

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Commission's)	
Review of Chapter 4901-7, Ohio)	
Administrative Code, Standard Filing)	Case No. 12-2338-AU-ORD
Requirements for Rate Increases.)	
)	

**INITIAL COMMENTS
OF
DUKE ENERGY OHIO, INC.**

On August 20, 2012, the Public Utilities Commission of Ohio (Commission) issued an entry commencing its five-year review of the rules in Ohio Administrative Code (O.A.C.) Chapter 4901-7, relating to the standard filing requirements (SFRs) for applications to increase rates. Pursuant to the Commission's order, a workshop was held on September 27, 2012. The Commission's entry of January 16, 2013, called for comments on staff's proposed changes to that chapter and Appendix A to O.A.C. Rule 4901-7-1 (Appendix A), with due dates of February 15, 2013, for initial comments, and March 1, 2013, for reply comments. In accordance with the Commission's schedule, Duke Energy Ohio, Inc., (Duke Energy Ohio) respectfully submits its comments.

Duke Energy Ohio has no comments on O.A.C. Rule 4901-7-01 itself. However, Duke Energy Ohio would respectfully suggest several revisions to Chapter II of Appendix A.

Chapter II, Part (A): SFRs (Large Utilities) – General Instructions

Paragraph (5) of this part provides definitions applicable to the SFRs. Subparagraph (f) provides a definition of "jurisdictional data," indicating that the term "refers to the portion of a utility's service area for which the requested rate increase is applicable. Because energy generation services are not included in rate cases under Chapter 4909 of the Revised Code, this

definition should include reference to the functional service at issue in the proceeding, rather than simply a geographical limitation.

Chapter II, Part (B): SFRs (Large Utilities) – Supplemental filing requirements

Paragraphs (3) and (4) of this part require a financial forecast and a five-year projection (under certain circumstances) to be included in the supplemental filing requirements, and requires that such forecast be supported by various underlying assumptions. Two of the identified categories of assumptions are the mix of generation (for electric companies) and the mix of fuel (for gas companies). These categories are currently obsolete and should be eliminated.

Chapter II, Part (C): SFRs (Large Utilities) – Supplemental information provided at filing

Duke Energy Ohio respectfully suggests deletion of the requirement for submission of a statistical report, as set forth in paragraph (2). In addition, paragraph (4) asks for the inclusion of several reports, including the annual report filed at the Commission. As such report is already in the Commission's hands, it is needless to provide a duplicate copy.

Chapter II, Section B: SFRs (Large Utilities) – Section B Instructions

Paragraph (E) of these instructions relates to working capital. This section distinguishes cash working capital from miscellaneous working capital but should be clarified such that the requirements for being granted each component of working capital are clear. In a number of recent rate proceedings, there has been debate over the Commission's requirements for granting "Miscellaneous Working Capital Items." The Commission can end any controversy over the requirements in Paragraph (E) by clarifying the support required from utilities to include "Miscellaneous Working Capital" when no allowance for "Cash Working Capital" is requested.

As it stands, the language is unclear as to what is required to support a request for other working capital.

Chapter II, Section B: SFRs (Large Utilities) – Schedule Templates

The template for Schedule B-4 should be modified to delete reference to “total pollution control projects.” As there is no provision for recovery of such construction work in progress, it should not have to be included.

Chapter II, Section C: SFRs (Large Utilities) – Section C Instructions

The instructions for Section C include, in paragraph (D)(7), a requirement that the applicant provide a total company payroll analysis. In light of the fact that most major electric and gas utilities are part of multijurisdictional corporations with service companies, with affiliate company labor often comprising the bulk of labor expenses, this requirement should be modified. The data is not meaningful when most labor costs are related to service company and affiliate company labor based on accounting allocation processes that can be reviewed by the Commission.

Chapter II, Section C: SFRs (Large Utilities) – Schedule Templates

The template for Schedule C-9.1 should be modified. As noted previously, most large utilities use service companies. This schedule should at most address only direct employees of the operating utility.

Chapter II, Section D: SFRs (Large Utilities) – Section D Instructions

Paragraph (B) requires information on the rate of return on a parent-consolidated basis. This instruction should be clarified as to whether it seeks information on the immediate parent or the ultimate parent, as some utilities, such as Duke Energy Ohio, have multiple layers of corporate ownership.

Chapter II, Section D: SFRs (Large Utilities) – Schedule Templates

Lines 5 through 7 of the template for Schedule D-1 should be eliminated. These lines require information that is not used on this schedule and is already provided on Schedule B-6.

Duke Energy Ohio suggests narrowing the number of years of historical data required in Schedule D-5. As currently structured, the schedule requires 10 years of data. This should be shortened to no more than 5 years.

Chapter II, Section E: SFRs (Large Utilities) – Section E Instructions

Paragraph (A) defines various terms relating to rates and tariffs. Several of these terms are impacted by customer shopping; specifically, items (1) through (4) and item (6). The Commission should provide guidance about how an applicant should reflect fuel, purchased power, and gas costs, for the purpose of estimating the impact of distribution rate cases on total revenue. For example, a specific percentage increase in distribution rates has a much larger impact on “total” revenue for a company, like Duke Energy Ohio, that has a relative small level of generation revenue. Duke Energy Ohio recommends that the Commission either use a proxy for fuel, purchase power, and gas for all load or exclude all revenue except for the distribution revenue at issue.

Paragraph (C)(4) suffers from the same problem as paragraph (A). Switching impacts the total revenue. Further, subparagraphs (i) and (ii) are not meaningful with unbundling and full customer choice.

Duke Energy Ohio suggests modification of paragraph (D) to provide guidance about the proper assumptions for fuel, purchased power, and gas price, when calculating typical bill impacts for a full choice company.

Chapter II, Section E: SFRs (Large Utilities) – Schedule Templates

The templates for Schedules E-4, E-4.1, E-4.3, and E-5 should be modified to delete references to fuel, purchase power, and gas costs. Alternatively, the Commission should provide guidance about what data should be used by full choice utilities.

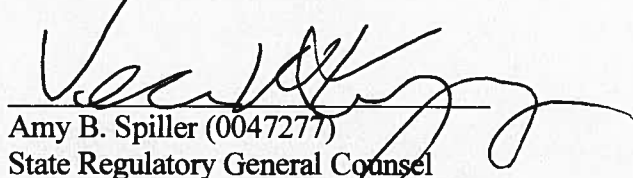
Chapter II, Section F: SFRs (Large Utilities)

Section F relates to integrated resource planning. Duke Energy Ohio recommends that this entire section be eliminated. The issue of resource planning is entirely moot for a distribution-only utility, especially in light of the filing of long-term forecast reports.

Duke Energy Ohio appreciates the opportunity to provide its initial comments to the Commission. Duke Energy Ohio respectfully requests that the Commission revise the proposed rules in accordance with the suggestions herein.

Respectfully submitted,

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Summary: Comments Initial Comments of Duke Energy Ohio electronically filed by Jeanne W Kingery on behalf of Duke Energy Ohio