

**BEFORE THE  
PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio Power :  
Company to Establish a Competitive Bidding : **Case No. 12-3254-EL-UNC**  
Process for Procurement of Energy to Support :  
its Standard Service Offer :

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**JOINT REPLY BRIEF OF  
THE OHIO ENERGY GROUP  
AND  
THE OFFICE OF OHIO CONSUMERS' COUNSEL**

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The Ohio Energy Group (“OEG”) and The Office of the Ohio Consumers’ Counsel (“OCC”) submit this Reply Brief in response to the Post-Hearing Briefs of Ohio Power Company (“AEP Ohio” or “Company”), Constellation NewEnergy, Inc. and Exelon Generation (jointly, “Exelon”), and FirstEnergy Solutions Corp. (“FirstEnergy”).<sup>1</sup> Resolving the plight of non-shopping customers should be of paramount concern as the Public Utilities Commission of Ohio (“Commission” or “PUCO”) considers the parties’ recommendations. Non-shopping customers primarily include residential and small business customers, low-income Percentage of Income Payment Program (“PIPP”) customers, and energy-intensive reasonable-arrangement customers. These customers will pay high cost-based rates for capacity coupled with higher market-based rates for energy over the next sixteen months, unless the PUCO modifies AEP Ohio’s proposed Compleitive Bidding Process (“CBP”).

Intervenors have offered various options to mitigate the harm to non-shopping customers. But OEG/OCC’s approach is the most effective and simple way to protect these customers. Under OEG/OCC’s approach, customers are not harmed, and reasonably priced electric service is more likely to be made available to them. Moreover, using a reserve price for the auctions, as suggested by OEG/OCC, will not impede the competitive market. Indeed, customer switching

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<sup>1</sup> OEG/OCC’s decision not to respond to other arguments raised in this proceeding should not be construed as implicit agreement with those arguments.

rates in AEP Ohio's territory have dramatically increased since 2009, with the latest publicly available switching rate for AEP Ohio showing that 49.4% of AEP Ohio's load is being served by competitive retail electric service ("CRES") providers. Concern over the market developing is misplaced.

Instead the concern should be directed toward the impact of "pro-competitive" policies on customers' rates. While one of the main premises of Senate Bill 221 ("S.B. 221") was to assist in the development of a competitive generation market, this is not the end-all purpose of SB 221. Rather the law requires "reasonably priced electric retail service" by providing customers with the tools and opportunities to achieve such reasonable prices. Competition should be a means toward that end, with the benefits of competition flowing to customers. Reasonably priced electric service for customers should be the goal.

**I. AEP Ohio's Rate Mitigation Proposals Will Not Protect Non-Shopping Customers From Being Harmed As A Result Of Its "Energy-Only" Auctions And Therefore Should Not Be Adopted In Lieu Of OEG/OCC's Reserve Price Recommendation.**

AEP Ohio criticizes OEG/OCC's recommendation to set the reserve price for AEP Ohio's 10% and 60% "energy-only" auctions at the fuel adjustment clause ("FAC") rates that non-shopping customers otherwise would pay. AEP Ohio claims that doing so would be "arbitrary" and that adopting OEG/OCC's recommendations would interfere with the competitive market in Ohio.<sup>2</sup> The Company urges that the Commission's approval of auction rates not be dependent upon their "temporary" relationship to FAC rates, and insists that the path to market "is not conditioned on temporary or short-term market results – it is a permanent goal."<sup>3</sup>

In essence, AEP Ohio asks the Commission to stand back and allow the "energy-only" auctions to adversely impact non-shopping customers' energy rates during the 16-month period when the auction rates are blended with the FAC rates those customers would otherwise pay. But

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<sup>2</sup> AEP Ohio Brief at 7-9.

<sup>3</sup> AEP Ohio Brief at 8.

doing so would ignore the fundamental goal of the “energy-only” auctions as well as the Commission’s statutory obligation to set reasonable rates for customers.<sup>4</sup>

The Commission established the 10% and 60% “energy-only” auctions to benefit non-shopping customers.<sup>5</sup> The most important metric in assessing whether customers have benefited as a result of the “energy-only” auctions is whether their energy rates are lower than what they would otherwise be if the auctions were not held. Non-shopping customers receive no benefit if they are forced to pay unnecessarily increased rates (which could collect as much as \$211 million in additional charges from those customers) merely for the sake of developing the “competitive market.”<sup>6</sup> The goal of competition is to lower customers’ rates. The Commission can ensure that AEP Ohio’s “energy-only” auctions result in rates for non-shopping customers either equal to or lower than their current rates by setting the reserve price for the 10% and 60% auctions at the FAC rates that those customers otherwise would pay.

Contrary to AEP Ohio’s insinuations,<sup>7</sup> OEG/OCC’s reserve price recommendation is distinct from any recommendations raised in the Company’s ESP case. Rather than advocating for a delay in the timing of the “energy-only” auctions or the rejection of results after auctions have occurred, OEG/OCC presently recommend that the Commission establish one simple customer protection that would still allow the auctions to be held in accordance with the Commission’s desired schedule and would provide certainty that those auctions results will be upheld. Setting the reserve price for the “energy-only” auctions at the FAC rates customers

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<sup>4</sup> See e.g. R.C. 4928.02(A).

<sup>5</sup> ESP Order at 39 (“*slowing the movement to competitive auctions would ultimately harm residential customers by precluding them from enjoying any benefits from competition.*”); FirstEnergy Brief at 1 (“There are two inescapable conclusions from the AEP ESP II Order and Entry on Rehearing which are relevant to this case. First, the Commission wanted AEP Ohio to transition to market based pricing...Second, the Commission wanted those market prices to actually benefit customers”).

<sup>6</sup> Direct Testimony of Lane Kollen (June 14, 2013)(“Kollen Testimony”) at 15:1-18.

<sup>7</sup> AEP Ohio Brief at 8.

otherwise would pay accomplish both of these ends while also protecting non-shopping customers from unreasonable and unnecessary rate increases.

AEP Ohio proposes three measures that may mitigate some of the potential adverse rate impacts to non-shopping customers resulting from the “energy-only” auctions. But none of those measures will effectively prevent *any* harm to those customers. AEP Ohio suggests that the Commission: 1) wait around for the base generation rate decrease in January 2015 to reduce the rates of non-shopping customers; 2) maintain separate rate zones for the FAC through December 2014; and/or 3) expand the 12% rate cap established in the ESP to include the “energy-only” auction rate impacts.<sup>8</sup>

The first of these measures is going to happen anyway as a result of the Commission’s ESP findings and therefore, does not provide any additional protection to customers. The second of these measures is independent of the “energy-only” auction results and provides no protection to customers unless the Commission sets a separate auction reserve price for each AEP Ohio rate zone at the FAC rate that customers in that rate zone would otherwise pay. The third measure may provide some small short-term protection to customers, but would still allow unreasonable and unnecessary rate increases to result from the “energy-only” auctions. Additionally, if the energy rates from the auctions resulted in an individual customer meeting the 12% rate cap, it would simply create deferrals that would be collected later from all customers, increasing their cost burden. Creating additional costs to be deferred and collected from customers later is not sound regulatory policy.

The Commission’s goal in this case should not be to determine what level of potential harm to non-shopping customers is acceptable. It should be preventing *any* harm to non-shopping customers as a result of the “energy-only” auctions, particularly when doing so is as simple as adopting OEG/OCC’s reserve price recommendation. Accordingly, though adoption of

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<sup>8</sup> AEP Ohio Brief at 29-32.

AEP Ohio's proposed measures may provide some small short-term protection to customers, the Commission should not do so in lieu of setting the reserve price for the auctions at the FAC rates customers otherwise would pay.

## **II. The Commission Should Reject Exelon's Recommended Crediting Mechanism.**

Exelon acknowledges that "...under the well-known 'regulatory compact,' SSO customers who are required to pay AEP's embedded capacity until the end of the transition period are entitled to the energy generated by AEP's legacy generating units at the lower of cost or market."<sup>9</sup> To address the fact that AEP Ohio's proposed auction structure may not allow the regulatory compact to be upheld, Exelon suggests that any difference customers pay between the energy rates resulting from the auctions and the FAC rates customers would otherwise pay, would be used as a reduction in the AEP Ohio capacity case deferral.<sup>10</sup>

While Exelon's *ad hoc* hodgepodge approach is "creative," it suffers from a series of flaws. First, Exelon's approach has no basis in the language of the Commission's ESP Order. Second, it rests upon the faulty assumption that the capacity case deferral can lawfully be collected from non-shopping customers. Third, although Exelon has seemingly modified its proposed crediting mechanism to apply only to non-shopping customers (which resolves the issue of non-shopping customers funding a credit to shopping customers),<sup>11</sup> OEG/OCC's reserve price recommendation provides a much more administratively simple solution by which to protect non-shopping customers. Fourth, Exelon's modified proposal would not protect non-shopping customers who shop prior to the collection of the capacity case deferral since those customers

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<sup>9</sup> Exelon Brief at 3.

<sup>10</sup> Exelon Brief at 13-16 (referring to the deferral established in Case No. 10-2929-EL-UNC).

<sup>11</sup> Exelon Brief at 15 ("...it should be noted that the crediting is only to the standard service load. Thus, on the more than 49.4 percent of the load that is shopping, Dr. Lesser's crediting mechanism would not apply and AEP can earn a margin in the market if its energy is competitively priced.").

would pay unnecessarily high rates now, but would not receive the capacity case credit that Exelon proposes to apply later.

Exelon also raises concerns about the impact of adopting OEG/OCC's reserve price recommendation, stating that establishing a cap will discourage the competitive market in AEP Ohio's territory and impose long-run harm on non-shopping customers.<sup>12</sup> But given that CRES providers already make nearly half the sales in AEP Ohio's territory and will make all of the sales once AEP Ohio holds 100% energy and capacity auctions,<sup>13</sup> it appears that the competitive market is already thriving and is likely to continue to thrive in AEP Ohio's service territory. Regarding any long-term effects of the Commission's decision to protect non-shopping customers for the brief 16-month period prior to the 100% energy auctions, it is highly unlikely that such a decision would cause suppliers to avoid opportunities to bid on SSO load in AEP Ohio's service territory in the future, especially once AEP Ohio's entire SSO load is subject to auction. Accordingly, the Commission should not be dissuaded from protecting non-shopping customers in this case based upon a perceived hypothetical threat that competition in AEP Ohio's service territory will somehow be chilled by doing so.

**III. If the Commission Adopts FirstEnergy's Blending Recommendation, It Should Clarify That The Energy And Demand Costs Resulting From AEP Ohio's SSO Auctions Will Be Allocated In The Same Manner That FirstEnergy Uses To Allocate Those Costs.**

FirstEnergy recommends that AEP Ohio blend its current cost-based capacity rates (\$314/MW-day) with a \$188.88/MW-day capacity rate in the same percentages as the Company blends its energy rates (10%, 60%, etc.). That approach is similar in principle to MRO

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<sup>12</sup> Exelon Brief at 6.

<sup>13</sup> "Summary of Switch Rates from EDUs to CRES Providers in Terms of Sales For the Month Ending March 31, 2013," available at <http://www.puco.ohio.gov/emplibrary/files/util/MktMonitoringElecCustSwitchRates/SWITCH%20RATES%20SALES/2013/1Q2013.pdf>.

blending.<sup>14</sup> The key difference between the two capacity rates is that the \$314/MW-day rate represents AEP Ohio's *gross* capacity costs whereas the \$188.88/MW-day rate represents its *net* capacity costs (reduced for energy margins). While it is up to the Commission to determine whether FirstEnergy's blending recommendation is outside of the scope of and/or barred by the ESP Order, the proposal is sound and could save customers approximately \$180 million.<sup>15</sup>

Further, the Commission can adopt FirstEnergy's blending recommendation in addition to OEG/OCC's reserve price recommendation. The two recommendations are not mutually exclusive. While FirstEnergy may claim otherwise,<sup>16</sup> OEG/OCC's reserve price recommendation is not contrary to the Commission's ESP Order. Instead, the Commission seeks to achieve the goal that FirstEnergy itself concedes is clearly expressed in that Order - transitioning AEP Ohio to market-based prices that "actually benefit customers."<sup>17</sup> Adopting OEG/OCC's reserve price recommendation does not prevent the auctions from happening nor does it bar suppliers from bidding in those auctions. It merely ensures that non-shopping customers benefit from any market-based energy prices resulting from the auctions. If AEP Ohio's competitors can beat the FAC rate that customers would otherwise pay, they can still win part of the Company's SSO load. But even if suppliers cannot beat AEP Ohio's FAC rates or choose not to bid in the 10% and 60% "energy-only" auctions, it does not mean that those auctions are "failures." It simply means that competitors cannot beat the energy rate to which consumers are entitled to under the "regulatory compact."

If the Commission ultimately adopts FirstEnergy's blending recommendation, it should also find that the \$188.88/MW-day capacity cost and the energy costs resulting from AEP Ohio's auctions will be allocated in the same manner that FirstEnergy uses to allocate such costs from its

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<sup>14</sup> FirstEnergy Brief at 9-11.

<sup>15</sup> FirstEnergy Brief at 2-3.

<sup>16</sup> FirstEnergy Brief at 15.

<sup>17</sup> FirstEnergy Brief at 1.

SSO auctions. Specifically, FirstEnergy allocates the capacity costs resulting from its SSO auctions on the 5 CP basis used by PJM (Duke allocates demand costs resulting from its SSO auctions on a 1 CP basis, which is a proxy for 5 CP, since Duke had not yet joined PJM when it signed its ESP Stipulation).<sup>18</sup> FirstEnergy allocates the energy costs resulting from its SSO auctions with adjustments for line losses in order to account for the fact that higher voltage customers have fewer line losses than lower voltage customers.<sup>19</sup> These capacity and energy allocations are grounded in fundamental ratemaking principles and therefore, should be adopted for AEP Ohio as well.

#### **IV. Exelon Failed To Provide Sufficient Reason Not To Hold Separate “Energy-Only” Auctions For The Ohio Power And Columbus Southern Power Rate Zones.**

Exelon argues that OEG/OCC’s recommendation to hold separate “energy-only” auctions for the former Ohio Power and Columbus Southern Power rates zones should be rejected.<sup>20</sup> Exelon claims that “there is no evidence of any *appreciable* difference between what a bidder would bid into each zone” and that increasing the number of auctions will also increase the administrative costs of participation to bidders.<sup>21</sup>

With regard to the Exelon’s first claim, if OEG/OCC’s reserve price recommendation is adopted by the Commission, there will undoubtedly be an *appreciable* difference between what a bidder could bid into each rate zone. This is because the “*price to beat*” for the SSO auctions in each rate zone (i.e. FAC rate) would be approximately \$6/MWh higher in the Columbus Southern Power rate zone than in the Ohio Power rate zone. Hence, the reserve price in Columbus Southern Power’s rate zone auction would be significantly higher than the reserve price in Ohio Power’s rate zone auction.

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<sup>18</sup> See attached tariff sheets for FirstEnergy’s Rider GEN and Attachment B to the Duke ESP Stipulation.

<sup>19</sup> Id.

<sup>20</sup> Exelon Brief at 11.

<sup>21</sup> Id.

With regard to its second claim, Exelon has not offered anything more than speculation that any additional administrative costs would be sufficient to deter potential bidders from participating in each rate zone's "energy-only" auctions. This is insufficient to justify subjecting Ohio Power customers to the risk of paying unreasonably high energy rates when the Commission could simply hold separate auctions for each rate zone.

## V. CONCLUSION

The Commission has the duty and responsibility to ensure that reasonably priced retail electric service is made available to customers in this state. It can carry out its duty in this proceeding by implementing a reserve price for the energy-only CBP, as recommended by OEG/OCC. Doing so will prevent non-shopping customers from experiencing high cost-based rates for capacity and higher market-based rates for energy over the next sixteen months. Setting a reserve price for the energy-only auctions will do little to impede the development of competition in a market where customers are switching daily by ever increasing numbers.

Respectfully submitted,

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### **CERTIFICATE OF SERVICE**

I hereby certify that a copy of the Joint Reply Brief of the Ohio Energy Group and the Office of the Ohio Consumers' Counsel was served on the persons stated below via electronic service this 30<sup>th</sup> day of August 2013.

*/s/ Maureen R. Grady* \_\_\_\_\_

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**RIDER GEN**  
**Generation Service Rider**

**APPLICABILITY:**

For customers taking the Standard Service Offer electric generation service ("SSO Generation Service") from the Company, the following Standard Service Offer Generation Charges (SSOGC) by rate schedule, will apply, effective for service rendered beginning June 1, 2013, for all kWhs per kWh, unless otherwise noted:

Capacity costs resulting from annual PJM auctions (including the PJM-administered Fixed Resource Requirement auctions conducted in March 2010) will be calculated by Company and by tariff schedule based on the average of coincident peaks, including distribution losses, for the months of June through September of the year prior to the year in which the auction occurred. The calculated wholesale capacity costs are used to develop capacity charges.

These calculated wholesale capacity costs will be converted to an energy basis and will then be subtracted from the SSO CBP results to develop the non-capacity related energy charges.

**RATE:**

<u>Capacity Charges</u>	<u>Summer</u>	<u>Winter</u>
RS	0.3028¢	0.3028¢
GS	0.2810¢	0.2810¢
GP	0.1801¢	0.1801¢
GSU	0.1905¢	0.1905¢
GT	0.1702¢	0.1702¢
STL	0.0000¢	0.0000¢
TRF	0.0139¢	0.0139¢
POL	0.0000¢	0.0000¢
 <u>Energy Charges</u>	 <u>Summer</u>	 <u>Winter</u>
RS	6.4533¢	5.5443¢
GS	6.4533¢	5.5443¢
GP	6.2332¢	5.3557¢
GSU	6.0610¢	5.2082¢
GT	6.0551¢	5.2031¢
STL	6.4533¢	5.5443¢
TRF	6.4533¢	5.5443¢
POL	6.4533¢	5.5443¢

**RIDER GEN**  
**Generation Service Rider**

**TIME-OF-DAY OPTION:**

For customers with the appropriate qualifying time-of-day metering and who elect to be served under the Time-Of-Day Option, the charge by rate schedule will be as shown below, for all kWhs, per kWh:

**Capacity Charges**

	<u>Summer</u>			<u>Winter</u>		
	<u>Midday Peak</u>	<u>Shoulder Peak</u>	<u>Off-Peak</u>	<u>Midday Peak</u>	<u>Shoulder Peak</u>	<u>Off-Peak</u>
GS	0.2810¢	0.2810¢	0.2810¢	0.2810¢	0.2810¢	0.2810¢
GP	0.1801¢	0.1801¢	0.1801¢	0.1801¢	0.1801¢	0.1801¢
GSU	0.1905¢	0.1905¢	0.1905¢	0.1905¢	0.1905¢	0.1905¢
GT	0.1702¢	0.1702¢	0.1702¢	0.1702¢	0.1702¢	0.1702¢

**Energy Charges**

	<u>Summer</u>			<u>Winter</u>		
	<u>Midday Peak</u>	<u>Shoulder Peak</u>	<u>Off-Peak</u>	<u>Midday Peak</u>	<u>Shoulder Peak</u>	<u>Off-Peak</u>
GS	11.3590¢	7.2483¢	4.3237¢	6.5162¢	7.4498¢	4.1987¢
GP	10.9716¢	7.0011¢	4.1762¢	6.2945¢	7.1964¢	4.0558¢
GSU	10.6685¢	6.8077¢	4.0608¢	6.1211¢	6.9982¢	3.9441¢
GT	10.6581¢	6.8010¢	4.0569¢	6.1151¢	6.9913¢	3.9403¢

Midday-peak time shall be noon to 6 p.m. EST, Monday through Friday, excluding holidays.

Shoulder-peak time shall be 6 a.m. to noon and 6 p.m. to 10 p.m. EST, Monday through Friday, excluding holidays.

Holidays are defined as New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. Off-Peak shall be all other hours.

A customer may terminate its participation in this time-of-day option at any time effective with the next scheduled meter reading. A qualifying customer may return to the time-of-day option at any time after a hiatus from the time-of-day option of at least one (1) year.

**METERING:**

The customer must arrange for time-of-day metering consistent with the Company's Miscellaneous Charges, Tariff Sheet 75.

**RIDER GEN**  
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**APPLICABILITY:**

For customers taking the Standard Service Offer electric generation service ("SSO Generation Service") from the Company, the following Standard Service Offer Generation Charges (SSOGC) by rate schedule, will apply, effective for service rendered beginning June 1, 2013, for all kWhs per kWh, unless otherwise noted:

Capacity costs resulting from annual PJM auctions (including the PJM-administered Fixed Resource Requirement auctions conducted in March 2010) will be calculated by Company and by tariff schedule based on the average of coincident peaks, including distribution losses, for the months of June through September of the year prior to the year in which the auction occurred. The calculated wholesale capacity costs are used to develop capacity charges.

These calculated wholesale capacity costs will be converted to an energy basis and will then be subtracted from the SSO CBP results to develop the non-capacity related energy charges.

**RATE:**

<u>Capacity Charges</u>	<u>Summer</u>	<u>Winter</u>
RS	0.2891¢	0.2891¢
GS	0.2846¢	0.2846¢
GP	0.2052¢	0.2052¢
GSU	0.1755¢	0.1755¢
GT	0.1565¢	0.1565¢
STL	0.0000¢	0.0000¢
TRF	0.1817¢	0.1817¢
POL	0.0000¢	0.0000¢
 <u>Energy Charges</u>	 <u>Summer</u>	 <u>Winter</u>
RS	6.4533¢	5.5443¢
GS	6.4533¢	5.5443¢
GP	6.2332¢	5.3557¢
GSU	6.0610¢	5.2082¢
GT	6.0551¢	5.2031¢
STL	6.4533¢	5.5443¢
TRF	6.4533¢	5.5443¢
POL	6.4533¢	5.5443¢

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For customers with the appropriate qualifying time-of-day metering and who elect to be served under the Time-Of-Day Option, the charge by rate schedule will be as shown below, for all kWhs, per kWh:

**Capacity Charges**

	<u>Summer</u>			<u>Winter</u>		
	<u>Midday Peak</u>	<u>Shoulder Peak</u>	<u>Off-Peak</u>	<u>Midday Peak</u>	<u>Shoulder Peak</u>	<u>Off-Peak</u>
GS	0.2846¢	0.2846¢	0.2846¢	0.2846¢	0.2846¢	0.2846¢
GP	0.2052¢	0.2052¢	0.2052¢	0.2052¢	0.2052¢	0.2052¢
GSU	0.1755¢	0.1755¢	0.1755¢	0.1755¢	0.1755¢	0.1755¢
GT	0.1565¢	0.1565¢	0.1565¢	0.1565¢	0.1565¢	0.1565¢

**Energy Charges**

	<u>Summer</u>			<u>Winter</u>		
	<u>Midday Peak</u>	<u>Shoulder Peak</u>	<u>Off-Peak</u>	<u>Midday Peak</u>	<u>Shoulder Peak</u>	<u>Off-Peak</u>
GS	11.3590¢	7.2483¢	4.3237¢	6.5162¢	7.4498¢	4.1987¢
GP	10.9716¢	7.0011¢	4.1762¢	6.2945¢	7.1964¢	4.0558¢
GSU	10.6685¢	6.8077¢	4.0608¢	6.1211¢	6.9982¢	3.9441¢
GT	10.6581¢	6.8010¢	4.0569¢	6.1151¢	6.9913¢	3.9403¢

Midday-peak time shall be noon to 6 p.m. EST, Monday through Friday, excluding holidays.

Shoulder-peak time shall be 6 a.m. to noon and 6 p.m. to 10 p.m. EST, Monday through Friday, excluding holidays.

Holidays are defined as New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. Off-Peak shall be all other hours.

A customer may terminate its participation in this time-of-day option at any time effective with the next scheduled meter reading. A qualifying customer may return to the time-of-day option at any time after a hiatus from the time-of-day option of at least one (1) year.

**METERING:**

The customer must arrange for time-of-day metering consistent with the Company's Miscellaneous Charges, Tariff Sheet 75.

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For customers taking the Standard Service Offer electric generation service ("SSO Generation Service") from the Company, the following Standard Service Offer Generation Charges (SSOGC) by rate schedule, will apply, effective for service rendered beginning June 1, 2013, for all kWhs per kWh, unless otherwise noted:

Capacity costs resulting from annual PJM auctions (including the PJM-administered Fixed Resource Requirement auctions conducted in March 2010) will be calculated by Company and by tariff schedule based on the average of coincident peaks, including distribution losses, for the months of June through September of the year prior to the year in which the auction occurred. The calculated wholesale capacity costs are used to develop capacity charges.

These calculated wholesale capacity costs will be converted to an energy basis and will then be subtracted from the SSO CBP results to develop the non-capacity related energy charges.

**RATE:**

<u>Capacity Charges</u>	<u>Summer</u>	<u>Winter</u>
RS	0.3345¢	0.3345¢
GS	0.2850¢	0.2850¢
GP	0.2178¢	0.2178¢
GSU	0.1510¢	0.1510¢
GT	0.1594¢	0.1594¢
STL	0.0000¢	0.0000¢
TRF	0.0933¢	0.0933¢
POL	0.0000¢	0.0000¢
 <u>Energy Charges</u>	 <u>Summer</u>	 <u>Winter</u>
RS	6.4533¢	5.5443¢
GS	6.4533¢	5.5443¢
GP	6.2332¢	5.3557¢
GSU	6.0610¢	5.2082¢
GT	6.0551¢	5.2031¢
STL	6.4533¢	5.5443¢
TRF	6.4533¢	5.5443¢
POL	6.4533¢	5.5443¢

**RIDER GEN**  
**Generation Service Rider**

**TIME-OF-DAY OPTION:**

For customers with the appropriate qualifying time-of-day metering and who elect to be served under the Time-Of-Day Option, the charge by rate schedule will be as shown below, for all kWhs, per kWh:

<u>Capacity Charges</u>	<u>Summer</u>			<u>Winter</u>		
	<u>Midday Peak</u>	<u>Shoulder Peak</u>	<u>Off-Peak</u>	<u>Midday Peak</u>	<u>Shoulder Peak</u>	<u>Off-Peak</u>
GS	0.2850¢	0.2850¢	0.2850¢	0.2850¢	0.2850¢	0.2850¢
GP	0.2178¢	0.2178¢	0.2178¢	0.2178¢	0.2178¢	0.2178¢
GSU	0.1510¢	0.1510¢	0.1510¢	0.1510¢	0.1510¢	0.1510¢
GT	0.1594¢	0.1594¢	0.1594¢	0.1594¢	0.1594¢	0.1594¢

<u>Energy Charges</u>	<u>Summer</u>			<u>Winter</u>		
	<u>Midday Peak</u>	<u>Shoulder Peak</u>	<u>Off-Peak</u>	<u>Midday Peak</u>	<u>Shoulder Peak</u>	<u>Off-Peak</u>
GS	11.3590¢	7.2483¢	4.3237¢	6.5162¢	7.4498¢	4.1987¢
GP	10.9716¢	7.0011¢	4.1762¢	6.2945¢	7.1964¢	4.0558¢
GSU	10.6685¢	6.8077¢	4.0608¢	6.1211¢	6.9982¢	3.9441¢
GT	10.6581¢	6.8010¢	4.0569¢	6.1151¢	6.9913¢	3.9403¢

Midday-peak time shall be noon to 6 p.m. EST, Monday through Friday, excluding holidays.

Shoulder-peak time shall be 6 a.m. to noon and 6 p.m. to 10 p.m. EST, Monday through Friday, excluding holidays.

Holidays are defined as New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. Off-Peak shall be all other hours.

A customer may terminate its participation in this time-of-day option at any time effective with the next scheduled meter reading. A qualifying customer may return to the time-of-day option at any time after a hiatus from the time-of-day option of at least one (1) year.

**METERING:**

The customer must arrange for time-of-day metering consistent with the Company's Miscellaneous Charges, Tariff Sheet 75.

Duke Energy Ohio  
Methodology for Calculating Average Bidders RC and RE (For Illustration Purposes Only)

Month	Auction 1			Auction 2		Auction 3		Auction 4		Auction 5		Total		
	Jan 12-May 13	Jan 12-May 14	Jan 12-May 15	Jun 13-May 15	Jun 13-May 15	Jun 13-May 15	Jun 13-May 15	Jun 14-May 15	Jun 14-May 15	Jun 14-May 15	Jun 14-May 15	Total <sup>(1)</sup>	RC <sup>(2)</sup>	RE
Auction 1	Dec 2011	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	\$4.11	\$58.59
	Jan 2012	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Feb	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Mar	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Apr	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
Auction 2	May	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Jun	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Jul	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Aug	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Sep	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
Auction 3	Oct	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Nov	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Dec	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Jan 2013	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Feb	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
Auction 4	Mar	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Apr	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	May	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Jun	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Jul	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
Auction 5	Aug	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Sep	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Oct	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Nov	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Dec	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
Auction 6	Jan 2014	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Feb	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Mar	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Apr	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	May	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
Auction 7	Jun	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Jul	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Aug	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Sep	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Oct	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
Auction 8	Nov	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Dec	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Jan 2015	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Feb	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Mar	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
Auction 9	Apr	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	May	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Jun	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Jul	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Aug	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
Auction 10	Sep	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Oct	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Nov	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Dec	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59
	Jan 2016	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	\$62.70	4.11	\$58.59

NOTE: (1) Auction prices are based on estimates of retail market prices, AT THE METER, from Dutch Rose Exhibit IV transformed from calendar year to delivery period.  
 (2) Ultimate prices for each delivery period will be the weighted-average of all franchises auctioned for the applicable delivery period.  
 (3) Average capacity prices, AT THE METER, as calculated on Exhibit 1-B, page 2.

Duke Energy Ohio  
Convert Capacity and Energy Prices for Proposed Delivery Periods

Period	Methodology for Calculating Average Price for Rider RC					
	Underlying Capacity Price		Days in Period	Capacity Cost To Recover (3)	Projected MWh in Period (4)	Average Capacity Price (5)
	Demand (1)	FZCP (2)				
Jan '12 - May '12	4,732	\$116.16	152	\$88,980,437	8,533,333	\$4.11
Jun '12 - May '13	4,732	16.46	365	30,277,293	20,473,777	
Jun '13 - May '14	4,732	27.73	365	51,007,857	20,810,354	2.45
Jun '14 - May '15	4,732	125.99	365	231,751,890	21,177,162	10.94

Note: <sup>(1)</sup> Reliability Obligation as reported to PJM. (Will need to update future years for any growth).

<sup>(2)</sup> PJM's Final Zonal Capacity Price. Prices shown for June 2012 through May 2015 are based on the results of the Base Residual Auctions for those delivery periods.

<sup>(3)</sup> FZCP Prices are at load zone. Gross up by 6.5% for average T&D losses.

<sup>(4)</sup> Estimated MWh sales as shown in Attachment WDW-2.

<sup>(5)</sup> Assumes first delivery period is January 2012 through May 2014.

Calendar Year	Calculate Average Price for Rider RE		
	Mkt Price <sup>(1)</sup>	Avg Cap Price <sup>(2)</sup>	Avg Energy
Jan '12 - Dec '12	\$61.40	\$5.21	\$56.19
Jan '13 - Dec '13	66.30	1.95	64.35
Jan '14 - Dec '14	78.70	7.08	71.62
Jan '15 - Dec '15 <sup>(3)</sup>	90.40	10.94	79.46

  

Delivery Period	Wtd Energy <sup>(4)</sup>	Avg Cap	Price for Period
Jan '12 - May '13	\$58.59	\$4.11	\$62.70
Jun '13 - May '14	68.59	2.45	71.04
Jun '14 - May '15	76.19	10.94	87.13

<sup>(1)</sup> Total Projected Retail Market Price from JLR Testimony, Exhibit W. At the meter.

Figures in Exhibit W are in Calendar Year.

<sup>(2)</sup> Weighted average capacity price converted to average per MWh.

<sup>(3)</sup> ESP ends on May 31, 2015.

<sup>(4)</sup> Weighted by months of calendar year prices from Exhibit W in each delivery period.

**Duke Energy Ohio  
Allocations of Capacity Costs for Rate Design - January 2012 - May 2013**

No	Description	Allocation of Rider RC Revenue Requirement <sup>(1)</sup>			
		Percent of Total	Allocated \$	kWh Sales <sup>(2)</sup>	Rate (¢/kWh) <sup>(3)</sup>
Rate Schedule:					
1	Residential (RS, TD, ORH)	39.12%	\$46,658,850	10,195,029,765	0.46
2	Electric Space Heating (EH)	0.47%	\$561,859	146,825,619	0.38
3	Secondary Distribution - Small (DM)	3.05%	\$3,638,480	785,510,905	0.46
4	Unmetered Small Fixed Load (GSFL, ADPL)	0.17%	\$200,728	44,017,767	0.46
5	Secondary Distribution (DS)	36.60%	\$43,648,928	9,390,338,772	0.46
6	Primary Distribution (DP)	9.66%	\$11,525,976	3,248,073,423	0.35
7	Transmission Voltage (TS)	10.33%	\$12,324,786	4,695,906,496	0.26
8	Lighting	0.59%	\$698,123	152,543,234	0.46
9	Total	100.00%	\$119,257,730	28,658,245,981	0.42

Note: <sup>(1)</sup> Rider RC is allocated in the following manner: First, the total amount is allocated to DP and TS based on 1 CP allocator. The allocation among all other classes is based on energy.

<sup>(2)</sup> Projected kWh sales for the period January 1, 2012, through May 31, 2013.

<sup>(3)</sup> Average Rider RC rates are shown for comparison only. The actual rates for each class are calculated on Exhibit 2 (Attachment B), page 2.

	January 2012 - May 2013			January 2012 - May 2013			June 2013 - May 2014			June 2014 - May 2015		
	kWh; kW; kVA	Base Gen Revenue	% of Rate Group	Allocated Cap Cost	Allocated Revenue	Rate (\$/kWh; kW; kVA)	Rate (\$/kWh; kW; kVA)	Rate (\$/kWh; kW; kVA)	Rate (\$/kWh; kW; kVA)	Rate (\$/kWh; kW; kVA)	Rate (\$/kWh; kW; kVA)	
<b>Rate RS, Residential Service</b>				\$46,658,850								
Summer, First 1000 kWh	2,576,581,344	\$109,105,337	27.505%		\$12,833,698	\$0.004981	\$0.002969	\$0.013258				
Summer, Additional kWh	1,327,367,209	74,684,316	18.828%		8,784,868	\$0.006818	\$0.003945	\$0.017617				
Winter, First 1000 kWh	4,519,744,433	191,388,578	48.249%		22,512,402	\$0.004981	\$0.002969	\$0.013258				
Winter, Additional kWh	1,624,472,012	15,871,092	4.001%		1,866,864	\$0.001149	\$0.000885	\$0.003059				
<b>Rate ORH, Optional Residential Service</b>												
Summer, First 1000 kWh	1,101,570	\$42,522	0.011%		\$5,002	\$0.004541	\$0.002707	\$0.012068				
Summer, Additional kWh	1,353,915	65,600	0.017%		7,716	\$0.005899	\$0.003397	\$0.015170				
Summer, kWh greater than 150 times demand	370,589	17,956	0.005%		2,112	\$0.005899	\$0.003397	\$0.015170				
Winter, First 1000 kWh	2,455,194	94,768	0.024%		11,147	\$0.004540	\$0.002706	\$0.012065				
Winter, Additional kWh	3,973,169	58,203	0.015%		6,846	\$0.001723	\$0.001027	\$0.004587				
Winter, kWh greater than 150 times demand	1,548,105	7,773	0.002%		914	\$0.000591	\$0.000352	\$0.001572				
<b>Rate TD, Optional Time-of-Day Rate</b>												
Summer, On-Peak kWh	58,618	\$8,026	0.002%		\$709	\$0.012093	\$0.007208	\$0.032188				
Summer, Off-Peak kWh	146,462	827	0.000%		97	\$0.000664	\$0.000396	\$0.001788				
Winter, On-Peak kWh	83,280	6,936	0.002%		769	\$0.009232	\$0.005503	\$0.024573				
Winter, Off-Peak kWh	270,376	1,528	0.000%		180	\$0.000665	\$0.000396	\$0.001769				
<b>Rate CUR, (Rev. Class 01, 02, 04, 16 &amp; 18 only)</b>												
Summer, First 1000 kWh	29,075,378	\$1,294,930	0.326%		\$152,316	\$0.005239	\$0.003123	\$0.013944				
Summer, Additional kWh	12,424,148	733,199	0.185%		86,244	\$0.006942	\$0.004138	\$0.018477				
Winter, First 1000 kWh	67,530,351	3,007,599	0.758%		353,774	\$0.005239	\$0.003123	\$0.013944				
Winter, Additional kWh	26,473,613	282,156	0.071%		33,189	\$0.001254	\$0.000747	\$0.003337				
<b>Rate DS, Secondary Distribution Voltage</b>				\$43,648,928								
First 1000 kW (\$ per kW)	27,649,575	\$238,159,617	58.704%		\$25,623,583	\$0.926726	\$0.552428	\$2.466760				
Additional kW (\$ per kW)	1,559,138	10,623,655	2.618%		1,142,869	\$0.733096	\$0.437004	\$1.951357				
Billing Demand Times 300	7,357,051,038	144,801,479	35.692%		15,579,185	\$0.002118	\$0.001282	\$0.005637				
Additional kWh	2,033,287,734	12,112,295	2.888%		1,303,161	\$0.000641	\$0.000382	\$0.001708				
<b>Rate GS-FL, Optional Unmetered</b>				\$200,728								
kWh Greater Than or Equal to 540 Hours	43,169,346	\$2,947,042	98.041%		\$198,796	\$0.004559	\$0.002717	\$0.012134				
kWh Less Than 540 Hours	88,295	6,993	0.233%		467	\$0.005289	\$0.003153	\$0.014078				
<b>Rate SFL-ADPL, Optional Unmetered</b>												
All kWh	760,126	\$51,892	1.726%		\$3,465	\$0.004559	\$0.002717	\$0.012134				
<b>Rate EH, Optional Electric Space Heating</b>				\$561,859								
All kWh	146,825,619	\$3,688,700	100.000%		\$561,859	\$0.003827	\$0.002281	\$0.010186				
<b>Rate DM, Secondary Dist. Service, Small</b>				\$3,638,480								
Summer, First 2800 kWh	236,553,508	\$16,008,372	41.597%		\$1,513,485	\$0.006344	\$0.003782	\$0.016888				
Summer, Next 3200 kWh	47,820,876	382,041	0.993%		36,119	\$0.000735	\$0.000450	\$0.002010				
Summer, Additional kWh	10,015,181	(23,285)	-0.081%		(2,201)	-0.000220	-0.000131	-0.000585				
Winter, First 2800 kWh	427,315,388	21,741,612	56.494%		2,055,524	\$0.004810	\$0.002857	\$0.012804				
Winter, Next 3200 kWh	50,840,723	406,119	1.055%		38,396	\$0.000755	\$0.000450	\$0.002010				
Winter, Additional kWh	10,964,228	(30,065)	-0.078%		(2,842)	-0.000259	-0.000155	-0.000690				
<b>Rate DP, Service at Primary Dist. Voltage</b>				\$11,525,976								
First 1000 kW (\$ per kW)	3,287,744	\$25,573,367	25.394%		\$2,926,934	\$0.890256	\$0.530688	\$2.369684				
Additional kW (\$ per kW)	4,022,054	24,679,725	24.507%		2,824,652	\$0.702291	\$0.418641	\$1.868358				
Billing Demand Times 300	2,073,948,813	41,588,896	41.298%		4,759,946	\$0.002295	\$0.001368	\$0.008109				
Additional kWh	1,174,124,610	8,863,467	8.801%		1,014,444	\$0.000864	\$0.000515	\$0.002300				
<b>Rate TS, Service at Transmission Voltage</b>				\$12,324,786								
First 50,000 kVA (\$ per kVA)	6,188,130	\$59,352,211	50.574%		\$6,233,106	\$1.007268	\$0.600440	\$2.681147				
Additional kVA (\$ per kVA)	2,703,572	18,377,803	15.928%		1,963,093	\$0.726111	\$0.432840	\$1.932782				
Billing Demand Times 300	2,548,358,420	25,580,422	22.171%		2,732,468	\$0.001072	\$0.000639	\$0.002854				
Additional kWh	2,147,548,076	13,089,978	11.328%		1,396,118	\$0.000650	\$0.000388	\$0.001730				
<b>Rate TL, Traffic Lighting Service</b>				\$698,123								
All kWh	4,548,583	\$41,328	2.139%		\$14,932	\$0.003283	\$0.001957	\$0.008738				
<b>Rate SL, Street Lighting Service</b>												
Rate OL, Outdoor Lighting Service	57,082,930	\$1,078,182	55.802%		\$389,565	\$0.006825	\$0.004068	\$0.018166				
Rate NSU, Street Lighting	30,712,095	580,090	30.023%		209,596	\$0.006825	\$0.004068	\$0.018166				
Rate NSP, Private Outdoor Lighting	1,478,824	27,932	1.446%		10,092	\$0.006825	\$0.004068	\$0.018166				
Rate SE, Street Lighting Service	1,946,181	36,759	1.902%		13,282	\$0.006825	\$0.004068	\$0.018166				
All kWh	7,699,591	145,430	7.527%		52,546	\$0.006825	\$0.004068	\$0.018166				
<b>Rate SC, Street Lighting</b>												
Energy Only - All kWh	30,761,948	\$3,938	0.204%		\$1,423	\$0.000046	\$0.000028	\$0.000123				
Units - All kWh	451,237	8,523	0.441%		3,079	\$0.006825	\$0.004068	\$0.018166				
<b>Rate UOLS, Unmetered Outdoor Lighting</b>												
All kWh	17,881,887	\$9,965	0.517%		\$3,608	\$0.000202	\$0.000120	\$0.000538				
<b>Totals</b>	<b>28,658,245,981</b>	<b>\$1,065,563,469</b>		<b>\$119,257,730</b>	<b>\$119,257,730</b>							
Average Capacity Price <u>AT THE METER</u> (\$/MWh) (From Exhibit 1 B, page 2)						<b>\$4.11</b>	<b>\$2.45</b>	<b>\$10.84</b>				
							<b>59.6%</b>	<b>268.2%</b>				
						Percent Change from 2012 Delivery Period						

Note: <sup>(1)</sup> Final figures will be adjusted for applicable transmission and distribution losses.<sup>(2)</sup> Changes in Rider RC rates from first delivery period to second and third is proportional to the average price of capacity for all load (as shown on Exhibit 1, B, page 2).

Note: <sup>(1)</sup> For purposes of allocated retail energy price among rate classes, use total base generation revenue plus fuel (PTC-BG + PTC-FPP). Fuel rate is the Q4 2011 rate for PTC-FPP, excluding reconciliation adjustments.

DUKE ENERGY OHIO  
CALCULATION OF LOAD FACTOR ADJUSTMENT RIDER (LFA)

Allocations from JRB-1				Rates for January 2012 - May 2014 <sup>(1)</sup>			
2010				LFA Rates (\$/kWh; kW; kVA)			
kWh; kW; kVA	Base Gen Revenue	% of Rate Group		Demand Revenue	Energy Credit		
<b>Rate DS, Secondary Distribution Voltage</b>				\$167,302,497			
First 1,000 kW (\$ per kW)	19,796,503	58.704%					\$8.00
Additional kW (\$ per kW)	1,116,309	2.619%					\$8.00
Billing Demand Times 300	5,267,490,696	35.692%					\$0.020961
Additional kWh	1,455,790,393	2.986%					\$0.020961
<b>Rate DP, Service at Primary Dist. Voltage</b>				\$42,375,245			
First 1,000 kW (\$ per kW)	2,382,401	25.394%					\$8.00
Additional kW (\$ per kW)	2,914,505	24.507%					\$8.00
Billing Demand Times 300	1,502,847,469	41.298%					\$0.020961
Additional kWh	850,807,016	8.801%					\$0.020961
<b>Rate TS, Service at Transmission Voltage</b>				\$50,588,332			
First 50,000 kVA (\$ per kVA)	4,400,833	50.574%					\$8.00
Additional kVA (\$ per kVA)	1,922,708	15.928%					\$8.00
Billing Demand Times 300	1,812,324,514	22.171%					\$0.020961
Additional kWh	1,527,278,893	11.328%					\$0.020961
Total (kWh)	12,416,538,961			\$280,266,074	-\$280,263,074		

Note: <sup>(1)</sup> Energy credit will be true-up to ensure the total revenue collected from demand charge and energy credits equal \$0.

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Summary: Brief Joint Reply Brief of the Ohio Energy Group and the Office of the Ohio Consumers' Counsel electronically filed by Ms. Deb J. Bingham on behalf of Grady, Maureen R. Ms.