

**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

**STATEMENT OF
OHIO PARTNERS FOR AFFORDABLE ENERGY**

INTRODUCTION

Ohio Partners for Affordable Energy (“OPAE”), a party to the above-captioned cases, hereby submits this statement in accordance with the Public Utilities Commission of Ohio’s (“Commission”) Entry issued in these cases on April 4, 2013. OPAE is a signatory party to the Stipulation and Recommendation filed in these cases on April 2, 2013. In the stipulation, the signatory parties agreed to litigate certain issues at the evidentiary hearing in these cases. The April 4, 2013 Entry stated, at 2, that by April 22, 2013, each party that filed an objection to the Staff Report of Investigation (“Staff Report”) shall file a statement identifying which objections pertain to the issues that are not part of the stipulation and will be litigated at the evidentiary hearing. OPAE filed objections to the Staff Report on February 4, 2012; therefore OPAE submits this statement.

OPAE objected to the Staff Report's recommended range of the revenue decrease. OPAE Objection 1. OPAE objected that the Staff Report's revenue decrease resulted in excessive rates. Therefore, OPAE's Objection 1 encompasses an objection to the Staff Report's determination of the reasonableness of certain manufactured gas plant ("MGP") related expenses, which is the issue reserved for litigation.

The Office of the Ohio Consumers' Counsel ("OCC") objected specifically to the Staff's determination of the reasonableness of the MGP-related expenses based on the Staff's stated purpose of its investigation. OCC Objection F 1 at 11. OCC objected to the Staff's recommendation that certain MGP-related investigation and remediation expenses should be collected from customers. OCC stated that all MGP-related investigation and remediation expenses should have been disallowed in order to prevent collection from Duke's customers. OCC made this objection pursuant to the Commission's ratemaking formula set forth at R.C. 4909.15 and other law. OCC Objection F 1 at 12.

OCC also objected to the limited scope of the Staff's investigation of the MGP sites. OCC Objection F 2. The Staff's investigation was limited to verification and eligibility of the expenses for recovery from natural gas distribution customers. The Staff should have expanded the nature of its investigation to include the urgency, scope, and necessity of the remediation activities for both the West End and East End MGP Sites. OCC objected that the Staff did not find that Duke's remediation activities were excessive and too costly for customers to pay. OCC Objections at 12. OCC objected that the Staff recommended Duke's collection from customers for certain investigation and remediation costs that were not just and reasonable.

Finally, OCC objected, if Duke is allowed to collect any MGP-related investigation and remediation costs from customers, that the Staff's three-year

amortization period for approved MGP-related remediation costs was not reasonable given the one-time nonrecurring nature of these costs. OCC Objection F 3 a, at 13. If any costs are collected from customers, the amortization period should be much longer, i.e., ten years or longer. OCC also objected that the Staff did not offset accumulated deferred income taxes against the gross balance of the deferred MGP costs on which carrying charges are calculated. OCC Objection F 3 b, at 14. OCC also objected that the Staff did not address the issue of the allocation of MGP investigation and remediation costs, if they are collected from customers, among Duke's customer classes. OCC Objection F 3, at 14. These OCC objections to the Staff Report will be litigated in these cases.

Therefore, the foregoing objections of OPAE and OCC have not been settled and will be litigated at the hearing in these cases.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of this Statement was served electronically upon the following parties identified below in these cases on this 22nd day of April 2013.

/s/Colleen L. Mooney
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Summary: Text Statement electronically filed by Colleen L Mooney on behalf of Ohio Partners
for Affordable Energy