

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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

**OBJECTIONS TO THE STAFF REPORT AND STATEMENT OF MAJOR ISSUES
OF CINCINNATI BELL TELEPHONE COMPANY LLC**

In accordance with R.C. § 4909.19, Ohio Admin. Code § 4901-1-28 and the Hearing Examiner’s Entry of January 10, 2013, Cincinnati Bell Telephone Company LLC (“CBC”) hereby submits its objections to the January 4, 2013 Staff Report.

CBT submits these objections without prejudice to or limitation upon its right to participate fully at the hearing in this proceeding, including the cross-examination of all witnesses presented as to all issues raised during the course of the proceeding. Whether or not it presents witnesses at the hearing, CBT may adduce evidence through cross-examination of any witness concerning not only its objections to the Staff Report, but also to objections filed by others, particularly Duke Energy Ohio, Inc. (“DE-Ohio”), and as to such additional issues which the Commission or the Hearing Officer may, in their discretion, permit the parties to present in accordance with Ohio Admin. Code § 4901-1-28(C).

INTRODUCTION

On January 4, 2013, the Commission's Staff submitted its findings in the Staff Report concerning DE-Ohio's application for an increase in gas distribution rates. The investigation and preparation of the Staff Report were conducted in accordance with the Commission's Entry dated August 29, 2012.

OBJECTIONS TO STAFF REPORT

Operating Income

CBT objects to the Staff Report's failure to adjust property tax expense to reflect settlements between Duke and the Ohio Department of Taxation that reduced Duke's property tax liability.

Rate of Return

CBT objects to the recommended rate of return as reflecting the higher risk of an integrated utility, which includes businesses with higher risks than the distribution business, resulting in an excessive rate of return for distribution rates.

Proposed Rate Design

CBT objects to the proposed rate design in the Staff Report as vague and impossible to ascertain. CBT objects to the proposed rate design if it would call for an increase in billing determinants, given the overall recommendation that there be a decrease in revenue.

STATEMENT OF MAJOR ISSUES

1. The proposed rate design should not result in increased costs to customers.

Respectfully submitted,

/s/ Douglas E. Hart

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served upon the parties of record listed below this 4th day of February, 2013 by electronic mail service.

/s/ Douglas E. Hart

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Summary: Objection to Staff Report and Statement of Major Issues electronically filed by Mr. Douglas E. Hart on behalf of Cincinnati Bell Telephone Company LLC