	915.9	78.10	9.32%
1969	990.5	74.60	8.14%
1970	1,044.70	54.20	5.47%
1971	1,134.40	89.70	8.59%
1972	1,246.40	112.00	9.87%
1973	1,394.90	148.50	11.91%
1974	1,515.00	120.10	8.61%
1975	1,650.70	135.70	8.96%
1976	1,841.40	190.70	11.55%
1977	2,050.40	209.00	11.35%

DUKE ENERGY OHIO, INC.
CASE NO. 12-1682-EL-AIR
Growth in U. S. Gross National Product, 1929-2008

SCHEDULE D-1.10
PAGE 2 OF 2

Growth in U. S. Gross National Product, 1929 to 2008

Year	GNP (\$billion)	Change	Growth%
1978	2,315.30	264.90	12.92%
1979	2,594.20	278.90	12.05%
1980	2,822.30	228.10	8.79%
1981	3,159.80	337.50	11.96%
1982	3,289.70	129.90	4.11%
1983	3,571.70	282.00	8.57%
1984	3,967.20	395.50	11.07%
1985	4,244.00	276.80	6.98%
1986	4,477.70	233.70	5.51%
1987	4,754.00	276.30	6.17%
1988	5,123.80	369.80	7.78%
1989	5,508.10	384.30	7.50%
1990	5,835.00	326.90	5.93%
1991	6,022.00	187.00	3.20%
1992	6,371.40	349.40	5.80%
1993	6,698.50	327.10	5.13%
1994	7,109.20	410.70	6.13%
1995	7,444.30	335.10	4.71%
1996	7,870.10	425.80	5.72%
1997	8,355.80	485.70	6.17%
1998	8,810.80	455.00	5.45%
1999	9,381.30	570.50	6.48%
2000	9,989.20	607.90	6.48%
2001	10,338.10	348.90	3.49%
2002	10,691.40	353.30	3.42%
2003	11,210.90	519.50	4.86%
2004	11,944.50	733.60	6.54%
2005	12,720.10	775.60	6.49%
2006	13,449.60	729.50	5.74%
2007	14,151.90	702.30	5.22%
2008	14,460.70	308.80	2.18%
2009	14,117.20	-343.50	-2.38%
2010	14,708.20	591.00	4.19%
2011	15,327.50	619.30	4.21%
Average			6.52%

Sources: (1) National Income and Product Accounts (NIPA) from the U. S. Bureau of Economic Analysis and Econostats; BEA Data; NIPA Index; Section 1. Domestic Product and Income Table 1.7.5 Relation of Gross Domestic Product, Gross National Product, Net National Product, National Income, and Personal Income. (2) U. S. Department of Commerce; Survey of Current of the United States Business and Historical Statistics

DUKE ENERGY, OHIO, INC.
CASE NO. 12-1682-EL-AIR
Typical Bill Comparison

Rate RS-Residential Service

Rate Code	Usage	Applicant		Applicant Proposed		Increase		Percent Increase		Staff Proposed		Increase		Percent Increase	
		Current													
RS - Summer	300	35.48		38.33		2.85		8.03%		38.26		2.78		7.84%	
	400	45.00		48.37		3.37		7.49%		48.31		3.31		7.36%	
	500	54.52		58.42		3.90		7.15%		58.37		3.85		7.06%	
	800	83.09		88.54		5.45		6.56%		88.52		5.43		6.54%	
	1,000	102.14		108.63		6.49		6.35%		108.62		6.48		6.34%	
	1,500	156.91		166.01		9.10		5.80%		166.04		9.13		5.82%	
	2,000	211.68		223.37		11.69		5.52%		223.44		11.76		5.56%	
RS - Winter	300	35.48		38.33		2.85		8.03%		38.26		2.78		7.84%	
	500	54.52		58.42		3.90		7.15%		58.37		3.85		7.06%	
	800	83.09		88.54		5.45		6.56%		88.52		5.43		6.54%	
	1,000	102.14		108.63		6.49		6.35%		108.62		6.48		6.34%	
	1,500	133.01		142.11		9.10		6.84%		142.14		9.13		6.86%	
	3,000	225.61		242.51		16.90		7.49%		242.66		17.05		7.56%	
	6,000	410.83		443.35		32.52		7.92%		443.73		32.90		8.01%	

DUKE ENERGY, OHIO, INC.
CASE NO. 12-1682-EL-AIR
Typical Bill Comparison

Rate ORH Optional Residential Service with Electric Space Heater

Demand	Usage	Applicant		Applicant		Percent		Staff		Percent	
		Current	Proposed	Current	Proposed	Increase	Increase	Proposed	Increase	Increase	Increase
ORH - Summer	1,000	102.14	109.56			7.42	7.26%				
	1,500	157.22	168.27			11.05	7.03%	168.21	10.99		6.99%
	2,000	212.30	226.98			14.68	6.91%	226.93	14.63		6.89%
	3,000	322.46	344.40			21.94	6.80%	344.38	21.92		6.80%
ORH - Winter	20	102.14	109.56			7.42	7.26%	109.49	7.35		7.20%
	20	161.12	171.92			10.81	6.71%	171.86	10.75		6.67%
	20	220.09	234.28			14.19	6.45%	234.24	14.14		6.43%
	20	353.31	374.34			21.03	5.95%	374.32	21.00		5.94%

Rate RSLI - Residential Service - Low Income

Usage	Applicant	Applicant		Applicant		Percent		Staff		Percent	
		Current	Proposed	Current	Proposed	Increase	Increase	Proposed	Increase	Increase	Increase
RSLI - Summer	300	31.48	34.33			2.85	9.05%	34.26	2.78		8.83%
	400	41.00	44.37			3.37	8.22%	44.31	3.31		8.07%
	500	50.52	54.42			3.90	7.72%	54.37	3.85		7.62%
	800	79.09	84.54			5.45	6.89%	84.52	5.43		6.87%
	1,000	98.14	104.63			6.49	6.61%	104.62	6.48		6.60%
	1,500	152.91	162.01			9.10	5.95%	162.04	9.13		5.97%
	2,000	207.68	219.37			11.69	5.63%	219.44	11.76		5.66%
RSLI - Winter	300	31.48	34.33			2.85	9.05%	34.26	2.78		8.83%
	400	41.00	44.37			3.37	8.22%	44.31	3.31		8.07%
	500	50.52	54.42			3.90	7.72%	54.37	3.85		7.62%
	800	79.09	84.54			5.45	6.89%	84.52	5.43		6.87%
	1,000	98.14	104.63			6.49	6.61%	104.62	6.48		6.60%
	1,500	129.01	138.11			9.10	7.05%	138.14	9.13		7.08%
	3,000	221.61	238.51			16.90	7.63%	238.66	17.05		7.69%
	6,000	406.83	439.35			32.52	7.99%	439.73	32.90		8.09%

DUKE ENERGY, OHIO, INC.
CASE NO. 12-1682-EL-AIR
Typical Bill Comparison

Rate CUR Common Use Residential Service

Rate Code	Usage	Applicant Current	Applicant Proposed	Increase	Percent Increase	Staff Proposed	Increase	Percent Increase
CUR - Summer	300	36.16	39.01	2.85	7.88%	38.94	2.78	7.69%
	400	45.90	49.27	3.37	7.34%	49.21	3.31	7.21%
	500	55.65	59.55	3.90	7.01%	59.50	3.85	6.92%
	800	84.89	90.34	5.45	6.42%	90.32	5.43	6.40%
	1,000	104.39	110.88	6.49	6.22%	110.87	6.48	6.21%
	1,500	160.57	169.67	9.10	5.67%	169.70	9.13	5.69%
	2,000	216.76	228.45	11.69	5.39%	228.52	11.76	5.43%
CUR - Winter	300	36.16	39.01	2.85	7.88%	38.94	2.78	7.69%
	500	55.65	59.55	3.90	7.01%	59.50	3.85	6.92%
	800	84.89	90.34	5.45	6.42%	90.32	5.43	6.40%
	1,000	104.39	110.88	6.49	6.22%	110.87	6.48	6.21%
	1,500	135.71	144.81	9.10	6.71%	144.84	9.13	6.73%
	3,000	229.69	246.59	16.90	7.36%	246.74	17.05	7.42%
	6,000	417.64	450.16	32.52	7.79%	450.54	32.90	7.88%

DUKE ENERGY, OHIO, INC.
CASE NO. 12-1682-EL-AIR
Typical Bill Comparison

Rate TD - Optional Time-Of-Day Residential Service with Electric Space Heating

Rate Code	Off-Peak Usage	On-Peak Usage	Applicant Current	Applicant Proposed	Increase	Percent Increase	Staff Proposed	Increase	Percent Increase
TD - Summer	1,000	400	130.56	140.13	9.57	7.33%	140.10	9.54	7.31%
	1,500	500	169.48	181.75	12.27	7.24%	181.74	12.26	7.23%
	1,460	540	174.83	187.57	12.74	7.29%	187.57	12.74	7.29%
	2,500	500	212.03	226.81	14.78	6.97%	226.82	14.79	6.98%
	2,700	600	238.19	254.92	16.73	7.02%	254.95	16.76	7.04%
	2,700	700	255.83	274.00	18.17	7.10%	274.04	18.21	7.12%
	2,800	700	260.09	278.51	18.42	7.08%	278.55	18.46	7.10%
	3,700	800	316.04	338.16	22.12	7.00%	338.24	22.20	7.02%
	4,500	1,000	385.38	412.39	27.01	7.01%	412.51	27.13	7.04%
TD - Winter	1,000	400	117.16	125.55	8.39	7.16%	125.52	8.36	7.14%
	1,500	500	152.74	163.53	10.79	7.06%	163.51	10.77	7.05%
	1,460	540	156.75	167.89	11.14	7.11%	167.89	11.14	7.11%
	2,500	500	195.29	208.60	13.31	6.82%	208.59	13.30	6.81%
	2,700	600	218.10	233.05	14.95	6.85%	233.07	14.97	6.86%
	2,700	700	232.40	248.49	16.09	6.92%	248.53	16.13	6.94%
	2,800	700	236.66	253.00	16.34	6.90%	253.04	16.38	6.92%
	3,700	800	289.26	309.01	19.75	6.83%	309.07	19.81	6.85%
	4,500	1,000	351.90	375.95	24.05	6.83%	376.05	24.15	6.86%

DUKE ENERGY, OHIO, INC.
CASE NO. 12-1682-EL-AIR
Typical Bill Comparison

Rate TD-2012 Optional Time-Of-Day Rate for Residential Service

Rate Code	Off-Peak Usage	On-Peak Usage	Applicant Current	Applicant Proposed	Increase	Percent Increase	Staff Proposed	Increase	Percent Increase
TD - Base Summer	1,000	400	171.02	179.59	8.57	5.01%	179.61	8.59	5.02%
	1,500	500	232.76	244.47	11.71	5.03%	244.54	11.78	5.06%
	1,460	540	237.57	249.27	11.70	4.92%	249.34	11.77	4.95%
	2,500	500	315.64	332.55	16.91	5.36%	332.70	17.06	5.40%
	2,700	600	352.52	370.98	18.46	5.24%	371.16	18.64	5.29%
	2,700	700	372.83	391.81	18.98	5.09%	392.00	19.17	5.14%
	2,800	700	381.11	400.62	19.51	5.12%	400.81	19.70	5.17%
	3,700	800	476.01	500.71	24.70	5.19%	500.99	24.98	5.25%
	4,500	1,000	582.93	612.84	29.91	5.13%	613.19	30.26	5.19%
Winter	1,500	500	221.27	232.98	11.71	5.29%	233.05	11.78	5.32%
	1,460	540	225.15	236.85	11.70	5.20%	236.92	11.77	5.23%
	2,500	500	304.14	321.05	16.91	5.56%	321.20	17.06	5.61%
	2,700	600	338.73	357.19	18.46	5.45%	357.37	18.64	5.50%
	2,700	700	356.73	375.71	18.98	5.32%	375.90	19.17	5.37%
	2,800	700	365.02	384.53	19.51	5.34%	384.72	19.70	5.40%
	3,700	800	457.62	482.32	24.70	5.40%	482.60	24.98	5.46%
	4,500	1,000	559.94	589.85	29.91	5.34%	590.20	30.26	5.40%
Spring/Fall	2,000		172.65	184.35	11.70	6.78%	184.42	11.77	6.82%
	3,300		280.39	298.85	18.46	6.58%	299.02	18.63	6.64%
	3,400		288.67	307.66	18.99	6.58%	307.83	19.16	6.64%
	3,500		296.96	316.47	19.51	6.57%	316.66	19.70	6.63%
	4,500		379.83	404.54	24.71	6.51%	404.81	24.98	6.58%
	5,500		462.70	492.62	29.92	6.47%	492.97	30.27	6.54%

DUKE ENERGY, OHIO, INC.
CASE NO. 12-1682-EL-AIR
Typical Bill Comparison

Rate TD-2012 Optional Time-Of-Day Rate for Residential Service

Rate Code	Off-Peak Usage	On-Peak Usage	Applicant		Applicant Proposed	Increase	Percent Increase		Staff		Percent Increase
			Current	Proposed			Current	Proposed	Current	Proposed	
TD - Plus Summer	1,000	400	192.37	200.94	8.57	4.45%	200.96	8.59	4.47%		
	1,500	500	257.80	269.51	11.71	4.54%	269.58	11.78	4.57%		
	1,460	540	265.67	277.37	11.70	4.40%	277.44	11.77	4.43%		
	2,500	500	334.06	350.97	16.91	5.06%	351.12	17.06	5.11%		
	2,700	600	376.62	395.08	18.46	4.90%	395.26	18.64	4.95%		
	2,700	700	403.91	422.89	18.98	4.70%	423.08	19.17	4.75%		
	2,800	700	411.54	431.05	19.51	4.74%	431.24	19.70	4.79%		
Winter	3,700	800	507.48	532.18	24.70	4.87%	532.46	24.98	4.92%		
	4,500	1,000	623.09	653.00	29.91	4.80%	653.35	30.26	4.86%		
	1,500	500	241.70	253.41	11.71	4.84%	253.48	11.78	4.87%		
	1,460	540	248.28	259.98	11.70	4.71%	260.05	11.77	4.74%		
	2,500	500	317.97	334.88	16.91	5.32%	335.03	17.06	5.37%		
	2,700	600	357.30	375.76	18.46	5.17%	375.94	18.64	5.22%		
	2,700	700	381.38	400.36	18.98	4.98%	400.55	19.17	5.03%		
Spring/Fall	2,800	700	389.00	408.51	19.51	5.02%	408.70	19.70	5.06%		
	3,700	800	481.72	506.42	24.70	5.13%	506.70	24.98	5.19%		
	4,500	1,000	590.90	620.81	29.91	5.06%	621.16	30.26	5.12%		
	2,000		159.43	171.13	11.70	7.34%	171.20	11.77	7.38%		
	3,300		258.58	277.04	18.46	7.14%	277.21	18.63	7.20%		
	3,400		266.20	285.19	18.99	7.13%	285.36	19.16	7.20%		
	3,500		273.83	293.34	19.51	7.12%	293.53	19.70	7.19%		
	4,500		350.09	374.80	24.71	7.06%	375.07	24.98	7.14%		
	5,500		426.35	456.27	29.92	7.02%	456.62	30.27	7.10%		

DUKE ENERGY, OHIO, INC.
CASE NO. 12-1682-EL-AIR
Typical Bill Comparison

Rate DS - Service At Secondary Distribution Voltage

Rate Code	Demand	Usage	Applicant Current	Applicant Proposed	Increase	Percent Increase	Staff Proposed	Increase	Percent Increase
DS	30	6,000	740.82	783.74	42.92	5.79%	784.16	43.34	5.85%
	30	9,000	854.49	897.41	42.92	5.02%	897.83	43.34	5.07%
	30	12,000	959.00	1,001.92	42.92	4.48%	1,002.34	43.34	4.52%
	50	10,000	1,206.10	1,271.29	65.19	5.41%	1,271.99	65.89	5.46%
	50	15,000	1,395.54	1,460.73	65.19	4.67%	1,461.43	65.89	4.72%
	50	20,000	1,569.71	1,634.90	65.19	4.15%	1,635.60	65.89	4.20%
	75	15,000	1,787.69	1,880.72	93.03	5.20%	1,881.77	94.08	5.26%
	75	20,000	1,977.12	2,070.15	93.03	4.71%	2,071.20	94.08	4.76%
	100	20,000	2,369.27	2,490.14	120.87	5.10%	2,491.54	122.27	5.16%
	100	30,000	2,748.13	2,869.00	120.87	4.40%	2,870.40	122.27	4.45%
	100	40,000	3,096.49	3,217.36	120.87	3.90%	3,218.76	122.27	3.95%
	300	60,000	7,021.95	7,365.54	343.59	4.89%	7,369.74	347.79	4.95%
	300	90,000	8,158.53	8,502.12	343.59	4.21%	8,506.32	347.79	4.26%
	300	120,000	9,203.61	9,547.20	343.59	3.73%	9,551.40	347.79	3.78%
	500	100,000	11,674.63	12,240.94	566.31	4.85%	12,247.94	573.31	4.91%
	500	200,000	15,310.73	15,877.04	566.31	3.70%	15,884.04	573.31	3.74%
	500	300,000	18,794.33	19,360.64	566.31	3.01%	19,367.64	573.31	3.05%

Rate EH - Optional Rate for Electric Space Heating

Rate Code	Demand	Usage	Applicant Current	Applicant Proposed	Increase	Percent Increase	Staff Proposed	Increase	Percent Increase
EH - Winter	N/A	9,400	783.92	810.12	26.20	3.34%	825.51	41.59	5.31%
		23,600	1,895.80	1,952.52	56.72	2.99%	1,991.15	95.35	5.03%
		37,800	3,007.70	3,094.93	87.23	2.90%	3,156.81	149.11	4.96%

DUKE ENERGY, OHIO, INC.
CASE NO. 12-1682-EL-AIR
Typical Bill Comparison

Rate TD-2012 Optional Time-Of-Day Rate for Residential Service

Rate Code	Off-Peak Usage	On-Peak Usage	Applicant		Applicant		Percent Increase		Staff		Percent Increase	
			Current	Proposed	Current	Proposed	Increase	Increase	Proposed	Increase	Increase	Increase
TD - Max Summer	1,000	400	213.72	222.29	8.57	4.01%	222.31	8.59	4.02%			
	1,500	500	282.83	294.54	11.71	4.14%	294.61	11.78	4.17%			
	1,460	540	293.76	305.46	11.70	3.98%	305.53	11.77	4.01%			
	2,500	500	352.49	369.40	16.91	4.80%	369.55	17.06	4.84%			
	2,700	600	400.71	419.17	18.46	4.61%	419.35	18.64	4.65%			
	2,700	700	435.00	453.98	18.98	4.36%	454.17	19.17	4.41%			
	2,800	700	441.96	461.47	19.51	4.41%	461.66	19.70	4.46%			
	3,700	800	538.94	563.64	24.70	4.58%	563.92	24.98	4.64%			
Winter	4,500	1,000	663.25	693.16	29.91	4.51%	693.51	30.26	4.56%			
	1,500	500	262.14	273.85	11.71	4.47%	273.92	11.78	4.49%			
	1,460	540	271.41	283.11	11.70	4.31%	283.18	11.77	4.34%			
	2,500	500	331.80	348.71	16.91	5.10%	348.86	17.06	5.14%			
	2,700	600	375.88	394.34	18.46	4.91%	394.52	18.64	4.96%			
	2,700	700	406.03	425.01	18.98	4.67%	425.20	19.17	4.72%			
	2,800	700	412.99	432.50	19.51	4.72%	432.69	19.70	4.77%			
	3,700	800	505.83	530.53	24.70	4.88%	530.81	24.98	4.94%			
Spring/Fall	4,500	1,000	621.86	651.77	29.91	4.81%	652.12	30.26	4.87%			
	2,000		146.21	157.91	11.70	8.00%	157.98	11.77	8.05%			
	3,300		236.77	255.23	18.46	7.80%	255.40	18.63	7.87%			
	3,400		243.73	262.72	18.99	7.79%	262.89	19.16	7.86%			
	3,500		250.69	270.20	19.51	7.78%	270.39	19.70	7.86%			
	4,500		320.35	345.06	24.71	7.71%	345.33	24.98	7.80%			
	5,500		390.00	419.92	29.92	7.67%	420.27	30.27	7.76%			

DUKE ENERGY, OHIO, INC.
CASE NO. 12-1682-EL-AIR
Typical Bills

Rate DM - Secondary Distribution Service - Small

Rate Code	Demand	Usage	Applicant Current	Applicant		Percent Increase		Staff		Percent Increase	
				Proposed	Increase	Proposed	Increase	Proposed	Increase	Proposed	Increase
DM Summer	1	72	19.63	21.35	1.72	8.76%		21.22	1.59	8.10%	
	1	144	28.46	30.65	2.19	7.70%		30.49	2.03	7.13%	
	1	288	46.12	49.24	3.12	6.76%		49.04	2.92	6.33%	
	5	360	54.95	58.54	3.59	6.53%		58.31	3.36	6.11%	
	5	720	99.09	105.03	5.94	5.99%		104.67	5.58	5.63%	
	5	1,440	187.39	198.03	10.64	5.68%		197.39	10.00	5.34%	
	10	720	99.09	105.03	5.94	5.99%		104.67	5.58	5.63%	
	10	1,440	187.39	198.03	10.64	5.68%		197.39	10.00	5.34%	
	10	2,880	357.02	376.56	19.54	5.47%		378.12	21.10	5.91%	
	15	1,080	143.24	151.53	8.29	5.79%		151.02	7.78	5.43%	
	15	2,160	275.69	291.01	15.32	5.56%		290.11	14.42	5.23%	
	15	4,320	408.35	428.68	20.33	4.98%		427.48	19.13	4.68%	
	15	6,480	480.17	501.51	21.34	4.44%		500.26	20.09	4.18%	
DM Winter	1	72	17.83	19.41	1.58	8.86%		19.29	1.46	8.19%	
	1	144	24.85	26.78	1.93	7.77%		26.64	1.79	7.20%	
	1	288	38.90	41.49	2.59	6.66%		41.32	2.42	6.22%	
	5	360	45.92	48.86	2.94	6.40%		48.66	2.74	5.97%	
	5	720	81.05	85.66	4.61	5.69%		85.37	4.32	5.33%	
	5	1,440	151.29	159.28	7.99	5.28%		158.79	7.50	4.96%	
	10	720	81.05	85.66	4.61	5.69%		85.37	4.32	5.33%	
	10	1,440	151.29	159.28	7.99	5.28%		158.79	7.50	4.96%	
	10	2,880	286.83	301.22	14.39	5.02%		300.37	13.54	4.72%	
	15	1,080	116.17	122.47	6.30	5.42%		122.08	5.91	5.09%	
	15	2,160	221.55	232.90	11.35	5.12%		232.23	10.68	4.82%	
	15	4,320	338.16	353.34	15.18	4.49%		352.44	14.28	4.22%	
	15	6,480	409.80	425.99	16.19	3.95%		425.04	15.24	3.72%	

DUKE ENERGY, OHIO, INC.
CASE NO. 12-1682-EL-AIR
Typical Bill Comparison

Rate DP - Service at Primary Distribution Voltage

Rate Code	Demand	Usage	Applicant		Applicant		Percent		Staff		Percent Increase
			Current	Proposed	Proposed	Increase	Increase	Proposed	Increase		
DP	100	14,400	2,280.17	2,491.38	211.21	9.26%	2,490.73	210.56	9.23%		
	100	28,800	2,840.83	3,052.04	211.21	7.43%	3,051.39	210.56	7.41%		
	100	43,200	3,356.85	3,568.06	211.21	6.29%	3,567.41	210.56	6.27%		
	200	28,800	4,357.41	4,706.62	349.21	8.01%	4,705.33	347.92	7.98%		
	200	57,600	5,478.75	5,827.96	349.21	6.37%	5,826.67	347.92	6.35%		
	200	86,400	6,510.79	6,860.00	349.21	5.36%	6,858.71	347.92	5.34%		
	300	43,200	6,434.66	6,921.87	487.21	7.57%	6,919.93	485.27	7.54%		
	300	86,400	8,116.65	8,603.86	487.21	6.00%	8,601.92	485.27	5.98%		
	300	129,600	9,664.71	10,151.92	487.21	5.04%	10,149.98	485.27	5.02%		
	500	72,000	10,589.15	11,352.36	763.21	7.21%	11,349.13	759.98	7.18%		
	500	144,000	13,392.47	14,155.68	763.21	5.70%	14,152.45	759.98	5.67%		
	500	216,000	15,972.57	16,735.78	763.21	4.78%	16,732.55	759.98	4.76%		
	800	115,200	16,820.88	17,998.09	1,177.21	7.00%	17,992.92	1,172.04	6.97%		
	800	230,400	21,306.20	22,483.41	1,177.21	5.53%	22,478.24	1,172.04	5.50%		
	800	345,600	25,434.37	26,611.58	1,177.21	4.63%	26,606.41	1,172.04	4.61%		
	1,000	144,000	20,975.37	22,428.58	1,453.21	6.93%	22,422.12	1,446.75	6.90%		
	1,000	288,000	26,582.01	28,035.22	1,453.21	5.47%	28,028.76	1,446.75	5.44%		
	1,000	432,000	31,742.23	33,195.44	1,453.21	4.58%	33,188.98	1,446.75	4.56%		
	1,500	216,000	31,139.54	33,282.75	2,143.21	6.88%	33,273.06	2,133.52	6.85%		
	1,500	432,000	39,549.50	41,692.71	2,143.21	5.42%	41,683.02	2,133.52	5.39%		
	1,500	648,000	47,289.82	49,433.03	2,143.21	4.53%	49,423.34	2,133.52	4.51%		
	3,000	432,000	61,632.05	65,845.26	4,213.21	6.84%	65,825.88	4,193.83	6.80%		
	3,000	864,000	78,451.97	82,665.18	4,213.21	5.37%	82,645.80	4,193.83	5.35%		
	3,000	1,296,000	93,932.61	98,145.82	4,213.21	4.49%	98,126.44	4,193.83	4.46%		

DUKE ENERGY, OHIO, INC.
CASE NO. 12-1682-EL-AIR
Typical Bill Comparison

Rate TS - Service at Transmission Voltage

Rate Code	Demand	Usage	Applicant Current	Applicant Proposed	Increase	Percent Increase	Staff Proposed	Increase	Percent Increase
TS									
	1,000	200,000	18,411.94	18,413.48	1.54	0.01%	18,413.52	1.58	0.01%
	1,000	400,000	24,818.44	24,819.98	1.54	0.01%	24,820.02	1.58	0.01%
	2,500	500,000	45,727.99	45,729.53	1.54	0.00%	45,729.57	1.58	0.00%
	2,500	1,000,000	61,744.24	61,745.78	1.54	0.00%	61,745.82	1.58	0.00%
	5,000	1,000,000	91,254.74	91,256.28	1.54	0.00%	91,256.32	1.58	0.00%
	5,000	2,000,000	123,287.24	123,288.78	1.54	0.00%	123,288.82	1.58	0.00%
	10,000	2,000,000	182,308.24	182,309.78	1.54	0.00%	182,309.82	1.58	0.00%
	10,000	4,000,000	246,373.24	246,374.78	1.54	0.00%	246,374.82	1.58	0.00%
	10,000	6,000,000	309,429.24	309,430.78	1.54	0.00%	309,430.82	1.58	0.00%
	20,000	4,000,000	364,415.24	364,416.78	1.54	0.00%	364,416.82	1.58	0.00%
	20,000	8,000,000	492,545.24	492,546.78	1.54	0.00%	492,546.82	1.58	0.00%
	20,000	12,000,000	618,657.24	618,658.78	1.54	0.00%	618,658.82	1.58	0.00%
	40,000	16,000,000	984,889.24	984,890.78	1.54	0.00%	984,890.82	1.58	0.00%
	40,000	24,000,000	1,237,113.24	1,237,114.78	1.54	0.00%	1,237,114.82	1.58	0.00%
	80,000	32,000,000	1,949,417.24	1,949,418.78	1.54	0.00%	1,949,418.82	1.58	0.00%
	80,000	48,000,000	2,453,865.24	2,453,866.78	1.54	0.00%	2,453,866.82	1.58	0.00%
	160,000	64,000,000	3,865,033.24	3,865,034.78	1.54	0.00%	3,865,034.82	1.58	0.00%
	160,000	96,000,000	4,873,929.24	4,873,930.78	1.54	0.00%	4,873,930.82	1.58	0.00%

DUKE ENERGY, OHIO, INC.
CASE NO. 12-1682-EL-AIR
Typical Bill Comparison

Rate RTP - Real Time Pricing Program

Rate Code	Demand	Usage	Applicant		Applicant Proposed	Increase	Percent Increase	Staff		Percent Increase
			Current	Proposed				Proposed	Increase	
DS-RTP	100	20,000	657.32	757.24	99.92	15.20%	758.40	101.08	15.38%	
	100	30,000	823.48	973.36	149.88	18.20%	975.10	151.62	18.41%	
	100	40,000	989.64	1,189.48	199.84	20.19%	1,191.80	202.16	20.43%	
	300	60,000	1,321.96	1,621.72	299.76	22.68%	1,625.20	303.24	22.94%	
	300	90,000	1,820.44	2,270.08	449.64	24.70%	2,275.30	454.86	24.99%	
	300	120,000	2,318.92	2,918.44	599.52	25.85%	2,925.40	606.48	26.15%	
	500	100,000	1,986.60	2,486.20	499.60	25.15%	2,492.00	505.40	25.44%	
	500	200,000	3,648.20	4,647.40	999.20	27.39%	4,659.00	1,010.80	27.71%	
	500	300,000	5,309.80	6,808.60	1,498.80	28.23%	6,826.00	1,516.20	28.55%	
	500	144,000	3,160.22	4,242.95	1,082.73	34.26%	4,238.20	1,077.98	34.11%	
DP-RTP	500	216,000	4,577.82	6,201.93	1,624.11	35.48%	6,194.80	1,616.98	35.32%	
	800	115,200	2,593.17	3,459.36	866.19	33.40%	3,455.56	862.39	33.26%	
	800	230,400	4,861.35	6,593.72	1,732.37	35.64%	6,586.12	1,724.77	35.48%	
	800	345,600	7,129.52	9,728.08	2,598.56	36.45%	9,716.68	2,587.16	36.29%	
	1,000	144,000	3,160.22	4,242.95	1,082.73	34.26%	4,238.20	1,077.98	34.11%	
	1,000	288,000	5,995.43	8,160.90	2,165.47	36.12%	8,151.40	2,155.97	35.96%	
	1,000	432,000	8,830.65	12,078.86	3,248.21	36.78%	12,064.60	3,233.95	36.62%	
	1,500	216,000	4,577.82	6,201.93	1,624.11	35.48%	6,194.80	1,616.98	35.32%	
	1,500	432,000	8,830.65	12,078.86	3,248.21	36.78%	12,064.60	3,233.95	36.62%	
	1,500	648,000	13,083.47	17,955.78	4,872.31	37.24%	17,934.40	4,850.93	37.08%	
TS-RTP	3,000	864,000	17,336.30	23,832.71	6,496.41	37.47%	23,804.20	6,467.90	37.31%	
	3,000	1,296,000	25,841.94	35,586.57	9,744.63	37.71%	35,543.80	9,701.86	37.54%	
	10,000	6,000,000	325.00	327.50	2.50	0.77%	325.00	-	0.00%	
	20,000	4,000,000	325.00	327.50	2.50	0.77%	325.00	-	0.00%	
	20,000	8,000,000	325.00	327.50	2.50	0.77%	325.00	-	0.00%	
	20,000	12,000,000	325.00	327.50	2.50	0.77%	325.00	-	0.00%	
	40,000	16,000,000	325.00	327.50	2.50	0.77%	325.00	-	0.00%	
	40,000	24,000,000	325.00	327.50	2.50	0.77%	325.00	-	0.00%	
	80,000	32,000,000	325.00	327.50	2.50	0.77%	325.00	-	0.00%	
	80,000	48,000,000	325.00	327.50	2.50	0.77%	325.00	-	0.00%	
	160,000	64,000,000	325.00	327.50	2.50	0.77%	325.00	-	0.00%	
	160,000	96,000,000	325.00	327.50	2.50	0.77%	325.00	-	0.00%	