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Duke Energy Ohio, Inc.

Independent Accountants' Report on the
Uniform Purchased Gas Adjustment for the
12-Month Period Ended August 28, 2013,
in Response to Case No. 13-218-GA-GCR

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DUKE ENERGY OHIO, INC.

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INDEPENDENT AUDITORS' REPORT

To Duke Energy Ohio, Inc.:

We have examined the periodic filings of Duke Energy Ohio, Inc. (the "Company") which support the gas cost recovery ("GCR") rates for the monthly periods ended September 27, 2012, October 28, 2012, November 28, 2012, January 1, 2013, January 30, 2013, February 28, 2013, April 1, 2013, April 30, 2013, May 30, 2013, June 30, 2013, July 30, 2013 and August 28, 2013 for conformity in all material respects with the financial procedural aspects of the uniform purchased gas adjustment as set forth in Chapter 4901: 1-14 and related appendices of the Ohio Administrative Code. These filings and the Company's compliance with those requirements are the responsibility of the Company's management. Our responsibility is to express an opinion as to the accurate determination of GCR rates calculated within the monthly filings and as to whether those rates have been properly applied to customer bills based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the Company's computation of the GCR rates in accordance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Company's compliance with specified requirements.

In our opinion, the Company has accurately determined, in all material respects, the GCR rates for the periods stated above in accordance with the financial procedural aspects of the uniform purchased gas adjustment as set forth in Chapter 4901:1-14 and related appendices of the Ohio Administrative Code and properly applied the GCR rates to customer bills.

Specific findings, which are presented for the attention of the Public Utilities Commission of Ohio ("PUCO"), are attached in a separate memorandum entitled "Summary of Findings." This report is intended solely for the information and use of the Company, the PUCO, and the Ohio Consumers' Counsel and is not intended to be, and should not be, used by anyone other than these parties.

November 14, 2013

DUKE ENERGY OHIO, INC.

UNIFORM PURCHASED GAS ADJUSTMENT RATES

The following is a summary of the uniform purchased gas adjustment rates reviewed as part of the examination (\$/MCF):

Period in Effect	Expected Gas Cost	Supplier Refund and Reconciliation Adjustment	Actual Adjustment	Total Uniform Purchased Gas Adjustment
August 29, 2012 to September 27, 2012	\$ 4.872	\$ (0.041)	\$ (0.326)	\$ 4.505
September 28, 2012 to October 28, 2012	5.027	(0.041)	(0.326)	4.660
October 29, 2012 to November 28, 2012	5.362	(0.041)	(0.326)	4.995
November 29, 2012 to January 1, 2013	5.270	(0.039)	(0.398)	4.833
January 2, 2013 to January 30, 2013	5.506	(0.039)	(0.398)	5.069
January 31, 2013 to February 28, 2013	5.399	(0.039)	(0.398)	4.962
March 1, 2013 to April 1, 2013	5.191	(0.035)	(0.356)	4.800
April 2, 2013 to April 30, 2013	4.829	(0.035)	(0.356)	4.438
May 1, 2013 to May 30, 2013	5.289	(0.035)	(0.356)	4.898
May 31, 2013 to June 30, 2013	5.302	(0.031)	(0.030)	5.241
July 1, 2013 to July 30, 2013	5.522	(0.031)	(0.030)	5.461
July 31, 2013 to August 28, 2013	5.402	(0.031)	(0.030)	5.341

DUKE ENERGY OHIO, INC.

SUMMARY OF FINDINGS

Matters Identified in Current-Year Examination

The Company overstated the demand volume used to calculate the Total Expected Gas Cost of Primary Supplier/Transporter component of the Expected Gas Cost ("EGC") rate due to a clerical error. A summary of the GCR misstatements identified impacting the EGC and when the errors were, or will be, self-corrected in the Actual Adjustment ("AA") calculation for the gas cost recovery rates are as follows:

Filing Effective Date	Impact on EGC Rate	Error Self-Corrected in the AA Calculation for GCR Rates Effective
August 29, 2012	Overstatement of \$0.001 per MCF	March 1, 2013
September 28, 2012	Overstatement of \$0.001 per MCF	March 1, 2013
October 29, 2012	Overstatement of \$0.001 per MCF	March 1, 2013
November 29, 2012	Overstatement of \$0.001 per MCF	May 31, 2013
January 2, 2013	Overstatement of \$0.001 per MCF	May 31, 2013
January 31, 2013	Overstatement of \$0.001 per MCF	May 31, 2013
May 31, 2013	Overstatement of \$0.001 per MCF	December 1, 2013
July 1, 2013	Overstatement of \$0.001 per MCF	December 1, 2013
July 31, 2013	Overstatement of \$0.001 per MCF	December 1, 2013