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July 20, 2015

Ms. Barcy F. McNeal, Secretary,  
Public Utilities Commission of Ohio  
180 E. Broad Street, 11<sup>th</sup> Floor  
Columbus, Ohio 43215

Re: *In the Matter of the Application of Duke Energy Ohio, Inc., to Adjust Rider DR-IM and Rider-AU for 2014 Grid Modernization Costs*  
Case No. 15-0883-GE-RDR

Dear Ms. McNeal:

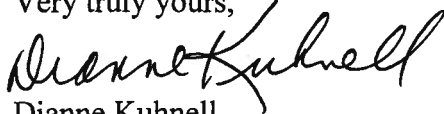
On June 4, 2015, Duke Energy Ohio, Inc. (Duke Energy Ohio), submitted the direct testimony of Peggy A. Laub in the above-referenced case. Subsequent to the filing, upon further review of Ms. Laub's direct testimony Ms. Laub has determined that several numbers in her testimony and attachments PAL-1 and PAL-2 were incorrect. References to the incorrect numbers in Ms. Laub's testimony are:

Page /Line	Incorrect Number	Correct Number
p. 10/line 1	\$6.14	\$6.31
p. 10/line 1	\$9.15	\$9.39
p.14/line 23	\$1.22	\$1.30
p. 15/line 1	\$1.06	\$1.14

Please docket the attached Revised Direct Testimony of Peggy A. Laub and Revised Attachments PAL-1 and PAL-2.

Should you have any questions, please call me at 513-287-4337.

Very truly yours,

  
Dianne Kuhnell  
Senior Paralegal

cc: Parties of Record

**BEFORE**

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke )  
Energy Ohio, Inc. to Adjust Rider DR-IM ) Case No. 15-883-GE-RDR  
and Rider AU for 2014 SmartGrid Costs. )

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**REVISED**

**DIRECT TESTIMONY OF**

**PEGGY A. LAUB**

**ON BEHALF OF**

**DUKE ENERGY OHIO, INC.**

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July 20, 2015

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### **Attachments:**

- PAL-1 Revised Rider DR-IM Revenue Requirement Calculation
- PAL-2 Revised Rider AU Revenue Requirement Calculation

## **I. INTRODUCTION**

1   **Q.   PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2   A.   My name is Peggy A. Laub. My business address is 139 East Fourth Street,  
3       Cincinnati, Ohio 45202

4   **Q.   BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5   A.   I am employed by Duke Energy Business Services LLC, an affiliate of Duke  
6       Energy Ohio, Inc. (Duke Energy Ohio, or Company) as Director Rates &  
7       Regulatory Planning.

8   **Q.   PLEASE SUMMARIZE YOUR EDUCATION AND PROFESSIONAL**  
9       **QUALIFICATIONS.**

10  A.   I received a Bachelor of Business Administration Degree with a major in  
11       accounting from the University of Cincinnati. I began my career with The  
12       Cincinnati Gas & Electric Company, the predecessor of Duke Energy Ohio, Inc.,  
13       in the Accounting Department in 1981. I worked in various departments including  
14       Tax, Regulated Business Unit's financial group and Fixed Assets. In May 2006,  
15       following the merger with Duke Energy Corporation, I transferred to the Midwest  
16       US Franchised Electric & Gas accounting group. In November 2008, I transferred  
17       to the Midwest wholesale accounting group as Manager of Wholesale and Bulk  
18       Power Marketing accounting. In May 2010, I transferred to the Rate Department  
19       and to my current position now titled Director Rates & Regulatory Planning.

20  **Q.   HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC**  
21  **UTILITIES COMMISSION OF OHIO (COMMISSION)?**

1 A. Yes. I previously testified in a number of cases before this and other regulatory  
2 commissions.

3 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**  
4 **PROCEEDING?**

5 A. My testimony is divided into two parts. The first part addresses the electric Rider  
6 DR-IM (Distribution Reliability – Infrastructure Modernization) and the second  
7 part addresses the natural gas Rider AU (Advanced Utility). In both parts, I  
8 provide an overview of the revenue requirement calculation for the respective  
9 riders and then describe each schedule supporting the revenue requirement  
10 calculation. I will be sponsoring Attachment PAL-1 and Attachment PAL-2 to  
11 support the proposed charges for Rider DR-IM and for Rider AU.

## II. REVENUE REQUIREMENT CALCULATIONS

12 **Q. PLEASE DESCRIBE THE COMPONENTS OF THE REVENUE**  
13 **REQUIREMENTS INCLUDED IN RIDER DR-IM AND RIDER AU.**

14 A. The revenue requirement for both riders includes the following components:

- 15       ▪ a return on the rate base;
- 16       ▪ depreciation and property taxes; and
- 17       ▪ incremental expenses.

18 **Q. HOW IS RATE BASE CALCULATED?**

19 A. Rate base is calculated in a manner consistent with the traditional rate base  
20 calculation for a general retail rate cases. One component is net plant, or gross  
21 plant minus accumulated depreciation. Another common component is  
22 accumulated deferred income taxes associated with accelerated tax depreciation.

1 The stipulations approved by the Commission in its Opinion and Order in Case  
2 No. 08-920-EL-SSO, *et al.*, and its Opinion and Order in Case No. 09-543-GE-  
3 RDR, allow an additional component of rate base in the form of post-in-service  
4 carrying costs (PISCC). Because there are deferred income taxes associated with  
5 this item, an additional adjustment is made to offset rate base for accumulated  
6 deferred income taxes on this item.

7 **Q. ARE THERE COSTS THAT ARE SHARED BETWEEN THE ELECTRIC**  
8 **AND GAS DISTRIBUTION BUSINESSES?**

9 A. Yes. The fact that Duke Energy Ohio is a combination electric and gas utility  
10 allows the Company to maximize the potential benefits of the SmartGrid project  
11 for both electric and gas customers. For much of the SmartGrid equipment, it is a  
12 simple exercise to assign costs directly to electric or to gas. The cost of some  
13 equipment and some expenses, however, is incurred for both electric and gas  
14 services.

15 The costs for “common” equipment are allocated between gas and electric  
16 service based on appropriate allocation factors. The development of these  
17 allocation factors is based on the Company’s determination of the extent to which  
18 each type of plant (*e.g.*, communication boxes, information technology costs (IT),  
19 etc.) contributes to the gas or electric SmartGrid function.

20 **Q. DESCRIBE THE COMPUTATION FOR DEPRECIATION AND**  
21 **PROPERTY TAX EXPENSES INCLUDED IN THE RIDER DR-IM AND**  
22 **RIDER AU REVENUE REQUIREMENT.**

1 A. Depreciation expense is annualized by using currently approved accrual rates and  
2 the depreciable gross plant for each plant type as of December 31, 2014.  
3 Similarly, property tax expense is annualized by applying the latest average  
4 property tax rates to the calculated property tax valuation as of December 31,  
5 2014.

6 **Q. WHAT INCREMENTAL EXPENSES ARE INCLUDED IN THE**  
7 **REVENUE REQUIREMENT CALCULATIONS?**

8 A. The only incremental expenses included in the Rider DR-IM and Rider AU  
9 revenue requirement calculations are specifically identifiable costs associated  
10 with the implementation of the SmartGrid project for gas and electric. Such costs  
11 include Information Technology costs, system support, data transfer fees, and any  
12 other costs that can be directly attributed to the SmartGrid program.

13 **Q. DO THE REVENUE REQUIREMENT CALCULATIONS REFLECT THE**  
14 **SAVINGS THAT DISTRIBUTION AUTOMATION AND SMARTGRID**  
15 **PROJECTS WILL GENERATE?**

16 A. Yes. In the Order in Case No. 10-2326-GE-RDR, the Commission approved a  
17 stipulation that included an agreement by Duke Energy Ohio to establish an  
18 amount of savings to include in both Rider DR-IM and Rider AU. These savings  
19 are reflected in Schedule 12 of my attachments.

20 **Q. DOES THE REVENUE REQUIREMENT CALCULATIONS REFLECT**  
21 **ANY UNINSTALLED GAS MODULES?**

22 A. No.

### **III. CHANGES FROM PRIOR FILING**

1   **Q.   HAVE YOU MADE ANY CHANGES IN THE REVENUE**  
2       **REQUIREMENT CALCULATIONS SINCE THE COMPANY’S LAST**  
3       **SMARTGRID COST RECOVERY FILING?**

4   A.   No.

5   **Q.   PLEASE EXPLAIN THE CREDIT FOR THE COMPANY’S GAS-ONLY**  
6       **CUSTOMERS.**

7   A.   The Company has customers in Adams County, Georgetown, and Lebanon, Ohio,  
8       to whom it provides only gas service. These customers are located in an area  
9       outside of Duke Energy Ohio’s electric service territory. Duke Energy Ohio  
10      agreed to only include the costs of SmartGrid gas deployment in the monthly  
11      Rider AU charge to these customers. The overall Rider AU revenue requirement  
12      includes the gas portion of “common” costs and allocable project management  
13      organization (PMO) costs. A monthly credit amount has been calculated to  
14      eliminate these costs from the rider for these gas-only customers.

15   **Q.   HOW HAS THIS ADJUSTMENT BEEN SHOWN IN THE SCHEDULES**  
16      **USED TO CALCULATE THE RIDER AU REVENUE REQUIREMENT?**

17   A.   At the bottom of each supporting schedule in Attachment PAL-2, the costs related  
18      to “common” and PMO costs have been detailed. These costs are summarized at  
19      the bottom of Schedule 1A as a credit revenue requirement amount. On Schedule  
20      13, this credit amount is divided by the total number of gas bills to calculate the  
21      monthly credit for the 8,870 gas-only customers.



1    **Q.     ARE THE REMAINING CALCULATIONS THE SAME FOR RIDER DR-**  
2       **IM AND RIDER AU?**

3    A.    Yes. The remainder of my testimony describes the schedules used for the revenue  
4           requirement calculations for both riders. Other than the two items discussed  
5           above, the methodology is essentially the same for both riders.

**IV.    RIDER DR-IM**

6    **Q.     PLEASE PROVIDE A GENERAL OVERVIEW OF THE SCHEDULES**  
7       **FOR RIDER DR-IM.**

8    A.    The schedules provide extensive detail of the revenue requirement calculations for  
9           Rider DR-IM, starting with support for the rate base component and the pre-tax rate  
10          of return, followed by details for the expenses to be included. Finally, the schedules  
11          show the calculation of the proposed monthly rates for Rider DR-IM applicable to  
12          the rate classes.

13   **Q.     PLEASE EXPLAIN SCHEDULE 1 FOR ELECTRIC.**

14   A.    Schedule 1 summarizes the annualized revenue requirement for Duke Energy Ohio's  
15          Rider DR-IM rates. The underlying rate base reflects the net balance of the  
16          Company's investment in SmartGrid including distribution automation equipment as  
17          of December 31, 2014. The rate base shown is incremental to amounts in current  
18          rates as of the date certain used in the Company's most recently approved electric  
19          distribution rate case. The information on this schedule is supported in Schedules 2  
20          through 12.

1    **Q.     PLEASE EXPLAIN SCHEDULE 2 FOR ELECTRIC.**

2    A.     Schedule 2 provides the adjusted balance of plant additions at December 31, 2013,  
3           and actual plant additions by month from January 1, 2014, through December 31,  
4           2014. The beginning balance as of December 31, 2013, agrees with the amounts  
5           approved in the prior Rider DR-IM filing in Case No. 14-1051-GE-RDR.

6    **Q.     PLEASE EXPLAIN SCHEDULE 3 FOR ELECTRIC.**

7    A.     Schedule 3 provides the adjusted balance of accumulated provision for  
8           depreciation at December 31, 2013, and actual provision for depreciation by  
9           month from January 1, 2014, through December 31, 2014, to arrive at the balance as  
10          of December 31, 2014.

11   **Q.     PLEASE EXPLAIN SCHEDULE 4 FOR ELECTRIC.**

12   A.     Schedule 4 provides the adjusted balance of the PISCC regulatory asset at  
13          December 31, 2013, and the PISCC activity by month from January 1, 2014,  
14          through December 31, 2014, to arrive at the balance as of December 31, 2014. This  
15          schedule also provides the balance of PISCC amortization at December 31, 2013,  
16          and actual PISCC amortization by month from January 1, 2014, through December  
17          31, 2014, to calculate the estimated balance at December 31, 2014. The net  
18          electric PISCC Regulatory Asset for the periods is also provided.

19   **Q.     PLEASE EXPLAIN SCHEDULE 5 FOR ELECTRIC.**

20   A.     Schedule 5 provides the net deferred tax balance of electric PISCC and electric  
21          O&M at December 31, 2013, and December 31, 2014.

1    **Q.    PLEASE EXPLAIN SCHEDULE 6 FOR ELECTRIC.**

2    A.    Schedule 6 provides the calculation of the deferred taxes on liberalized  
3           depreciation for plant placed in service during vintage years 2008 through 2014.  
4           These deferred taxes are calculated on the electric-related SmartGrid plant in  
5           service since the program's inception.

6    **Q.    PLEASE EXPLAIN SCHEDULE 7 FOR ELECTRIC.**

7    A.    Schedule 7 provides the calculation of the pre-tax weighted average cost of capital  
8           for the return component of the Rider DR-IM revenue requirement calculation.  
9           The capital structure and the capital cost rates are from the most recently  
10          approved electric distribution rate case, Case No. 12-1682-EL-AIR.

11   **Q.    PLEASE EXPLAIN SCHEDULE 8 FOR ELECTRIC.**

12   A.    Schedule 8 provides the calculation of the annualized depreciation expense  
13          associated with additions, based on actual SmartGrid plant additions from the  
14          beginning of the program through December 31, 2014, using currently approved  
15          depreciation accrual rates.

16   **Q.    PLEASE EXPLAIN SCHEDULE 9 FOR ELECTRIC.**

17   A.    Schedule 9 provides a calculation of the annualized amortization of the electric  
18          PISCC accrued from the beginning of the program through December 31, 2014.  
19          The electric-related PISCC Regulatory Assets by account are in agreement with  
20          those provided on Schedule 4 and the amortization calculations use the currently  
21          approved average service lives.

1    **Q.     PLEASE EXPLAIN SCHEDULE 10 FOR ELECTRIC.**

2    A.     Schedule 10 is a schedule providing the calculation of the regulatory asset  
3           associated with the deferral of O&M and depreciation costs pursuant to the  
4           stipulation approved in the ESP Case.

5    **Q.     PLEASE EXPLAIN SCHEDULE 11 FOR ELECTRIC.**

6    A.     Schedule 11 provides the calculation of the annualized property tax expense based  
7           on actual additions to electric-related SmartGrid plant in service from the  
8           beginning of the program through December 31, 2014. This calculation follows  
9           the process used in Duke Energy Ohio's Annual Report to the Ohio Department  
10          of Taxation to determine the Net Property Valuation and uses the latest known  
11          average electric property tax rate per \$1,000 of valuation.

12   **Q.     PLEASE EXPLAIN SCHEDULE 12 FOR ELECTRIC.**

13   A.     Schedule 12 provides for the savings and reduction agreed to in the Order in Case  
14          No. 10-2326-GE-RDR. In the Order the Company agreed to include \$10.67  
15          million in savings in the 2014 revenue requirement along with a \$4.43 million  
16          increase in the revenue requirement for deferred recovery.

17   **Q.     PLEASE EXPLAIN SCHEDULE 13 FOR ELECTRIC.**

18   A.     Schedule 13 provides a calculation of the new Rider DR-IM monthly charge by  
19          rate class. Pursuant to the Stipulation approved in Case No. 08-920-EL-SSO, *et*  
20          *al.*, 85% of the revenue requirement is allocable to residential customers and the  
21          remaining 15% is allocable to non-residential customers. The allocated revenue  
22          requirement is then divided by the number of bills (*i.e.*, customers x 12) for the  
23          residential and non-residential rate classes. The result is a per bill charge of

1           \$6.31for all residential customers and a per bill charge of \$9.39 for all non-  
2           residential customers. The Company excluded all lighting customers from Rider  
3           DR-IM.

4   **Q.    PLEASE EXPLAIN SCHEDULE 14 FOR ELECTRIC.**

5   A.    Schedule 14 provides a cumulative total of the stimulus funding that has been  
6           invoiced thru December 2014.

7   **Q.    PLEASE EXPLAIN SCHEDULE 15 FOR ELECTRIC.**

8   A.    The approval for the calendar year 2013 recovery was not approved until April 8,  
9           2015. The new rates were implemented on that day but the Company had already  
10          billed the first 4 (four) billing cycles in April at the old rates. This schedule  
11          calculates the under recovery due to the delay in the implementation of the rates.

12   **Q.    ARE THERE ANY PROVISIONS OF THE STIPULATION REACHED IN**  
13          **CASE NO. 13-1141-GE-RDR THAT ARE RELEVANT TO THE RIDER**  
14          **DR-IM RATE CALCULATION?**

15   A.    Yes. The parties in this proceeding agreed to impose caps on the Rider DR-IM  
16          charge for residential customers for filings made in calendar years 2014 and 2015.  
17          The cap represents the maximum monthly per meter rate that can be charged to  
18          residential customers for a given year. The agreed-to caps for residential Rider  
19          DR-IM charges are \$6.75 for the filing made in calendar year 2014 and \$7.00 for  
20          the filing made in calendar year 2015. Per Schedule 13 of this filing the Company  
21          is under the \$7.00 cap for this year.

1    **Q.    DO YOU HAVE AN OPINION REGARDING WHETHER DUKE**  
2           **ENERGY OHIO'S REQUEST FOR NEW RIDER DR-IM RATES IS**  
3           **REASONABLE?**

4    A.    Yes.

5    **Q.    PLEASE STATE YOUR OPINION.**

6    A.    Duke Energy Ohio's rate request is fair and reasonable. I believe that the costs of  
7           service are properly allocated to customer classes and the rate design was properly  
8           performed in accordance with the terms and conditions of the Stipulation  
9           approved in Case No. 08-920-EL-SSO, *et al.* The proposed Rider DR-IM rates are  
10          within the rate caps established in the Stipulation in Case No. 13-1141-GE-RDR.

**V.    RIDER AU**

11   **Q.    PLEASE PROVIDE A GENERAL OVERVIEW OF THE REVENUE**  
12          **REQUIREMENT CALCULATION FOR RIDER AU.**

13   A.    The schedules provide extensive detail of the revenue requirement calculations for  
14          Rider AU starting with support for the rate base component and pre-tax rate of  
15          return, followed by details for expenses to be included. As discussed earlier in my  
16          testimony, many of the schedules provide support for the credit revenue requirement  
17          applicable to the Company's gas-only customers and that calculation is summarized  
18          on Schedule 1A. Finally, the schedules show the calculation of the proposed  
19          monthly rates for Rider AU applicable to the rate classes and the monthly credit for  
20          the gas-only customers.

1    **Q.    PLEASE EXPLAIN SCHEDULE 1 FOR GAS.**

2    A.    Schedule 1, summarizes the annualized revenue requirement for Duke Energy  
3           Ohio's Rider AU rates. The underlying rate base reflects the net balance of the  
4           Company's investment in SmartGrid allocable to its gas distribution business as of  
5           December 31, 2014. The rate base shown is incremental to amounts in current rates.  
6           The information on this schedule is supported in Schedules 2 through 13. Schedule  
7           1A summarizes the credit to the annualized revenue requirement for the Company's  
8           gas only customers.

9    **Q.    PLEASE EXPLAIN SCHEDULE 2 FOR GAS.**

10   A.    Schedule 2 provides the adjusted balance of plant additions at December 31, 2013,  
11           and the actual plant additions by month from January 1, 2014, through December  
12           31, 2014 to arrive at the balance as of December 31, 2014..

13   **Q.    PLEASE EXPLAIN SCHEDULE 3 FOR GAS.**

14   A.    Schedule 3 provides the adjusted balance of the accumulated provision for  
15           depreciation at December 31, 2013 and the actual provision for depreciation by  
16           month from January 1, 2014, through December 31, 2014, to arrive at the balance  
17           as of December 31, 2014.

18   **Q.    PLEASE EXPLAIN SCHEDULE 4 FOR GAS.**

19   A.    Schedule 4 provides the adjusted balance of the PISCC regulatory asset not  
20           included in base rates at December 31, 2013, and the PISCC activity by month  
21           from January , 2014, through December 31, 2014, to arrive at the balance as of  
22           December 31, 2014. This schedule also provides actual PISCC amortization by  
23           month from January 1, 2014, through December 31, 2014, to calculate the balance

1 at December 31, 2014. The net gas PISCC regulatory asset for the periods is also  
2 provided.

3 **Q. PLEASE EXPLAIN SCHEDULE 5 FOR GAS.**

4 A. Schedule 5 provides the balance of gas PISCC and electric O&M net deferred tax  
5 balance at December 31, 2013, and December 31, 2014.

6 **Q. PLEASE EXPLAIN SCHEDULE 6 FOR GAS.**

7 A. Schedule 6 provides the calculation of the deferred taxes on liberalized  
8 depreciation for plant placed into service after March 31, 2012.

9 **Q. PLEASE EXPLAIN SCHEDULE 7 FOR GAS.**

10 A. Schedule 7 provides the calculation of the pre-tax weighted average cost of capital  
11 for the return component of the Rider AU revenue requirement calculation. The  
12 capital structure and the capital cost rates are from the most recently approved gas  
13 distribution rate case, Case No. 12-1685-GA-AIR, *et al.*

14 **Q. PLEASE EXPLAIN SCHEDULE 8 FOR GAS.**

15 A. Schedule 8 provides the calculation of the annualized depreciation expense  
16 associated with additions, based on actual gas-related SmartGrid plant additions  
17 from April 1, 2012 through December 31, 2014, using currently approved  
18 depreciation accrual rates.

19 **Q. PLEASE EXPLAIN SCHEDULE 9 FOR GAS.**

20 A. Schedule 9 provides a calculation of the annualized amortization of the PISCC  
21 accrued from April 1, 2012 through December 31, 2014. The gas-related PISCC  
22 Regulatory Assets by account are in agreement with those provided on Schedule 4  
23 and the amortization calculations use the currently approved average service lives.



1    **Q.     PLEASE EXPLAIN SCHEDULE 10 FOR GAS.**

2    A.     Schedule 10 is a schedule providing the calculation of the regulatory asset  
3           associated with the deferral of O&M and depreciation costs pursuant to the  
4           Stipulation approved in the prior filing, Case No. 09-543-GE-RDR.

5    **Q.     PLEASE EXPLAIN SCHEDULE 11 FOR GAS.**

6    A.     Schedule 11 provides the calculation of the annualized property tax expense based  
7           on actual additions to gas-related SmartGrid plant in service from April 1, 2012  
8           through December 31, 2014. This calculation follows the process used in Duke  
9           Energy Ohio's Annual Report to the Ohio Department of Taxation to determine  
10          the Net Property Valuation and uses the latest known average gas property tax  
11          rate per \$1,000 of valuation.

12   **Q.     PLEASE EXPLAIN SCHEDULE 12 FOR GAS.**

13   A.     Schedule 12 provides for the savings and reduction agreed to in our Order in Case  
14          No.10-2326-GE-RDR. In the Order the Company agreed to a \$4,544,000 in  
15          savings in the 2014 revenue requirements. We have netted this amount with the  
16          amount of \$2,026,000 in our base rates in Case No. 12-1685-GA-AIR, resulting in  
17          a \$2,518,000 savings reduction in this filing.

18   **Q.     PLEASE EXPLAIN SCHEDULE 13 FOR GAS.**

19   A.     Schedule 13 provides the new Rider AU monthly charge per customer. Because  
20          the Company is proposing to allocate the Rider AU revenue requirement based on  
21          number of bills (*i.e.*, customers x 12), the Rider AU monthly rate shown on  
22          Schedule 13 is for all customers. The allocated revenue requirement is divided by  
23          the total number of bills. The result is a per bill charge of \$1.30 for Rider AU for

1 all customers. The per bill credit amount of \$1.14 for the Company's gas only  
2 customers is also calculated on this schedule.

3 **Q. PLEASE EXPLAIN SCHEDULE 14 FOR GAS.**

4 A. The approval for the calendar year 2013 recovery was not approved until April 8,  
5 2015. The new rates were implemented on that day but the Company had already  
6 billed the first 4 (four) billing cycles in April at the old rates. This schedule  
7 calculates the under recovery due to the delay in the implementation of the rates.

8 **Q. DO YOU HAVE AN OPINION REGARDING WHETHER DUKE**  
9 **ENERGY OHIO'S REQUEST FOR NEW RIDER AU RATES IS**  
10 **REASONABLE?**

11 A. Yes.

12 **Q. PLEASE STATE YOUR OPINION.**

13 A. Duke Energy Ohio's rate request is fair and reasonable. The methodology is  
14 essentially consistent with the methodology for electric Rider DR-IM, which  
15 follows the terms and conditions of the Stipulation approved in Case No. 08-920-  
16 EL-SSO, *et al.*

## **VI. OTHER ISSUES**

17 **Q. HOW WILL FUTURE RATE CASES IMPACT THE FILINGS OF RIDER**  
18 **DR-IM AND RIDER AU?**

19 A. Both riders will continue until full deployment. Per our Order in Case No. 10-2326-  
20 GE-RDR, the Company committed to maintain Rider DR-IM as the means to  
21 recover electric SmartGrid investment through the year in which full deployment (as  
22 determined by the Public Utilities Staff,) occurs. In the same Order the Company

1       agreed to a guaranteed level of savings related to the gas portion of SmartGrid in our  
2       next base case. In Case No 12-1685-GA-AIR the Company rolled in the gas  
3       SmartGrid investment in base rates as of the date certain of March 31, 2012, and  
4       then continued Rider AU for investment after the date certain similar to our process  
5       for Rider AMRP.

**VII. CONCLUSION**

6   **Q.   WERE ATTACHMENTS REVISED PAL-1 AND PAL-2 PREPARED BY**  
7       **YOU OR UNDER YOUR SUPERVISION?**

8   **A.   Yes.**

9   **Q.   IS THE INFORMATION CONTAINED IN ATTACHMENTS REVISED**  
10       **PAL-1 AND PAL-2 TRUE AND ACCURATE TO THE BEST OF YOUR**  
11       **KNOWLEDGE AND BELIEF?**

12   **A.   Yes.**

13   **Q.   DOES THIS CONCLUDE YOUR REVISED PRE-FILED DIRECT**  
14       **TESTIMONY?**

15   **A.   Yes.**

Duke Energy Ohio  
Calculation of Rider DR-IM  
Case No. 15-0883  
Attachment PAL-1  
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Schedule 1  
Electric  
Summary

Duke Energy Ohio  
Calculation of Rider DR-IM

Revenue Requirement

Line No.	Return on Investment	Balance 12/31/13	Adjustment	Adjusted Balance 12/31/13	Activity 2014	Cumulative thru 12/31/14	Reference
1	Plant In-Service	\$268,336,263	\$0	\$268,336,263	\$24,815,068	\$293,151,331	Schedule 2
2	Additions	268,336,263	0	268,336,263	24,815,068	293,151,331	
3	Total Plant In-Service						
4	Less: Accumulation Provision for Depreciation	28,982,376	0	28,982,376	17,533,869	46,516,245	Schedule 3
5	Depreciation Expense	28,982,376	0	28,982,376	17,533,869	46,516,245	
6	Total Accumulated Provision for Depreciation						
7	Net Regulatory Asset--Post In-Service Carrying Cost	23,328,821	0	23,328,821	5,996,344	29,325,165	Schedule 4
8	Net Deferred Tax Balance--PISCC, Deferred Depreciation & CC and Deferred O&M & CC	(16,414,620)	0	(16,414,620)	(1,179,604)	(17,594,224)	Schedule 5
9	Deferred Taxes on Liberalized Depreciation	(60,366,230)	0	(60,366,230)	(4,164,467)	(64,530,697)	Schedule 6
10	Net Rate Base	185,901,858	0	185,901,858	7,933,472	193,835,330	Schedule 7
11	Approved Pre-tax Rate of Return				10.68%	10.68%	
12	Annualized Return on Rate Base				847,295	20,701,613	
13	Operating Expenses						
14	Annualized Provision for Depreciation For Additions				18,490,490	18,490,490	Schedule 8
15	Annualized Amortization of PISCC				1,848,062	1,848,062	Schedule 9
16	Deferred O&M Expense and Carrying Costs				8,285,223	8,285,223	Schedule 10
17	Annualized Property Tax Expense				11,851,295	11,851,295	Schedule 11
18	Reduction in Operation & Maintenance Expense				(6,240,000)	(6,240,000)	Schedule 12
19	Annualized Revenue Requirement - Subtotal				35,082,365	54,936,683	
20	Commerical Activity Tax Gross Up				91,452	143,208	
21	Annualized Revenue Requirement				\$35,173,817	\$55,079,891	

0.26068%

Calculation of Rider DR-IM

Plant Additions by Month

Schedule 2  
Electric

Line No.	Plant Account	Balance at 12/31/2013	Adjustment	Adjusted Balance at 12/31/2013	1/31/2014	2/28/2014	3/31/2014	4/30/2014	5/31/2014	6/30/2014	7/31/2014	8/31/2014	9/30/2014	10/31/2014	11/30/2014	12/31/2014
<b>Cumulative Investment</b>																
1	Station Equipment	\$30,923,113	\$0	\$30,923,113	\$30,842,914	\$30,870,004	\$30,862,904	\$30,868,364	\$30,869,821	\$30,869,480	\$30,869,650	\$30,869,275	\$30,869,275	\$30,869,275	\$30,869,275	\$30,869,275
2	Major Equipment	3,624,290	0	3,624,290	\$3,620,134	\$3,620,176	\$3,620,134	\$3,620,176	\$3,620,176	\$3,620,176	\$3,620,176	\$3,620,176	\$3,620,176	\$3,620,176	\$3,620,176	\$3,620,176
3	Distribution Station Equipment	942,658	0	942,658	\$940,657	\$940,657	\$940,657	\$940,657	\$940,657	\$940,657	\$940,657	\$940,657	\$940,657	\$940,657	\$940,657	\$940,657
4	Poles, Towers and Structures	3,357,656	0	3,357,656	\$3,378,502	\$3,434,550	\$3,448,347	\$3,493,657	\$3,553,553	\$3,553,553	\$3,554,443	\$3,559,624	\$3,559,624	\$3,559,624	\$3,559,624	\$3,559,624
5	Distribution OH Conduct & Devices	27,618,658	0	27,618,658	\$27,696,220	\$27,848,264	\$27,904,688	\$27,972,742	\$28,020,411	\$28,020,411	\$28,039,179	\$28,064,368	\$28,104,404	\$28,263,724	\$28,263,724	\$28,263,724
6	Leased Meters	65,535,997	0	65,535,997	\$65,411,293	\$65,575,868	\$65,706,085	\$65,841,242	\$65,982,366	\$65,982,366	\$65,982,366	\$65,982,366	\$65,982,366	\$65,982,366	\$65,982,366	\$65,982,366
7	Electronic Data Processing Equip	1,459,802	0	1,459,802	\$1,459,802	\$1,459,802	\$1,459,802	\$1,459,802	\$1,459,802	\$1,459,802	\$1,459,802	\$1,459,802	\$1,459,802	\$1,459,802	\$1,459,802	\$1,459,802
8	Communication Equipment - Electric	89,980,023	0	89,980,023	\$89,980,023	\$89,980,023	\$89,980,023	\$89,980,023	\$89,980,023	\$89,980,023	\$89,980,023	\$89,980,023	\$89,980,023	\$89,980,023	\$89,980,023	\$89,980,023
9	Intangible Electric	5,887,901	0	5,887,901	\$5,887,901	\$5,887,901	\$5,887,901	\$5,887,901	\$5,887,901	\$5,887,901	\$5,887,901	\$5,887,901	\$5,887,901	\$5,887,901	\$5,887,901	\$5,887,901
10	Leased AMI Meters	10,026,620	0	10,026,620	\$10,252,944	\$10,252,944	\$10,252,944	\$10,252,944	\$10,252,944	\$10,252,944	\$10,252,944	\$10,252,944	\$10,252,944	\$10,252,944	\$10,252,944	\$10,252,944
11	Communication Equipment - Common	28,918,100	0	28,918,100	\$28,962,378	\$28,962,378	\$28,962,378	\$28,962,378	\$28,962,378	\$28,962,378	\$28,962,378	\$28,962,378	\$28,962,378	\$28,962,378	\$28,962,378	\$28,962,378
12	Electronic Data Processing Common	61,445	0	61,445	\$61,445	\$61,445	\$61,445	\$61,445	\$61,445	\$61,445	\$61,445	\$61,445	\$61,445	\$61,445	\$61,445	\$61,445
13	Total	\$268,336,263	\$0	\$268,336,263	\$268,484,608	\$276,319,335	\$278,102,877	\$279,297,348	\$281,040,902	\$283,044,165	\$285,272,904	\$288,785,644	\$291,751,799	\$292,590,671	\$293,060,354	\$293,151,331
<b>Incremental Investment</b>																
14	Station Equipment	\$40,199	\$27,080	\$67,279	\$40,199	\$40,199	\$40,199	\$40,199	\$40,199	\$40,199	\$40,199	\$40,199	\$40,199	\$40,199	\$40,199	\$40,199
15	Major Equipment	(4,156)	0	(4,156)	(4,156)	(4,156)	(4,156)	(4,156)	(4,156)	(4,156)	(4,156)	(4,156)	(4,156)	(4,156)	(4,156)	(4,156)
16	Distribution Station Equipment	(2,001)	0	(2,001)	(2,001)	(2,001)	(2,001)	(2,001)	(2,001)	(2,001)	(2,001)	(2,001)	(2,001)	(2,001)	(2,001)	(2,001)
17	Poles, Towers and Structures	20,846	56,448	77,294	20,846	77,294	77,294	77,294	77,294	77,294	77,294	77,294	77,294	77,294	77,294	77,294
18	Distribution OH Conduct & Devices	77,582	152,044	229,626	77,582	229,626	229,626	229,626	229,626	229,626	229,626	229,626	229,626	229,626	229,626	229,626
19	Leased Meters	(124,704)	164,995	40,291	(124,704)	40,291	40,291	40,291	40,291	40,291	40,291	40,291	40,291	40,291	40,291	40,291
20	Electronic Data Processing Equip	137	0	137	137	137	137	137	137	137	137	137	137	137	137	137
21	Communication Equipment - Electric	0	3,804,827	3,804,827	0	3,804,827	3,804,827	3,804,827	3,804,827	3,804,827	3,804,827	3,804,827	3,804,827	3,804,827	3,804,827	3,804,827
22	Intangible Electric	259	3,650,007	3,650,266	259	3,650,266	3,650,266	3,650,266	3,650,266	3,650,266	3,650,266	3,650,266	3,650,266	3,650,266	3,650,266	3,650,266
23	Leased AMI Meters	226,324	(2,293,881)	(2,067,557)	226,324	(2,067,557)	(2,067,557)	(2,067,557)	(2,067,557)	(2,067,557)	(2,067,557)	(2,067,557)	(2,067,557)	(2,067,557)	(2,067,557)	(2,067,557)
24	Communication Equipment - Common	44,278	2,099,485	2,143,763	44,278	2,143,763	2,143,763	2,143,763	2,143,763	2,143,763	2,143,763	2,143,763	2,143,763	2,143,763	2,143,763	2,143,763
25	Electronic Data Processing Common	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26	Total	\$158,346	\$7,824,746	\$7,983,092	\$158,346	\$7,983,092	\$7,983,092	\$7,983,092	\$7,983,092	\$7,983,092	\$7,983,092	\$7,983,092	\$7,983,092	\$7,983,092	\$7,983,092	\$7,983,092
<b>Depreciation on current Year Additions</b>																
36200	Station Equipment	\$0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
36202	Major Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
36305	Distribution Station Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
36400	Poles, Towers and Structures	0	42	42	0	42	0	42	0	42	0	42	0	42	0	42
36500	Distribution OH Conduct & Devices	0	181	181	0	181	0	181	0	181	0	181	0	181	0	181
37002	Leased Meters	0	(693)	(693)	0	(693)	0	(693)	0	(693)	0	(693)	0	(693)	0	(693)
39101	Electronic Data Processing Equip	0	2	2	0	2	0	2	0	2	0	2	0	2	0	2
39700	Communication Equipment - Electric	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30300	Intangible Electric	0	4	4	0	4	0	4	0	4	0	4	0	4	0	4
17001	Leased AMI Meters	0	1,258	1,258	0	1,258	0	1,258	0	1,258	0	1,258	0	1,258	0	1,258
19700	Communication Equipment - Common	0	246	246	0	246	0	246	0	246	0	246	0	246	0	246
19101	Electronic Data Processing Common	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		\$0	\$497	\$497	\$101,552	\$102,569	\$124,205	\$166,702	\$166,702	\$172,865	\$182,613	\$197,405	\$202,989	\$202,989	\$202,989	\$202,989

Incremental Investment																
14	Station Equipment	\$80,199	\$27,080	\$7,100	\$5,460	\$1,457	0	\$341	\$170	0	\$375	\$0	\$0	\$0	\$35,838	Total Activity
15	Major Equipment	36302	0	0	42	0	0	0	0	0	0	0	0	0	0	(4,176)
16	Distribution Station Equipment	36305	0	0	0	136	0	0	0	0	0	0	0	0	0	(2,012)
17	Poles, Towers and Structures	36400	56,448	13,397	45,310	63,383	0	17	890	384	0	0	2,314	4,314	207,948	
18	Distribution OH Conduct & Devices	36500	152,044	56,424	(26,941)	100,515	42,149	0	18,768	25,189	40,036	159,320	22,252	174,164	841,482	
19	Leased Meters	37002	77,562	130,187	(289,843)	48,124	0	0	8,820	(3,194)	0	0	0	(402,077)	(386,394)	
20	Electronic Data Processing Equip	39101	137	1,223	125	59,829	0	(2,647)	99,810	88,186	(1,331)	0	387	(317)	408,268	
21	Communication Equipment - Electric	39700	0	2,396,621	0	0	0	(251,812)	54,479	2,488,357	11,503	(1,465)	0	0	12,056,305	
22	Intangible Electric	30300	269	3,650,007	27,605	1,065,352	0	335,141	25,539	297,620	55,233	278,495	291,134	6,022,877	0	
23	Leased AMI Meters	17001	226,324	(2,293,881)	2,113,148	181,476	171,378	0	233,335	80,943	224,546	363,224	146,965	(580,698)	1,13,951	
24	Communication Equipment - Common	19700	44,278	2,099,485	(1,947,993)	286,223	159,564	2,818,810	93,019	269,135	(85,296)	259,705	11,270	604,457	4,812,657	
25	Electronic Data Processing Common	19101	0	0	0	0	0	0	0	0	0	0	0	0	0	
26	Total		\$158,346	\$7,824,746	\$2,793,572	\$194,472	\$7,003,263	\$728,739	\$512,740	\$2,966,155	\$466,872	\$461,863	\$0	\$0	\$24,815,068	

Duke Energy Ohio  
Calculation of Rider DR-1M

Accumulated Provision for Depreciation

Schedule 3  
Electric

Line No.	Plant Account	Balance at 12/31/2013	Adjustments	Adjusted Balance at 12/31/2013	3/31/2014	4/30/2014	5/31/2014	6/30/2014	7/31/2014	8/31/2014	9/30/2014	10/31/2014	11/30/2014	12/31/2014
<b>Cumulative</b>														
1	Station Equipment	\$1,557,423		\$1,557,423	\$1,705,641	\$1,755,022	\$1,804,411	\$1,853,803	\$1,903,194	\$1,952,585	\$2,001,976	\$2,051,367	\$2,100,758	\$2,150,149
2	Major Equipment	189,304		189,304	206,687	212,479	218,271	224,063	229,855	235,647	241,439	247,231	253,023	258,815
3	Distribution Station Equipment	53,705		53,705	65,471	69,390	73,309	77,228	81,149	85,069	88,988	92,907	96,826	100,745
4	Poles, Towers and Structures	79,223		79,223	92,695	106,462	113,449	120,563	127,678	134,779	141,897	149,016	156,134	163,252
5	Distribution OH Conduit & Devices	1,281,087		1,281,087	1,345,531	1,410,156	1,475,135	1,540,246	1,605,284	1,670,577	1,735,958	1,801,383	1,866,867	1,932,444
6	Leased Meters	8,502,840		8,502,840	8,959,182	9,320,689	9,682,398	10,045,003	10,407,608	10,770,213	11,132,818	11,495,423	11,858,028	12,220,633
7	Electronic Data Processing Equip	653,287		653,287	701,949	729,020	756,112	783,206	810,297	837,389	864,481	891,573	918,665	945,757
8	Communication Equipment Electric	11,667,769		11,667,769	12,668,047	13,668,325	14,668,603	15,668,881	16,669,159	17,669,437	18,669,715	19,669,993	20,670,271	21,670,549
9	Intangible Electric	1,100,775		1,100,775	1,297,043	1,493,311	1,689,579	1,885,847	2,082,115	2,278,383	2,474,651	2,670,919	2,867,187	3,063,455
10	Leased AMI Meters	371,193		371,193	426,924	482,655	538,386	594,117	649,848	705,579	761,310	817,041	872,772	928,503
11	Communication Equipment Common	3,484,374		3,484,374	3,978,745	4,473,116	4,967,487	5,461,858	5,956,229	6,450,600	6,944,971	7,439,342	7,933,713	8,428,084
12	Electronic Data Processing Common	41,396		41,396	44,468	47,540	50,612	53,684	56,756	59,828	62,900	65,972	69,044	72,116
13	Total	\$28,982,376		\$28,982,376	\$33,073,411	\$35,509,691	\$37,945,971	\$40,382,251	\$42,818,531	\$45,254,811	\$47,691,091	\$50,127,371	\$52,563,651	\$55,000,000
<b>Incremental</b>														
14	Station Equipment	49,477		49,477	49,382	49,381	49,380	49,379	49,378	49,377	49,376	49,375	49,374	49,373
15	Major Equipment	5,789		5,789	5,782	5,782	5,782	5,782	5,782	5,782	5,782	5,782	5,782	5,782
16	Distribution Station Equipment	3,928		3,928	3,919	3,919	3,919	3,920	3,920	3,920	3,919	3,919	3,919	3,919
17	Poles, Towers and Structures	6,715		6,715	6,870	6,897	6,924	6,951	6,978	7,005	7,032	7,059	7,086	7,113
18	Distribution OH Conduit & Devices	64,444		64,444	64,625	64,806	64,987	65,168	65,349	65,530	65,711	65,892	66,073	66,254
19	Leased Meters	384,271		384,271	385,578	386,885	388,192	389,499	390,806	392,113	393,420	394,727	396,034	397,341
20	Electronic Data Processing Equip	24,330		24,330	24,332	24,332	24,332	24,332	24,332	24,332	24,332	24,332	24,332	24,332
21	Communication Equipment Electric	500,139		500,139	521,286	542,433	563,580	584,727	605,874	627,021	648,168	669,315	690,462	711,609
22	Intangible Electric	98,132		98,132	108,960	119,788	130,616	141,444	152,272	163,100	173,928	184,756	195,584	206,412
23	Leased AMI Meters	55,731		55,731	66,988	78,245	89,502	100,759	112,016	123,273	134,530	145,787	157,044	168,301
24	Communication Equipment Common	160,736		160,736	169,983	179,230	188,477	197,724	206,971	216,218	225,465	234,712	243,959	253,206
25	Electronic Data Processing Common	1,024		1,024	1,024	1,024	1,024	1,024	1,024	1,024	1,024	1,024	1,024	1,024
26	Total	\$1,334,726		\$1,334,726	\$1,420,686	\$1,506,646	\$1,592,606	\$1,678,566	\$1,764,526	\$1,850,486	\$1,936,446	\$2,022,406	\$2,108,366	\$2,194,326
<b>Total</b>														
					\$55,000,000	\$57,436,277	\$59,872,554	\$62,308,831	\$64,745,108	\$67,181,385	\$69,617,662	\$72,053,939	\$74,490,216	\$76,926,493





Schedule 4  
Electric

	2008	2009	2010	2011	2012		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	2989	2990	2991	2992	2993	2994	2995	2996	2997	2998	2999	3000	3001	3002	3003	3004	3005	3006	300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Duke Energy Ohio  
Calculation of Rider DR-1M

Net Deferred Tax Balance -- PISCC, Deferred Deprec and Deferred O&M

Schedule 5  
Electric

Line No.		Balance at 12/31/2013	12/31/2014
	Net Deferred Tax Balance - PISCC		
1	Ending Balance Per Sch 4	\$23,328,821	\$29,325,165
2	Tax Rate	35.00%	35.00%
3	Cumulative ADIT @ 35%	(\$8,165,087)	(\$10,263,808)
	Net Deferred Tax Balance - Deferred Depreciation and Carrying Costs		
4	Ending Balance Per Sch 10	\$4,044,615	\$4,239,769
5	Tax Rate	35.00%	35.00%
6	Cumulative ADIT @ 35%	(\$1,415,615)	(\$1,483,919)
	Net Deferred Tax Balance - Deferred O&M and Carrying Costs		
7	Ending Balance Per Sch 10	\$19,525,481	\$16,704,276
8	Tax Rate	35.00%	35.00%
9	Cumulative ADIT @ 35%	(\$6,833,918)	(\$5,846,497)
	Total	(\$16,414,620)	<u>(\$17,594,224)</u>

Duke Energy Ohio  
Calculation of Rider DR-4M  
Deferred Taxes on Liberalized Depreciation

Line No.		Tax Years 2008- 2012 (By tax year total)				
		Total Tax Year 2008	Total Tax Year 2009	Total Tax Year 2010	Total Tax Year 2011	Total Tax Year 2012
1	Total Plant In-Service	\$19,647,993	\$28,694,847	\$65,608,139	\$125,173,802	\$197,755,704
2	Book to Tax Basis Adjustments:	0	0	0	0	0
3	Tax Base In-Service subject to:					
4	Bonus Depreciation - 50%	19,647,993	28,694,847	54,087,031	56,746,496	129,328,398
5	Bonus Depreciation - 100%	0	0	11,521,108	68,427,305	68,427,305
6	MACRS	0	0	0	0	0
7	Total Tax Depreciation Base	19,647,993	28,694,847	65,608,139	125,173,801	197,755,703
8	Tax Depreciation - MACRS	1,179,950	2,432,339	4,158,340	4,798,205	7,546,322
9	Tax Depreciation - Bonus - 50%	8,823,987	4,523,427	13,022,840	1,328,733	36,290,951
10	Tax Depreciation - Bonus - 100%	0	0	11,521,108	58,095,197	0
11	Total Tax Depreciation	11,003,937	6,955,766	28,702,288	63,034,135	43,837,273
12	Book Depreciation	225,398	1,239,916	2,580,160	5,305,586	8,880,980
13	Less: Book Depr on AFUDC Equity	0	0	0	0	0
14	Net Book Depreciation	225,398	1,239,916	2,580,160	5,305,586	8,880,980
15	Tax Depreciation in Excess of Book Depreciation	10,778,549	5,715,850	26,122,128	57,728,549	34,956,293
16	Federal Deferred Taxes @ 35.00%	(\$3,772,492)	(\$2,000,546)	(\$9,142,745)	(\$20,204,592)	(\$12,234,703)
17	Federal Deferral Rate	35.00%	35.00%	35.00%	35.00%	35.00%

[illegible]

Duke Energy Ohio  
Calculation of Rider DR-III  
Deferred Taxes on Liberalized Depreciation

Line No.		Tax Year 2014 (part 1 of 4)				
		Vintage 2003		Vintage 2009		
		7-Year MACRS	10-Year MACRS	7-Year MACRS	10-Year MACRS	Total Vintage 2009
1	Total Plant In-Service	\$13,053,027	\$6,594,966	\$19,647,993	\$1,159,563	\$9,576,601
2	Book to Tax Basis Adjustments:	0	0	0	0	0
3	Tax Base In-Service subject to:					
4	Bonus Depreciation - 50%	13,053,027	6,594,966	19,647,993	1,159,563	9,576,601
5	Bonus Depreciation - 100%	0	0	0	0	0
6	MACRS	0	0	0	0	0
7	Total Tax Depreciation Base	13,053,027	6,594,966	19,647,993	1,159,563	9,576,601
8	Tax Depreciation - MACRS	582,491	288,200	870,691	51,745	418,450
9	Tax Depreciation - Bonus - 50%	0	0	0	0	0
10	Tax Depreciation - Bonus - 100%	0	0	0	0	0
11	Total Tax Depreciation	582,491	288,200	870,691	51,745	418,450
12	Book Depreciation	870,637	438,562	1,309,219	77,343	348,971
13	Less: Book Depr on AFUDC Equity	0	0	0	0	0
14	Net Book Depreciation	870,637	438,562	1,309,219	77,343	348,971
15	Tax Depreciation in Excess of Book Depreciation	(288,146)	(150,382)	(438,528)	(25,598)	69,479
16	Federal Deferred Taxes @ 35.00%	\$100,851	\$52,634	\$153,485	\$8,959	(\$24,318)
17	Federal Deferral Rate					35.00%

Duke Energy Ohio  
Calculation of Rider DR-4M

Deferred Taxes on Liberalized Depreciation

Line No.	Tax Year 2014 (part 2 of 4)									
	Vintage 2010					Vintage 2011				
	3-Year MACRS	5-Year MACRS	7-Year MACRS	10-Year MACRS	Total	3-Year MACRS	5-Year MACRS	7-Year MACRS	10-Year MACRS	Total
1 Total Plant In-Service	\$2,088,921	\$670,020	\$7,014,895	\$23,042,217	\$32,816,053	\$1,839,900	\$467,402	\$2,611,153	\$29,803,123	\$59,565,663
2 Book to Tax Basis Adjustments:	0	0	0	0	0	0	0	0	0	0
Tax Base In-Service subject to:										
3 Bonus Depreciation - 50%	2,088,921	670,020	7,014,895	11,521,109	21,294,945	1,581,454	305,185	0	1,192,125	34,003
4 Bonus Depreciation - 100%	0	0	0	11,521,108	11,521,108	257,446	157,216	26,611,153	28,610,999	816,083
5 MACRS	0	0	0	0	0	0	0	0	0	0
6 Total Tax Depreciation Base	2,088,921	670,020	7,014,895	23,042,217	32,816,053	1,839,900	462,401	26,611,153	29,803,124	850,086
7 Tax Depreciation - MACRS	0	34,583	313,040	503,472	850,095	58,569	17,579	0	59,749	1,050
8 Tax Depreciation - Bonus - 50%	0	0	0	0	0	0	0	0	0	0
9 Tax Depreciation - Bonus - 100%	0	0	0	0	0	0	0	0	0	0
10 Total Tax Depreciation	0	34,583	313,040	503,472	850,095	58,569	17,579	0	59,749	1,050
Book Depreciation	417,784	137,908	467,893	1,044,912	2,068,498	367,780	92,480	1,774,964	1,433,965	22,113
11 Total Book Depreciation	417,784	137,908	467,893	1,044,912	2,068,498	367,780	92,480	1,774,964	1,433,965	22,113
12 Less: Book Depr on AFUDC Equity	0	0	0	0	0	0	0	0	0	0
13 Net Book Depreciation	417,784	137,908	467,893	1,044,912	2,068,498	367,780	92,480	1,774,964	1,433,965	22,113
14 Tax Depreciation in Excess of Book Depreciation	(417,784)	(90,315)	(154,854)	(541,440)	(1,213,393)	(309,211)	(74,902)	(1,774,964)	(1,374,216)	(21,063)
15 Federal Deferred Taxes @ 35.00%	\$146,224	\$34,760	\$54,199	\$189,504	\$424,687	\$108,224	\$26,216	\$621,237	\$480,975	\$7,372
17 Federal Deferral Rate					35.00%					35.00%

17 Federal Deferral Rate

Line No.		Tax Year 2014 (part 4 of 4)				Total Tax Year 2014
		3-Year MACRS	5-Year MACRS	7-Year MACRS	10-Year MACRS	
1	Total Plant In-Service	\$6,022,877	\$408,268	\$16,668,962	\$1,507,013	\$24,815,068
2	Book to Tax Basis Adjustments:	0	0	0	0	0
3	Tax Base In-Service subject to:					
4	Bonus Depreciation - 50%	6,022,877	408,268	16,668,962	1,507,013	24,815,068
5	Bonus Depreciation - 100%	0	0	0	0	0
6	MACRS	0	0	0	0	0
7	Total Tax Depreciation Base	6,022,877	408,268	16,668,962	1,507,013	24,815,068
8	Tax Depreciation - MACRS	1,003,803	40,827	1,190,684	56,513	2,295,706
9	Tax Depreciation - Bonus - 50%	3,011,439	204,134	8,334,481	753,507	12,407,534
10	Tax Depreciation - Bonus - 100%	0	0	0	0	0
11	Total Tax Depreciation	4,015,242	244,961	9,525,165	107,873	14,703,240
12	Book Depreciation	793,772	48,418	630,504	41,016	1,517,162
13	Total Book Depreciation	793,772	48,418	630,504	41,016	1,517,162
14	Less: Book Depr on AFUDC Equity	0	0	0	0	0
15	Net Book Depreciation	793,772	48,418	630,504	41,016	1,517,162
16	Tax Depreciation In Excess of Book Depreciation	3,221,470	196,543	8,994,541	769,004	13,186,076
17	Federal Deferred Taxes @ 35.00%	(\$1,127,514)	(\$68,790)	(\$3,113,124)	(\$268,151)	(\$4,615,126)
18	Federal Deferral Rate					35.00%
19	Total Deferred Tax Balance					(\$4,615,126)



Duke Energy Ohio  
Calculation of Rider DR-IM

Schedule 7  
Electric

Approved Rate of Return <sup>(a)</sup>

Line No.	Balance at 3/31/2013	Percent of Total <sup>(a)</sup>	Rate	Weighted Cost	Tax Gross Up Factor <sup>(b)</sup>	Pre-Tax Rate of Return
1	\$2,532,502,631	46.70%	5.32%	2.48%	1.0000000	2.48%
2	2,890,859,857	53.30%	9.84%	5.25%	1.5608740	8.19%
3	<u>\$5,423,362,488</u>	<u>100.00%</u>		<u>7.73%</u>		<u>10.68%</u>
4	Operating Revenues		100.000%			
5	Less: Uncollectible Accounts	0.5425%				
6	City of Cincinnati Franchise Tax	<u>0.1100%</u>	<u>0.6525%</u>			
7	Income before Income Tax		99.348%	<u>1.0065679</u>	Debt Gross Up	
8	State and Municipal Income Tax		<u>0.783%</u>			
9	Income before Federal Income Tax		98.565%			
10	Federal Income Tax (35% x 98.304%)		<u>34.498%</u>			
11	Operating Income Percentage		<u>64.067%</u>			
12	Gross Revenue Conversion Factor (100%/63.898%)		<u>1.5608740</u>			

Notes: <sup>(a)</sup> Per Stipulation approved in Case No. 12-1682-EL-AIR.

<sup>(b)</sup> Per Schedule A-2 in the Staff Report of Investigation in Case No. 12-1682-EL-AIR.

Duke Energy Ohio  
Calculation of Rider DR-IM

Schedule 8  
Electric

Annualized Depreciation Expense onf Plant in Service at Year End

Line No.	Plant Account	Balance at 12/31/2014	Depreciation Rates	Annualized Depreciation
	<u>Depreciable Plant Basis</u>			
1	Intangible Electric	\$11,910,778	20.00%	\$2,382,156
2	Station Equipment	\$30,869,275	1.92%	\$592,690
3	Major Equipment	3,620,114	1.92%	\$69,506
4	Distribution Station Equipment	940,646	5.00%	\$47,032
5	Distribution OH Conduct & Devises	28,460,140	2.80%	\$796,884
6	Poles, Towers and Fixtures	3,565,604	2.40%	\$85,574
7	Leased Meters	65,147,603	6.67%	\$4,345,345
8	Electronic Data Processing Equip	1,868,070	20.00%	\$373,614
9	Communication Equipment Electric	102,036,328	6.67%	\$6,805,823
10	Leased AMI Meters	11,140,571	6.67%	\$743,076
11	Electronic Data Processing Common	61,445	20.00%	\$12,289
12	Communication Equipment Common	33,530,757	6.67%	\$2,236,501
13	Total	<u>\$293,151,331</u>		<u>\$18,490,490</u>

Duke Energy Ohio  
Calculation of Rider DR-IM

Schedule 9  
Electric

Annualized Amortization of PISCC

Line No.		Balance at 12/31/2014	Amortization Rate	Annualized Amortization
	<u>Regulatory Asset Deferrals</u>			
1	Station Equipment	\$3,609,415	1.64%	\$59,194
2	Major Equipment	\$416,666	1.64%	\$6,833
3	Distribution Station Equipment	\$139,423	5.00%	\$6,971
4	Poles, Towers and Fixtures	\$320,959	1.92%	\$6,162
5	Distribution OH Conduct & Devices	\$3,010,741	1.81%	\$54,494
6	Leased Meters	\$7,984,852	6.67%	\$532,590
7	Electronic Data Processing Equip	\$177,170	20.00%	\$35,434
8	Communication Equipment Electric	\$10,136,501	6.67%	\$676,105
9	Intangible Electric	\$966,091	20.00%	\$193,218
10	Leased AMI Meters	\$867,908	6.67%	\$57,889
11	Communication Equipment Common	\$3,261,568	6.67%	\$217,547
12	Electronic Data Processing Common	\$8,127	20.00%	\$1,625
13	Total	<u>\$30,899,421</u>		<u>\$1,848,062</u>

Duke Energy Ohio  
Calculation of Rider DR-1M

Regulatory Asset - Deferred O&M Expenses, Carrying Cost and Amortization

Line No.	Account Description	Balance at 12/31/2013	Adjusted Balance 12/31/2013	1/31/2014	2/28/2014	3/31/2014	4/30/2014	5/31/2014	6/30/2014	7/31/2014	8/31/2014	9/30/2014	10/31/2014	11/30/2014	12/31/2014	Balance at 12/31/2014
1	Regulatory Asset-Deferred O&M Expenses															
2	182362 Misc. Expenses	\$30,396,275	\$291,787	\$1,734,297	(\$345,649)	\$188,483	\$1,470,742	\$131,719	\$279,735	\$277,357	\$270,774	\$443,777	\$491,172	\$281,601	\$493,997	\$38,386,067
3	18236X Book Depreciation-Current Year Additions	7,117,136	0	897	0	897	85,963	101,552	124,205	166,702	169,302	172,965	192,613	197,405	202,989	8,634,288
	Total	37,513,411	291,787	1,734,297	(344,762)	274,446	1,572,294	234,288	403,940	444,059	440,076	616,742	683,785	459,006	696,986	45,020,355
	Cumulative-Regulatory Asset-Deferrals	\$37,513,411														45,020,365
4	Regulatory Asset-Amortization															
5	407XXX Misc. Material, Labor & Expenses	\$13,407,200	\$0	\$566,422	\$566,422	\$566,414	\$660,570	\$660,570	\$660,570	\$660,570	\$660,570	\$660,570	\$660,570	\$660,570	\$660,570	\$22,851,588
6	407XXX Book Depreciation	3,586,051	0	112,411	112,411	112,411	125,517	125,517	125,517	125,517	125,517	125,517	125,517	125,517	125,517	5,032,937
	Total	16,973,251	0	678,833	678,833	678,825	786,087	786,087	786,087	786,087	786,087	786,087	786,087	786,087	786,087	27,884,525
	Cumulative-Regulatory Asset-Amortization	\$16,973,251														27,884,525
7	Regulatory Asset-Deferred O&M Expenses Carrying Cost															
8	182362 Misc. Material, Labor & Expenses	\$2,536,406	\$0	\$76,462	\$76,462	\$76,114	\$37,953	\$41,506	\$42,418	\$43,652	\$44,967	\$46,451	\$48,524	\$50,193	\$51,867	\$3,168,797
9	18236X Book Depreciation	493,530	0	14,708	14,708	14,901	8,639	9,091	9,594	10,239	10,983	11,742	12,553	13,417	14,305	636,406
	Total	3,029,936	0	91,170	91,170	91,015	46,592	50,597	52,012	53,891	55,950	58,193	61,077	63,610	66,172	3,805,203
	Cumulative-Regulatory Asset-Deferrals	\$3,029,936														3,805,205
10	Regulatory Asset-Total	\$19,525,461	\$291,787	\$1,734,297	(\$345,649)	\$188,483	\$1,470,742	\$131,719	\$279,735	\$277,357	\$270,774	\$443,777	\$491,172	\$281,601	\$493,997	\$38,386,067
11	182362 Misc. Expenses	4,044,515	0	897	0	897	85,963	101,552	124,205	166,702	169,302	172,965	192,613	197,405	202,989	8,634,288
12	18236X Book Depreciation-Current Year Additions	23,570,096	291,787	1,734,297	(344,762)	274,446	1,572,294	234,288	403,940	444,059	440,076	616,742	683,785	459,006	696,986	45,020,355
13	Cumulative-Regulatory Asset-Total	\$23,570,096	\$291,787	\$1,734,297	(\$345,649)	\$188,483	\$1,470,742	\$131,719	\$279,735	\$277,357	\$270,774	\$443,777	\$491,172	\$281,601	\$493,997	\$38,386,067
	Carrying Cost Rate for 2014	JAN - DEC	5.32%													\$8,285,223
	O&M															
	BY YEAR	Carrying Costs	1,350													
	182362 Misc. Material, Labor & Expenses	\$50,977	\$1,350	\$226,938												
	2008	\$1,877,658	47,972	\$1,238,376												
	2009	\$6,157,972	173,473	\$985,758												
	2010	\$6,280,681	619,680	\$1,348,927												
	2011	\$9,437,253	889,595	\$1,506,202												
	2012	\$6,246,413	804,336	\$1,810,935												
	2013	\$30,052,954	2,536,406	7,117,136												

(1) - Severance accrued in previous yrs but not included in 2012 filing.

635,108 (2) - Included in O&M costs BUT excluded from Carrying Costs calculations

Duke Energy Ohio  
Calculation of Rider DR-IM

Schedule 11  
Electric

Annualized Property Taxes

Line No.	OHIO PROPERTY TAX	YEAR 2008		YEAR 2009		YEAR 2010	
		15-Year General Plant	25-Year Distribution Plant	15-Year General Plant	25-Year Distribution Plant	15-Year General Plant	25-Year Distribution Plant
1	Property Tax Expense (Amounts Exclude Post In-Service Carrying Costs)						
2	Current Year Investment	\$13,072,549	\$6,575,444	\$1,159,563	\$9,576,601	\$7,684,915	\$23,042,217
3	Less: AFUDC In-Service	241	28,105	-	-	-	-
4	Net Cost of Taxable Property	13,072,308	6,547,339	1,159,563	9,576,601	7,684,915	23,042,217
5	Percent Good <sup>(a)</sup>	56.7%	74.0%	63.3%	78.0%	70.0%	82.0%
6	True Value of Taxable Property	7,411,999	4,845,031	734,003	7,469,749	5,379,441	18,894,618
7	Valuation Percent	24%	85%	24%	85%	24%	85%
8	Total Taxable Value	1,778,880	4,118,276	176,161	6,349,287	1,291,066	16,060,425
9	Retired Net Taxable Plant End of Year (@ 15%)	0	0	0	0	0	0
10	Net Property Tax Valuation	1,778,880	4,118,276	176,161	6,349,287	1,291,066	16,060,425
11	Ohio Property Tax	\$165,496	\$383,140	\$16,389	\$590,700	\$120,113	\$1,494,166
12	Ohio Property Tax Calculation:						
13	Average Property Tax Rate per \$1,000 of Valuation	\$93.0340		\$93.0340		\$93.0340	
14	<sup>(a)</sup> From Electric Company Annual Report -						
15	Schedule C - 15 Year Class Life (General Plant)						
	Schedule C - 25 Year Class Life (Distribution Plant)						



Line No.	OHIO PROPERTY TAX	R 2014	26-Year Distribution Plant	Total
	Property Tax Expense (Amounts Exclude Post In-Service Carrying Costs)			
1	Current Year Investment		\$601,010	\$281,240,555
2	Less: AFUDC In-Service		-	
3	Net Cost of Taxable Property		601,010	
4	Percent Good <sup>(a)</sup>		98.0%	
5	True Value of Taxable Property		588,990	
6	Valuation Percent		85%	
7	Total Taxable Value		500,842	
8	Retired Net Taxable Plant End of Year (@ 15%)		0	
9	Net Property Tax Valuation		500,842	
10	Ohio Property Tax		\$46,577	\$11,851,295
11	Ohio Property Tax Calculation:			
12	Average Property Tax Rate per \$1,000 of Valuation			
13	<sup>(a)</sup> From Electric Company Annual Report -			
14	Schedule C - 15 Year Class Life (General Plant)			
15	Schedule C - 25 Year Class Life (Distribution Plant)			

**Schedule 12**  
**Electric**

**Duke Energy Ohio**  
**Calculation of Rider DR-IM**

**Incremental Operation & Maintenance Expenses/(Savings)**

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**Line**  
**No.**

1	Savings per Stipuation in Case No. 10-2326-GE-RDR	(\$10,670,000)
2	Deferral of O&M costs to future years per Stipulation	<u>\$4,430,000</u>
3		
4	Total	<u><u>(\$6,240,000)</u></u>



Duke Energy Ohio  
Calculation of Rider DR-IM

Charge Per Bill

Line No.	Total	Residential <sup>(a)</sup>	Non-Residential	Source
1	\$55,079,891	\$46,817,907	\$8,261,984	Schedule 1
2	\$169,634	\$144,189	\$25,445	Schedule 15
3	\$55,249,525	\$46,962,096	\$8,287,429	
4	Customer Bills <sup>(b)</sup>	7,444,188	882,192	Internal Company Data
5	Rider DR-IM Charge - Per Bill	\$6.31	\$9.39	Line 1 + Line 2
6	Rider DR-IM Charge - Subject to CAP (c )	\$5.67	N/A	Line 1 (adjusted for deferred savings and 2012 severance costs) + Line 2
7	Cap per Stipulation - 2015	\$7.00	N/A	Stipulation in Case No. 13-1141-GE-RDR

Note: <sup>(a)</sup> Per Stipulation in Case No. 08-920-EL-SSO, residential customer class is allocated 85% of Rider DR-IM revenue requirement.

<sup>(b)</sup> Excludes all lighting customers.

<sup>(c)</sup> Excludes deferred savings and 2012 severance costs

## Schedule 14

[illegible]

## Schedule 14

[illegible]

	Total To Date
0.00	566,801.15
0.00	131,145.40
0.00	19,676.47
0.00	14.79
0.00	99.76
0.00	8,435.28
0.00	15,028.75
0.00	8,447.49
0.00	12,145.90
0.00	10,264.82
0.00	1,463.53
0.00	13,262.85
0.00	18,661.93
0.00	77,349.27
0.00	50,811.16
0.00	10,399.67
0.00	5,534.90
0.00	8,671.51
0.00	6,044.57
0.00	16,592.71
0.00	50,359.95
0.00	115,690.46
0.00	82,408.22
0.00	44,503.53
0.00	131,653.65
0.00	86,393.88
0.00	164,947.57
0.00	162,834.92
0.00	158,006.31
0.00	107,602.59
0.00	37,891.76
0.00	35,202.94
0.00	31,962.12
0.00	72,442.13
0.00	86,032.87
0.00	62,344.80
0.00	55,664.82
0.00	67,222.36
0.00	135,698.82
75.29	-1,775.29
50.86	-160.86
0.00	67,580.44
0.00	68,181.70
0.00	131,877.43
0.00	94,577.49
0.00	1,695.36
0.00	71,975.09
0.00	34,712.48
0.00	62,082.53
0.00	47,897.70
0.00	69,829.40
0.00	68,801.64
0.00	4,312.82
0.00	11,019.92
0.00	6,391.36
0.00	12,364.33
0.00	10,569.53
0.00	15,170.77
0.00	45,874.80
0.00	46,745.93
0.00	1,996.19
94.15	94,716.18
	39,313.55

	Total To Date
0.00	566,801.15
0.00	35,535.76
0.00	83,667.57
0.00	58,057.44
0.00	86,866.10
0.00	94,461.01
41.35	50,615.55
0.00	71,928.87
0.00	67,753.46
0.00	96,182.37
0.00	58,677.25
0.00	114,042.55
0.00	72,415.20
09.42	-709.42
09.42	-709.42
0.00	124,748.89
0.00	91,220.13
0.00	65,707.01
0.00	119,095.20
0.00	8.91
0.00	-615.45
0.00	78,745.55
0.00	116,550.05
10.30	113,951.48
0.00	111,208.20
0.00	2,035.10
0.00	64.61
0.00	75,766.90
0.00	74,003.69
13.62	85,706.64
0.00	57,768.57
10.30	-74.38
0.00	47.16
0.00	93,696.15
86.39	65,089.16
0.00	52,804.17
0.00	124,165.43
0.00	41,343.15
0.00	14,922.52
0.00	3,731.76
0.00	5,918.96
0.00	5,698.85
0.00	7,278.88
0.00	14,866.18
0.00	6,108.69
33.16	21,182.29
-0.80	45,811.71
29.13	57,698.10
72.79	128,713.22
24.37	66,282.70
31.37	71,769.24
81.01	104,326.40
72.45	19,737.38
13.81	67,651.89
146.10	158,120.11
88.88	45,688.87
15.61	72,862.04
96.13	63,400.85
53.79	39,980.34
73.21	88,671.29
27.83	71,263.41
60.03	118,726.15
64.61	88,644.61
98.79	140,968.21

[illegible]

[illegible]

Thru 2013

2014

Project ID CB	In-Service Date	Recorded as In-												Total To Date				
		2013 Schedule 14	Service After 2013 Filing	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT		NOV	DEC	YEAR	
CMIND0111	7/31/2011	566,801.15	0.00													0.00	566,801.15	
SGSYED11	3/4/2010	241,818.09	0.00													0.00	241,818.09	
SGSYED15	11/24/2010	64,390.38	0.00													0.00	64,390.38	
SGSYED150	11/17/2010	5,726.97	0.00													0.00	5,726.97	
SGSYEDP2	5/13/2011	169,830.28	0.00													0.00	169,830.28	
SGSYEDP20	5/13/2011	7,205.09	0.00													0.00	7,205.09	
SGTLPIC	Blanket	13,486.21	0.00													0.00	13,486.21	
SGUSGHUB0	12/17/2010	8,819.96	0.00													0.00	8,819.96	
Z3010	Blanket	26,552,639.49	0.00	137,501.87	25,193.48	47,283.33	46,926.96	-39,357.52	-574.37	26,205.11	6,712.38	8,160.69	0.00	0.00	0.00	258,051.93	26,810,691.42	
Z3016	Blanket	3,148,218.00	0.00													0.00	3,148,218.00	
		106,693,948.89	8,431,869.97	618,607.65	158,931.46	297,280.92	419,033.79	260,377.15	74,936.75	212,204.73	109,234.80	129,061.79	88,387.15	207,479.43	-40,494.92	2,535,040.70	117,660,859.56	
Stimulus funds invoiced thru 2012 but not in service																		
																Stimulus funds invoiced thru 2014 but not in service		1,738,004.53
Total stimulus funds invoiced thru December 2012																		
																Total stimulus funds invoiced thru December 2014		119,398,864.09

Stimulus funds invoiced thru 2012 but not in service

Total stimulus funds invoiced thru December 2012

Stimulus funds invoiced thru 2014 but not in service

Total stimulus funds invoiced thru December 2014



**Duke Energy Ohio  
Calculation of Rider DR-IM**

**Schedule 15**

**Undercollection of 2013 Revenue Requirement**

<b>Line No</b>	<b>Description</b>	<b>Amount</b>
1	2013 Revenue Requirement Per Settlement	52,485,550
2	2012 Revenue Requirement Per Settlement	41,798,618
3	Net Increase	<u>10,686,932</u>
4	Undercollection First 4 billing cycles in April 2015.	169,634

Note: There are 21 billing cycles in a month.

**Duke Energy Ohio  
Calculation of Rider AU  
Case No. 15-883-GE-RDR  
Attachment PAL-2  
Index of Schedules**

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<b>Schedule No.</b>	<b>Description</b>
1	Revenue Requirement Summary
1A	Revenue Requirement Credit Summary
2	Plant Additions by Month
3	Depreciation Expense Accrued
4	Post In Service Carrying Costs on Plant Additions Accrued as Regulatory Asset
5	Deferred Income Taxes on Post In Service Carrying Costs and Deferred O&M
6	Deferred Taxes on Liberalized Depreciation Associated with Plant Additions
7	Summary of Weighted-Average Cost of Capital from Most Recent Retail Rate Case
8	Annualized Depreciation Expense on Plant in Service at Year End
9	Annualized Amortization of Post In Service Carrying Charges
10	Regulatory Asset for Deferred O&M and Associated Carrying Costs
11	Annualized Property Taxes on Plant in Service at Year End
12	Incremental O&M Savings from SmartGrid Implementation
13	Calculation of Rider AU Charges
14	Undercollection of 2013 Revenue Requirement

Schedule 1  
Gas  
Summary

Duke Energy Ohio  
Calculation of Rider AU  
Case No. 15-883-GE-RDR  
Revenue Requirement

Line No.		Balance 12/31/2013	Adjustment	Adjusted Balance 12/31/2013	Activity 2014	Cumulative thru 12/31/14	Reference
<b>Return on Investment</b>							
1	Total Rider AU Revenue Requirement						
2	Additions	\$34,766,288	\$983,966	\$35,750,254	\$5,033,648	\$40,783,902	Schedule 2
	Total Plant In-Service	34,766,288	983,966	35,750,254	5,033,648	40,783,902	
3	Less: Accumulation Provision for Depreciation						
4	Depreciation Expense	1,848,685	0	1,848,685	2,728,682	4,577,367	Schedule 3
	Total Accumulated Provision for Depreciation	1,848,685	0	1,848,685	2,728,682	4,577,367	
5	Net Regulatory Asset--Post In-Service Carrying Cost	1,630,535	0	1,630,535	1,650,544	3,281,079	Schedule 4
6	Net Deferred Tax Balance--PISCC, Deferred Depreciation & CC and Deferred O&M & CC	(2,003,805)	0	(2,003,805)	(1,201,483)	(3,205,288)	Schedule 5
7	Deferred Taxes on Liberalized Depreciation	(6,750,337)	0	(6,750,337)	(1,512,821)	(8,263,158)	Schedule 6
8	Net Rate Base	25,793,996	983,966	26,777,962	1,241,206	28,019,168	
9	Approved Pre-tax Rate of Return					10.80%	Schedule 7
10	Annualized Return on Rate Base					2,970,032	
<b>Operating Expenses</b>							
11	Annualized Provision for Depreciation For Additions				2,926,709	2,926,709	Schedule 8
12	Annualized Amortization of PISCC				231,391	231,391	Schedule 9
13	Deferred O&M Expense and Carrying Costs				1,959,135	1,959,135	Schedule 10
14	Annualized Property Tax Expense				862,953	862,953	Schedule 11
15	Reduction in Operation & Maintenance Expense				(2,518,000)	(2,518,000)	Schedule 12
16	Annualized Revenue Requirement - Smart Grid				3,462,188	6,432,220	

**Schedule 1A  
Gas  
Summary**

**Duke Energy Ohio  
Calculation of Rider AU Gas Only Customer Credit  
Case No. 15-883-GE-RDR  
Revenue Requirement (Credit)**

Line No.		Adjusted Balance 12/31/2013	Activity 2014	Cumulative thru 12/31/14	Reference
<b>Return on Investment</b>					
1	Total Rider AU Revenue Requirement				
2	Additions	\$24,394,805	\$4,578,530	\$28,973,335	Schedule 2
	Total Plant In-Service	24,394,805	4,578,530	28,973,335	
3	Less: Accumulation Provision for Depreciation				
4	Depreciation Expense	1,154,811	1,916,210	3,071,021	Schedule 3
	Total Accumulated Provision for Depreciation	1,154,811	1,916,210	3,071,021	
5	Net Regulatory Asset--Post In-Service Carrying Cost	994,412	1,192,815	2,187,227	Schedule 4
6	Net Deferred Tax Balance--PISCC, Deferred Depreciation & CC and Deferred O&M & CC	(1,579,894)	(616,389)	(2,196,283)	Schedule 5
7	Deferred Taxes on Liberalized Depreciation	(4,688,724)	(1,106,888)	(5,795,612)	Schedule 6
8	Net Rate Base	17,965,788	2,131,858	20,097,646	
9	Approved Pre-tax Rate of Return			10.60%	Schedule 7
10	Annualized Return on Rate Base			2,130,350	
<b>Operating Expenses</b>					
11	Annualized Provision for Depreciation For Additions		2,129,965	2,129,965	Schedule 8
12	Annualized Amortization of PISCC		157,370	157,370	Schedule 9
13	Deferred O&M Expense and Carrying Costs		568,298	568,298	Schedule 10
14	Annualized Property Tax Expense		611,319	611,319	Schedule 11
15	Reduction in Operation & Maintenance Expense		0	0	Schedule 12
16	<b>Annualized Revenue Requirement - Smart Grid Credit</b>		3,466,952	5,597,302	

**Duke Energy Ohio  
Calculation of Rider AU  
Case No. 16-883-GE-RDR  
Plant Additions by Month**

[illegible]

(1) Uninstalled Gas Modules from 2013 filing

Schedule 3  
 Gas

Duke Energy Ohio  
 Calculation of Rider AU  
 Case No. 15-883-GE-RDR  
 Provision for Depreciation

Line No.	FERC Account	Balance at 12/31/2013	Adjusted Balance at 12/31/2013	1/31/2014	2/28/2014	3/31/2014	4/30/2014	5/31/2014	6/30/2014	7/31/2014	8/31/2014	9/30/2014	10/31/2014	11/30/2014	12/31/2014
<b>Total Rider AU Revenue Requirement</b>															
1	19101	0	737,089	0	808,489	0	950,832	1,098,756	1,173,347	1,248,315	1,323,517	1,399,054	1,475,044	1,551,258	1,627,864
2	29700	0	130,001	0	139,234	0	157,700	176,188	186,215	196,843	207,471	218,099	228,727	239,355	249,983
3	20300	0	6,412	0	6,412	0	8,062	8,192	10,318	11,452	12,586	13,720	14,854	15,988	17,122
4	29101	0	308,601	0	357,818	0	407,798	450,049	490,420	530,791	571,162	611,533	651,904	692,275	732,646
5	17001	0	666,572	0	743,055	0	820,388	904,444	981,937	1,060,384	1,139,389	1,218,887	1,298,385	1,377,883	1,457,381
6	19700	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	Total	\$1,848,685	\$1,848,685	\$2,053,617	\$2,260,354	\$2,470,887	\$2,681,838	\$2,893,846	\$3,110,418	\$3,328,833	\$3,548,648	\$3,769,047	\$3,989,446	\$4,209,845	\$4,430,244
<b>Incremental</b>															
8	19101	0	68,691	0	74,443	0	80,195	85,947	91,699	97,451	103,203	108,955	114,707	120,459	126,211
9	29700	0	8,233	0	8,233	0	10,291	10,291	12,350	12,350	14,409	14,409	16,468	16,468	16,468
10	20300	0	550	0	550	0	688	688	860	950	1,039	1,128	1,217	1,306	1,395
11	29101	0	48,217	0	49,980	0	42,251	49,948	50,781	51,614	52,447	53,280	54,113	54,946	55,779
12	17001	0	78,833	0	76,983	0	84,056	77,483	78,457	79,431	80,405	81,379	82,353	83,327	84,301
13	19700	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	Total	\$205,232	\$205,232	\$206,437	\$210,533	\$210,951	\$212,008	\$212,008	\$225,572	\$238,415	\$241,013	\$242,688	\$243,435	\$244,182	\$244,929
<b>Provision for Depreciation Associated with P&amp;O and Common Plant</b>															
<b>Cumulative</b>															
15	19101	0	48,637	0	56,102	0	63,567	71,032	78,497	85,962	93,427	100,892	108,357	115,822	123,287
16	29700	0	139,234	0	139,234	0	157,700	166,833	176,188	186,215	196,843	207,471	218,099	228,727	239,355
17	20300	0	6,412	0	6,412	0	8,062	8,192	10,318	11,452	12,586	13,720	14,854	15,988	17,122
18	29101	0	308,601	0	357,818	0	407,798	450,049	490,420	530,791	571,162	611,533	651,904	692,275	732,646
19	17001	0	666,572	0	743,055	0	820,388	904,444	981,937	1,060,384	1,139,389	1,218,887	1,298,385	1,377,883	1,457,381
20	19700	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Total	\$1,154,811	\$1,286,558	\$1,438,335	\$1,582,116	\$1,725,946	\$1,870,283	\$1,970,283	\$2,027,658	\$2,088,684	\$2,149,710	\$2,210,736	\$2,271,762	\$2,332,788	\$2,393,814
<b>Incremental</b>															
22	19101	0	6,465	0	6,465	0	8,081	8,081	9,697	10,313	10,929	11,545	12,161	12,777	13,393
23	29700	0	8,233	0	8,233	0	10,291	10,291	12,350	12,350	14,409	14,409	16,468	16,468	16,468
24	20300	0	550	0	550	0	688	688	860	950	1,039	1,128	1,217	1,306	1,395
25	29101	0	48,217	0	49,980	0	42,251	49,948	50,781	51,614	52,447	53,280	54,113	54,946	55,779
26	17001	0	78,833	0	76,983	0	84,056	77,483	78,457	79,431	80,405	81,379	82,353	83,327	84,301
27	19700	0	0	0	0	0	0	0	0	0	0	0	0	0	0
28	Total	\$141,448	\$141,448	\$141,448	\$141,448	\$141,448	\$141,448	\$141,448	\$155,012	\$168,576	\$182,140	\$195,704	\$209,268	\$222,832	\$236,396

Depreciation Percent
JAN - DEC
19101 20.00%
29700 6.67%
20300 20.00%
29101 20.00%
17001 20.00%
19700 6.67%

Schedule 4  
Gas

Duke Energy Ohio  
Calculation of Rates AU  
Case No. 14-032-CE-RDR  
Net Regulatory Asset - Post In-Service Carrying Cost

Line No.	Account Description	Balance at 12/31/2013	Adjusted Balance at 12/31/2013	Adjustment	1/31/2014	2/28/2014	3/31/2014	4/30/2014	5/31/2014	6/30/2014	7/31/2014	8/31/2014	9/30/2014	10/31/2014	11/30/2014	12/31/2014	Balance at 12/31/2014
1	018536x Electronic Data Processing Equip Common	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0
2	018536x Communication Equipment Gas	676,164	676,164	0	\$52,289	\$57,088	\$51,352	\$37,134	\$37,495	\$38,016	\$39,418	\$38,806	\$39,281	\$39,714	\$40,128	\$38,947	1,201,751
3	018536x Intangible Gas	39,891	39,891	0	\$2,570	\$2,570	\$2,581	\$336	\$2,444	\$4,086	\$4,588	\$4,636	\$4,656	\$4,662	\$4,585	\$4,564	82,484
4	018536x Electronic Data Processing Equip Gas	1,559	1,559	0	\$151	\$151	\$152	\$105	\$184	\$281	\$358	\$238	\$258	\$258	\$251	\$262	4,522
5	018536x Leased AMI Meters	295,183	295,183	0	\$39,909	\$39,909	\$37,389	\$38,703	\$37,111	\$38,135	\$38,555	\$38,425	\$39,987	\$40,941	\$41,787	\$41,359	765,388
6	018536x Communication Equipment Common	616,589	616,589	0	\$62,854	\$62,854	\$65,647	\$66,130	\$41,927	\$45,163	\$45,681	\$45,681	\$45,681	\$45,681	\$45,681	\$45,681	1,241,099
7	Total	\$1,630,535	\$1,630,535	\$0	\$162,282	\$162,282	\$165,048	\$167,921	\$115,071	\$125,648	\$131,254	\$132,865	\$134,480	\$135,121	\$135,089	\$133,822	\$3,285,254
8	Cumulative-Regulatory Asset-Deferrals				\$1,792,817	\$1,957,865	\$2,125,386	\$2,240,457	\$2,358,754	\$2,464,402	\$2,615,686	\$2,748,632	\$2,883,122	\$3,018,243	\$3,157,332	\$3,285,254	
9	Regulatory Asset-Amortization				0	0	0	0	0	0	0	0	0	0	0	0	0
10	018536x Electronic Data Processing Equip Common	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11	018536x Communication Equipment Gas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6,831
12	018536x Intangible Gas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	759
13	018536x Electronic Data Processing Equip Gas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	162
14	018536x Leased AMI Meters	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	63
15	018536x Communication Equipment Common	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	216
	Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	5,907
16	Cumulative-Regulatory Asset-Amort.				\$0	\$0	\$0	\$0	\$3,150	\$4,725	\$6,300	\$7,875	\$9,450	\$11,025	\$12,600	\$14,175	
17	Regulatory Asset-Net				0	0	0	0	0	0	0	0	0	0	0	0	0
18	018536x Electronic Data Processing Equip Common	676,164	676,164	0	57,088	57,088	51,352	37,134	37,495	38,016	39,418	38,806	39,281	39,714	40,128	38,947	1,194,920
19	018536x Communication Equipment Gas	39,891	39,891	0	2,570	2,570	2,581	336	2,444	4,086	4,588	4,636	4,656	4,662	4,585	4,564	81,026
20	018536x Intangible Gas	1,559	1,559	0	151	151	152	105	184	281	358	238	258	258	251	262	4,459
21	018536x Electronic Data Processing Equip Gas	295,183	295,183	0	39,909	39,909	37,389	38,703	37,111	38,135	38,555	38,425	39,987	40,941	41,787	41,359	765,182
22	018536x Leased AMI Meters	616,589	616,589	0	62,854	62,854	65,647	66,130	41,927	45,163	45,681	45,681	45,681	45,681	45,681	45,681	1,235,482
23	Total	\$1,630,535	\$1,630,535	\$0	\$162,282	\$162,282	\$165,048	\$167,921	\$115,071	\$125,648	\$131,254	\$132,865	\$134,480	\$135,121	\$135,089	\$133,822	\$3,281,079
24	Cumulative-Regulatory Asset-Net.				\$1,792,817	\$1,957,865	\$2,125,386	\$2,240,457	\$2,358,754	\$2,464,402	\$2,615,686	\$2,748,632	\$2,883,122	\$3,018,243	\$3,157,332	\$3,285,254	





Schedule E  
Gas

Duke Energy Ohio  
Calculation of Rider AU  
Case No. 15-883-GE-RDR  
Net Deferred Tax Balance - PISCC and O&M

Line No.		Balance at 12/31/2013	Adjustment	Adjusted Balance at 12/31/2013	1/31/2014	2/28/2014	3/31/2014	4/30/2014	5/31/2014	6/30/2014	7/31/2014	8/31/2014	9/30/2014	10/31/2014	11/30/2014	12/31/2014	\$
<b>Net Deferred Tax Balance - PISCC</b>																	
<b>Total Rider AU Revenue Requirement</b>																	
1	Ending Balance per Schedule 4	\$1,630,535															\$3,281,079
2	Tax Rate	35.00%															35.00%
3	Cumulative ADIT @ 35%	(\$570,687)															(\$1,148,376)
4	Net Deferred Tax Balance - Deferred Depreciation and Carrying Cost																
5	Beginning Balance	\$1,019,955	\$0	\$1,019,955	\$1,019,955	\$1,024,004	\$1,029,261	\$1,038,628	\$1,047,152	\$1,056,761	\$1,079,995	\$1,117,193	\$1,156,143	\$1,196,707	\$1,238,408	\$1,280,909	\$1,280,909
6	Monthly Activity				4,049	5,257	9,387	8,524	9,609	23,234	37,198	38,950	40,584	41,701	42,501	46,174	
7	Ending Balance	\$1,019,955	\$0	\$1,019,955	\$1,024,004	\$1,029,261	\$1,038,628	\$1,047,152	\$1,056,761	\$1,079,995	\$1,117,193	\$1,156,143	\$1,196,707	\$1,238,408	\$1,280,909	\$1,327,083	
8	Tax Rate	35.00%															35.00%
9	Cumulative ADIT @ 35%	(\$356,584)															(\$464,479)
<b>Net Deferred Tax Balance - Deferred O&amp;M and Carrying Cost</b>																	
9	Beginning Balance	\$3,074,668		\$3,074,668	3,074,668	3,124,586	3,629,975	3,713,820	3,813,476	3,887,377	3,961,381	4,088,190	4,161,930	4,240,838	4,356,143	4,471,647	
10	Monthly Activity				49,918	505,389	83,845	98,656	73,901	74,004	126,809	73,740	79,908	115,305	115,504	76,167	
11	Ending Balance	\$3,074,668	\$0	\$3,074,668	3,124,586	3,629,975	3,713,820	3,813,476	3,887,377	3,961,381	4,088,190	4,161,930	4,240,838	4,356,143	4,471,647	4,548,804	
12	Tax Rate	35.00%															35.00%
13	Cumulative ADIT @ 35%	(\$1,076,134)	\$0														(\$1,582,431)
<b>Net Deferred Tax Balance - PISCC Associated with PMO and Common Plant</b>																	
14	Ending Balance per Schedule 4	\$994,412															\$2,187,227
15	Tax Rate	35.00%															35.00%
16	Cumulative ADIT @ 35%	(\$348,044)															(\$765,529)
<b>Net Deferred Tax Balance - Deferred Depreciation and Carrying Cost Associated with PMO and Common Plant</b>																	
17	Beginning Balance					\$594,629	\$600,381	\$603,061	\$605,648	\$609,783	\$626,143	\$656,084	\$687,519	\$720,212	\$753,560	\$787,451	
18	Monthly Activity				2,419	3,333	2,680	2,587	4,135	16,360	29,941	31,435	32,683	33,348	33,891	37,138	
19	Ending Balance	\$594,629		\$594,629	\$597,048	\$600,381	\$603,061	\$605,648	\$609,783	\$626,143	\$656,084	\$687,519	\$720,212	\$753,560	\$787,451	\$824,589	
20	Tax Rate	35.00%															35.00%
21	Cumulative ADIT @ 35%	(\$208,120)															(\$288,606)
<b>Net Deferred Tax Balance - Deferred O&amp;M and Carrying Cost Associated with PMO and Common Plant</b>																	
22	Beginning Balance					2,924,842	2,937,877	2,952,326	2,968,321	2,990,170	3,010,247	3,032,558	3,062,613	3,108,856	3,168,935	3,230,289	
23	Monthly Activity				12,935	14,449	15,995	21,849	20,077	22,311	30,055	23,070	23,173	33,348	61,354	32,991	
24	Ending Balance	\$2,924,842		\$2,924,842	2,937,877	2,952,326	2,968,321	2,990,170	3,010,247	3,032,558	3,062,613	3,085,683	3,108,856	3,168,935	3,230,289	3,263,280	
25	Tax Rate	35.00%															35.00%
26	ADIT @ 35%																(\$1,142,148)
27	Cumulative ADIT	(\$1,579,894)															(\$2,196,283)

Note: Deferred tax balances as of March 2012 rolled in to base rates.

Schedule 6  
 Gas

Duke Energy Ohio  
 Calculation of Rider AU  
 Case No. 15-883-GE-RDR  
 Deferred Taxes on Liberalized Depreciation

Line No.		Previous Tax Years		Tax Year 2014 (part 1 of 2)					
		2012	2013	Vintage 2012					
		TOTAL	TOTAL	3-Year MACRS	5-Year MACRS	7-Year MACRS	10-Year MACRS	Total Vintage 2012	Total Vintage 2012
Total Rider AU Revenue Requirement									
1	Total Plant In-Service	\$12,416,689	\$34,766,288	\$408,219	\$11,176	\$11,131,130	\$886,164	\$12,416,689	
2	Book to Tax Basis Adjustments:	0	0	0	0	0	0	0	0
3									
4	Tax Base In-Service subject to:								
5	Bonus Depreciation - 100%	0	0	0	0	0	0	0	0
6	Bonus Depreciation - 50%	12,416,689	34,766,288	408,219	11,176	11,131,130	886,164	12,416,689	
7	MACRS	0	0	0	0	0	0	0	0
8	Total Tax Depreciation Base	12,416,689	34,766,288	408,219	11,176	11,131,130	886,164	12,416,689	
9	Tax Depreciation - MACRS	886,732	2,855,487	30,239	1,073	973,529	51,078	1,055,919	
10	Tax Depreciation - 100% Bonus	0	0	0	0	0	0	0	0
11	Tax Depreciation - 50% Bonus	6,208,345	11,174,800	0	0	0	0	0	0
12	Total Tax Depreciation	7,105,077	14,030,287	30,239	1,073	973,529	51,078	1,055,919	
13	Book Depreciation	289,845	1,558,840	81,643	2,235	742,446	57,773	884,098	
14	Less: Book Depr on AFUDC Equity	0	0	0	0	0	0	0	0
15	Plus: Originating Dif. Exclusive of AFUDC Equity	0	0	0	0	0	0	0	0
16	Net Book Depreciation	289,845	1,558,840	81,643	2,235	742,446	57,773	884,098	
17	Tax Depreciation in Excess of Book Depreciation	6,815,232	12,471,447	(51,404)	(1,162)	231,083	(6,695)	171,821	
18	Federal Deferred Taxes @ 35.00%	(\$2,385,331)	(\$4,385,008)	\$17,991	\$407	(\$80,879)	\$2,343	(\$80,137)	
19	Federal Deferral Rate	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%

Line No.		Previous Tax Years		Tax Year 2014 (part 1 of 2)					
		2012	2013	Vintage 2012					
		TOTAL	TOTAL	3-Year MACRS	5-Year MACRS	7-Year MACRS	10-Year MACRS	Total Vintage 2012	Total Vintage 2012
Deferred Taxes on Liberalized Depreciation Associated with PMO and Common Plant									
Total Plant In-Service									
20	Total Plant In-Service	\$7,057,294	\$24,394,805	\$408,219	\$0	\$5,782,911	\$886,164	\$7,057,294	
21	Book to Tax Basis Adjustments:	0	0	0	0	0	0	0	\$0
22	Tax Base In-Service subject to:								
23	Bonus Depreciation - 100%	0	0	0	0	0	0	0	0
24	Bonus Depreciation - 50%	7,057,294	24,394,805	408,219	0	5,782,911	886,164	7,057,294	
25	MACRS	0	0	0	0	0	0	0	0
26	Total Tax Depreciation Base	7,057,294	24,394,805	408,219	0	5,782,911	886,164	7,057,294	
27	Tax Depreciation - MACRS	513,590	1,840,173	30,239	0	505,773	51,078	587,090	
28	Tax Depreciation - 100% Bonus	0	0	0	0	0	0	0	0
29	Tax Depreciation - 50% Bonus	3,528,647	8,668,796	0	0	0	0	0	0
30	Total Tax Depreciation	4,042,237	10,508,929	30,239	0	505,773	51,078	587,090	
31	Book Depreciation	151,319	1,003,492	81,643	0	385,720	57,773	525,136	
32	Less: Book Depr on AFUDC Equity	0	0	0	0	0	0	0	0
33	Plus: Originating Dif. Exclusive of AFUDC Equity	0	0	0	0	0	0	0	0
34	Net Book Depreciation	151,319	1,003,492	81,643	0	385,720	57,773	525,136	

Schedule 6  
Gas

Duke Energy Ohio  
Calculation of Rider AU  
Case No. 15-883-GE-RDR  
Deferred Taxes on Liberalized Depreciation

Line No.		Tax Year 2014 (part 2 of 2)					Vintage 2014					Total Tax Year 2014
		3-Year MACRS	5-Year MACRS	7-Year MACRS	10-Year MACRS	Total Vintage 2013	3-Year MACRS	5-Year MACRS	7-Year MACRS	10-Year MACRS	Total Vintage 2014	
1	Total Rider AU Revenue Requirement	\$145,766	\$21,801	\$14,193,522	\$7,988,510	\$22,349,599	\$927,213	\$34,382	\$4,380,777	\$675,242	\$6,017,614	\$40,783,902
2	Total Plant In-Service	0	0	0	0	0	0	0	0	0	0	0
3	Book to Tax Basis Adjustments:											
4	Tax Base In-Service subject to:											
5	Bonus Depreciation - 100%	0	0	0	0	0	0	0	0	0	0	0
6	Bonus Depreciation - 50%	145,766	21,801	14,193,522	7,988,510	22,349,599	927,213	34,382	4,380,777	675,242	6,017,614	40,783,902
7	MACRS	0	0	0	0	0	927,213	34,382	4,380,777	675,242	981,595	981,595
8	Total Tax Depreciation Base	145,766	21,801	14,193,522	7,988,510	22,349,599	1,854,426	68,764	4,380,777	675,242	6,979,209	41,745,497
9	Tax Depreciation - MACRS	32,393	3,488	1,737,987	554,203	2,328,081	308,040	6,876	312,919	25,322	654,157	4,038,157
10	Tax Depreciation - 100% Bonus	0	0	0	0	0	0	0	0	0	0	0
11	Tax Depreciation - 50% Bonus	0	0	0	0	0	483,607	17,191	2,190,389	337,821	3,008,807	3,008,807
12	Total Tax Depreciation	32,393	3,488	1,737,987	554,203	2,328,081	772,647	24,067	2,503,308	362,943	3,662,964	7,046,964
13	Book Depreciation											
14	Total Book Depreciation	28,153	4,363	946,708	532,834	1,513,058	96,427	0	211,504	19,533	327,464	2,724,619
15	Less: Book Depr on AFUDC Equity	0	0	0	0	0	0	0	0	0	0	0
16	Plus: Originating Dif. Exclusive of AFUDC Equity	0	0	0	0	0	0	0	0	0	0	0
17	Net Book Depreciation	28,153	4,363	946,708	532,834	1,513,058	96,427	0	211,504	19,533	327,464	2,724,619
18	Tax Depreciation in Excess of Book Depreciation	3,240	(875)	791,289	21,389	815,023	678,220	24,067	2,291,804	343,410	3,335,500	4,322,345
19	Federal Deferred Taxes @ 35.00%	(\$1,134)	\$306	(\$276,951)	(\$7,479)	(\$285,258)	(\$239,677)	(\$8,423)	(\$802,131)	(\$120,194)	(\$1,167,425)	(\$1,512,821)
20	Federal Deferral Rate	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
21	Total Deferred Tax Balance											(\$8,283,158)
22	Deferred Taxes on Liberalized Depreciation Associated with PMO and Common Plant											
23	Total Plant In-Service	\$145,766	\$0	\$9,203,235	\$7,988,510	\$17,337,511	\$927,213	\$0	\$2,976,075	\$675,242	\$4,578,530	\$28,973,335
24	Book to Tax Basis Adjustments:	0	0	0	0	\$0	0	0	0	0	\$0	0
25	Tax Base In-Service subject to:											
26	Bonus Depreciation - 100%	0	0	0	0	0	0	0	0	0	0	0
27	Bonus Depreciation - 50%	145,766	0	9,203,235	7,988,510	17,337,511	927,213	0	2,976,075	675,242	4,578,530	28,973,335
28	MACRS	0	0	0	0	0	927,213	0	0	0	927,213	927,213
29	Total Tax Depreciation Base	145,766	0	9,203,235	7,988,510	17,337,511	1,854,426	0	2,976,075	675,242	5,505,743	29,900,548
30	Tax Depreciation - MACRS	32,393	0	1,128,936	554,203	1,713,532	154,534	0	212,581	25,322	392,437	2,683,059
31	Tax Depreciation - 100% Bonus	0	0	0	0	0	0	0	0	0	0	0
32	Tax Depreciation - 50% Bonus	0	0	0	0	0	483,607	0	1,488,038	337,821	2,289,265	2,289,265
33	Total Tax Depreciation	32,393	0	1,128,936	554,203	1,713,532	618,141	0	1,700,619	362,943	2,681,702	4,982,324
34	Book Depreciation											
35	Total Book Depreciation	28,153	0	613,856	532,834	1,175,843	0	0	98,274	19,533	118,807	1,819,788
36	Less: Book Depr on AFUDC Equity	0	0	0	0	0	0	0	0	0	0	0
37	Plus: Originating Dif. Exclusive of AFUDC Equity	0	0	0	0	0	0	0	0	0	0	0
38	Net Book Depreciation	28,153	0	613,856	532,834	1,175,843	0	0	98,274	19,533	118,807	1,819,788



Duke Energy Ohio  
Calculation of Rider AU  
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Deferred Taxes on Liberalized Depreciation

31	Tax Depreciation in Excess of Book Depreciation	3,240	0	513,080	21,369	537,689	618,141	0	1,801,345	343,410	2,562,895	3,162,538
32	Federal Deferred Taxes @ 35.00%	(\$1,134)	\$0	(\$175,578)	(\$7,479)	(\$188,191)	(\$216,349)	\$0	(\$560,471)	(\$120,193)	(\$897,013)	(\$1,106,888)
33	Federal Deferral Rate	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
											Total Deferred Tax Balance	(\$5,795,612)

Duke Energy Ohio  
Calculation of Rider AU  
Case No. 15-883-GE-RDR  
Approved Rate of Return <sup>(a)</sup>

Line No.		Balance at 3/31/2012	Percent of Total	Rate	Weighted Cost	Tax Gross Up Factor	Pre-Tax Rate of Return
1	Long Term Debt	\$2,532,502,631	46.70%	5.32%	2.48%	1.000000	2.48%
2	Common equity	2,890,889,857	53.30%	9.84%	5.25%	1.546853	8.12%
3	Total Capitalization	<u>\$5,423,392,488</u>	<u>100.00%</u>		<u>7.73%</u>		<u>10.60%</u>

Note: <sup>(a)</sup> Per Stipulation approved in Case No. 12-1685-GA-AIR.

Income before Income Tax	100.0000%
Less: Uncollectible accounts Expenses	0.5425%
Less: State Income Tax	0.0000%
Income before Federal Income Tax	99.458%
Federal Income Tax (35% x 100%)	34.810%
Operating Income Percentage	<u>64.647%</u>
Gross Revenue Conversion Factor (1/0.6500)	<u>1.546853</u>

**Schedule 8  
Gas**

**Duke Energy Ohio  
Calculation of Rider AU  
Case No. 15-883-GE-RDR  
Annualized Depreciation Expense on Plant in Service at Year End**

<u>Line No.</u>	<u>Depreciable Plant Basis</u>	<u>Plant Account</u>	<u>Balance at 12/31/2014</u>	<u>Depreciation Rate</u>	<u>Annualized Depreciation</u>
<b>Total Rider AU Revenue Requirement</b>					
1	Electronic Data Processing Equip Common	19101	0	20.00%	0
2	Intangible Gas	20300	1,481,198	20.00%	296,240
3	Electronic Data Processing Equip Gas	29101	67,359	20.00%	13,472
4	Communication Equipment Gas	29700	13,086,288	6.67%	872,855
5	Leased AMI Meters	17001	9,529,916	6.67%	635,645
6	Communication Equipment Common	19700	16,619,141	6.67%	1,108,497
7	<b>Total</b>		<b>\$40,783,902</b>		<b>\$2,926,709</b>
<b>Annualized Depreciation Associated with PMO and Common Plant Additions</b>					
8	Electronic Data Processing Equip Common	19101	0	20.00%	0
9	Intangible Gas	20300	1,481,198	20.00%	296,240
10	Electronic Data Processing Equip Gas	29101	0	20.00%	0
11	Communication Equipment Gas	29700	1,343,080	6.67%	89,583
12	Leased AMI Meters	17001	9,529,916	6.67%	635,645
13	Communication Equipment Common	19700	16,619,141	6.67%	1,108,497
14	<b>Total</b>		<b>\$28,973,335</b>		<b>\$2,129,965</b>

**Schedule 9**  
**Gas**

**Duke Energy Ohio**  
**Calculation of Rider AU**  
**Case No. 15-883-GE-RDR**  
**Annualized Amortization of PISCC**

<u>Line No.</u>	<u>Regulatory Asset Deferrals</u>	<u>Balance at 12/31/2014</u>	<u>Amortization Rate</u>	<u>Annualized Amortization</u>
<b>Total Rider AU Revenue Requirement</b>				
1	018636x Electronic Data Processing Equip Common	0	20.00%	0
2	018636x Intangible Gas	82,484	20.00%	16,497
3	018636x Electronic Data Processing Equip Gas	4,522	20.00%	904
4	018636x Communication Equipment Gas	1,201,751	6.67%	80,157
5	018636x Leased AMI Meters	765,398	6.67%	51,052
6	018636x Communication Equipment Common	1,241,099	6.67%	82,781
7	<b>Total</b>	<b>\$3,295,254</b>		<b>\$231,391</b>
<b>Annualized Amortization of PISCC Associated with PMO and Common Plant</b>				
<b>Total Rider AU Revenue Requirement</b>				
8	018636x Electronic Data Processing Equip Common	0	20.00%	0
9	018636x Intangible Gas	82,484	20.00%	16,497
10	018636x Electronic Data Processing Equip Gas	0	20.00%	0
11	018636x Communication Equipment Gas	105,554	6.67%	7,040
12	018636x Leased AMI Meters	765,398	6.67%	51,052
13	018636x Communication Equipment Common	1,241,099	6.67%	82,781
14	<b>Total</b>	<b>\$2,194,535</b>		<b>\$157,370</b>



Schedule 10  
Gas

Duke Energy Ohio  
Calculation of Rider AU  
Case No. 15-883-GE-RDR  
Regulatory Asset - Deferred O&M Expenses, Carrying Cost and Amortization

Line No.	Account Description	Balance at 12/31/2013	Adj (1)	Adjusted Balance at 12/31/2013	1/31/2014	2/28/2014	3/31/2014	4/30/2014	5/31/2014	6/30/2014	7/31/2014	8/31/2014	9/30/2014	10/31/2014	11/30/2014	12/31/2014	Balance at 12/31/2014
<b>Regulatory Asset-Deferred O&amp;M Expenses</b>																	
1	182362 O&M - Meter, Communication, & Info Tech	\$330,825	\$176,871	\$707,696	\$488,204	\$488,204	\$488,204	\$488,204	\$488,204	\$488,204	\$488,204	\$488,204	\$488,204	\$488,204	\$488,204	\$488,204	\$1,783,690
2	182362 Common O&M - Meter, Communication, & Info Tech	7,770,634	0	7,770,634	182	182	182	182	182	182	182	182	182	182	182	182	7,812,074
3	182362 PMO O&M - Meter, Communication, & Info Tech	1,007,848	0	1,007,848	1,456	1,456	1,456	1,456	1,456	1,456	1,456	1,456	1,456	1,456	1,456	1,456	1,115,365
4	182362 Book Depreciation - Common	87,455	0	87,455	233	233	233	233	233	233	233	233	233	233	233	233	1,099,712
5	182362 Book Depreciation - Common	1,012,519	0	1,012,519	0	0	0	0	0	0	0	0	0	0	0	0	1,216,371
6	Total	\$11,319,481	\$176,871	\$11,496,352	\$38,663	\$427,370	\$38,663	\$427,370	\$38,663	\$427,370	\$38,663	\$427,370	\$38,663	\$427,370	\$38,663	\$427,370	\$13,097,272
<b>Cumulative-Regulatory Asset-Deferreds</b>																	
7	Cumulative-Regulatory Asset-Deferreds	\$11,319,481		\$11,496,352	\$11,533,225	\$12,025,595	\$12,088,278	\$12,185,236	\$12,268,156	\$12,350,459	\$12,501,011	\$12,589,882	\$12,704,705	\$12,848,705	\$12,988,073	\$13,097,272	
<b>Regulatory Asset-Amortization</b>																	
8	407xxx Deferred O&M Costs	\$160,408		\$160,408	\$13,141	\$13,141	\$13,141	\$13,141	\$13,141	\$13,141	\$13,141	\$13,141	\$13,141	\$13,141	\$13,141	\$13,141	\$305,228
9	407xxx Deferred O&M - Common and PMO Costs	5,926,533		5,926,533	210,488	210,488	210,488	210,488	210,488	210,488	210,488	210,488	210,488	210,488	210,488	210,488	7,735,856
10	407xxx Book Depreciation - Common	573,488		573,488	28,477	28,477	28,477	28,477	28,477	28,477	28,477	28,477	28,477	28,477	28,477	28,477	786,654
11	407xxx Book Depreciation - Common	420,901		420,901	22,141	22,141	22,141	22,141	22,141	22,141	22,141	22,141	22,141	22,141	22,141	22,141	613,351
12	Total	\$7,081,328	\$0	\$7,081,328	\$275,247	\$275,247	\$275,247	\$275,247	\$275,247	\$275,247	\$275,247	\$275,247	\$275,247	\$275,247	\$275,247	\$275,247	\$9,442,088
<b>Cumulative-Regulatory Asset-Amortization</b>																	
13	Cumulative-Regulatory Asset-Amortization	\$7,081,328		\$7,081,328	\$7,631,820	\$7,907,067	\$8,077,625	\$8,246,183	\$8,414,741	\$8,589,298	\$8,759,857	\$8,930,415	\$9,100,973	\$9,271,531	\$9,442,088		
<b>Regulatory Asset-Deferred O&amp;M Expenses Carrying Cost (2)</b>																	
14	182362 Deferred O&M Costs	\$35,367	\$0	\$35,367	1,576	1,576	3,897	3,897	3,897	4,188	4,487	4,804	5,018	5,241	5,460	5,655	86,171
15	182362 Deferred O&M - Common and PMO Costs	851,734		851,734	11,478	11,478	11,505	5,718	5,785	5,854	5,944	6,035	6,110	6,267	6,508	6,888	1,041,115
16	182362 Book Depreciation - Common	97,312		97,312	1,630	1,630	1,643	1,032	1,053	1,075	1,102	1,130	1,159	1,189	1,222	1,255	1,433
17	182362 Book Depreciation - Common	75,212		75,212	2,419	2,419	2,423	1,773	1,780	1,818	1,812	2,040	2,172	2,309	2,447	2,584	101,320
18	Total	\$1,159,625	\$0	\$1,159,625	\$17,104	\$18,278	\$18,531	\$12,220	\$12,580	\$12,935	\$13,455	\$14,009	\$14,459	\$15,008	\$15,637	\$16,192	\$13,410,339
<b>Cumulative-Regulatory Asset-Deferreds</b>																	
19	Cumulative-Regulatory Asset-Deferreds	\$1,159,625		\$1,159,625	\$1,176,726	\$1,195,005	\$1,214,506	\$1,236,786	\$1,262,224	\$1,282,281	\$1,295,745	\$1,279,745	\$1,294,204	\$1,309,210	\$1,324,847	\$1,341,039	
<b>Regulatory Assets-Total</b>																	
20	182362 Deferred O&M Costs	\$405,786	\$176,871	\$582,657	\$23,842	\$477,709	\$54,709	\$66,098	\$42,113	\$38,982	\$85,043	\$38,669	\$44,024	\$43,515	\$40,439	\$33,455	\$1,574,833
21	182362 Deferred O&M - Common and PMO Costs	3,803,683		3,803,683	(197,553)	(198,038)	(194,493)	(103,887)	(110,574)	(108,340)	(100,980)	(107,581)	(107,478)	(70,572)	(69,292)	(65,000)	2,382,481
22	182362 Book Depreciation - Common	521,481		521,481	(27,847)	(27,553)	(22,780)	(6,298)	(8,718)	(7,319)	(6,295)	(6,278)	(5,832)	(5,840)	(5,883)	(5,157)	362,481
23	182362 Book Depreciation - Common	696,830		696,830	(19,722)	(18,009)	(19,461)	(11,418)	(9,868)	2,357	15,838	17,432	18,690	18,345	19,888	23,135	704,340
24	Total	\$5,397,790	\$176,871	\$5,574,661	\$(22,280)	\$(25,389)	\$(12,035)	\$(37,473)	\$(87,046)	\$(73,320)	\$(6,351)	\$(57,886)	\$(51,066)	\$(12,552)	\$(12,553)	\$(46,227)	\$4,986,162
<b>Cumulative-Regulatory Asset-Total</b>																	
25	Cumulative-Regulatory Asset-Total	\$5,397,790		\$5,574,661	\$5,353,381	\$5,588,780	\$5,408,745	\$5,346,272	\$5,262,224	\$5,188,904	\$5,162,353	\$5,124,485	\$5,073,369	\$5,059,847	\$5,047,284	\$5,001,087	
<b>Severance Costs By Year</b>																	
				2008	2009	2010	2011	2012	2013	Total							
				\$38,462	\$1,037,895	\$0	\$154,963	\$128,347	\$208,353	\$530,825							
				\$24,222	\$178,365	\$2,884,332	\$2,884,332	\$1,315,577	\$1,272,802	\$8,776,462							
				\$10,211	\$63,307	\$141,092	\$292,371	\$147,080	\$398,448	\$1,072,519							
				\$72,895	\$1,178,767	\$3,210,609	\$5,009,714	\$1,733,638	\$2,126,623	\$11,343,607							

(1) Severance accrued in 2012 but not paid until 2014  
(2) Included in O&M costs BUT excluded from Carrying Costs calculations

Duke Energy Ohio  
 Calculation of Rider AU  
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 Regulatory Asset - Deferred O&M Expenses, Carrying Cost and Amortization

Line No.	Account Description	Balance at 12/31/2013	Adj. (1)	Adjusted Balance at 12/31/2013	1/1/2014	2/28/2014	3/31/2014	4/30/2014	5/31/2014	6/30/2014	7/31/2014	8/31/2014	9/30/2014	10/31/2014	11/30/2014	12/31/2014	Balance at 12/31/2014
<b>Regulatory Asset - Deferred O&amp;M Expenses, Carrying Cost and Amortization Associated with PMO and Common Expenses</b>																	
26	Regulatory Asset-Deferred O&M Expenses																
27	182362 Common O&M - Meter, Communication, & Info Tech																
28	182362 PMO O&M																
29	18236x Book Depreciation - PMO and Common																
30	Total	\$7,770,634	\$0	\$7,770,634	\$182	\$7,952,616	\$8,034,669	\$8,116,622	\$8,198,675	\$8,280,728	\$8,362,781	\$8,444,834	\$8,526,887	\$8,608,940	\$8,690,993	\$8,773,046	\$8,855,099
31	Regulatory Asset-Deferred O&M Expenses																
32	407xxx Deferred O&M - Common and PMO Costs																
33	407xxx Book Depreciation - Common																
34	Total	\$5,926,533	\$210,488	\$6,137,021	\$21,141	\$6,158,162	\$6,179,303	\$6,199,444	\$6,219,585	\$6,239,726	\$6,259,867	\$6,279,998	\$6,299,999	\$6,319,999	\$6,339,999	\$6,359,999	\$6,379,999
35	Regulatory Asset-Deferred O&M Expenses																
36	407xxx Deferred O&M - Common and PMO Costs																
37	407xxx Book Depreciation - Common and PMO Costs																
38	Total	\$6,347,434	\$6,580,063	\$12,927,497	\$7,045,321	\$7,166,975	\$7,288,629	\$7,410,283	\$7,531,937	\$7,653,591	\$7,775,245	\$7,896,899	\$8,018,553	\$8,140,207	\$8,261,861	\$8,383,515	\$8,505,169
39	Regulatory Asset-Deferred O&M Expenses																
40	182362 Deferred O&M - Common and PMO Costs																
41	18236x Book Depreciation - PMO and Common																
42	Total	\$1,026,946	\$1,040,844	\$2,067,790	\$1,068,081	\$1,078,172	\$1,088,263	\$1,098,354	\$1,108,445	\$1,118,536	\$1,128,627	\$1,138,718	\$1,148,809	\$1,158,900	\$1,168,991	\$1,179,082	\$1,189,173
43	Regulatory Asset-Total																
44	182362 Deferred O&M - Common and PMO Costs																
45	18236x Book Depreciation - PMO and Common																
46	Total	\$3,803,683	\$187,553	\$3,991,236	\$194,493	\$196,039	\$197,585	\$199,131	\$200,677	\$202,223	\$203,769	\$205,315	\$206,861	\$208,407	\$209,953	\$211,499	\$213,045
47	Regulatory Asset-Total																
48	182362 Deferred O&M - Common and PMO Costs																
49	18236x Book Depreciation - PMO and Common																
50	Total	\$4,470,513	\$217,275	\$4,687,788	\$213,986	\$214,847	\$215,708	\$216,569	\$217,430	\$218,291	\$219,152	\$220,013	\$220,874	\$221,735	\$222,596	\$223,457	\$224,318
51	Regulatory Asset-Total																
52	182362 Deferred O&M - Common and PMO Costs																
53	18236x Book Depreciation - PMO and Common																
54	Total	\$4,470,513	\$4,250,238	\$8,720,751	\$3,824,437	\$3,704,219	\$3,583,777	\$3,463,335	\$3,342,893	\$3,222,451	\$3,102,009	\$2,981,567	\$2,861,125	\$2,740,683	\$2,620,241	\$2,500,000	\$2,379,758

6.32%

Carrying Cost Rate - Jan thru December

Staff Recommendation  
Schedule 11  
Gas

Duke Energy Ohio  
Calculation of Rider AU  
Case No. 15-883-GE-RDR  
Annualized Property Taxes

Line No.	Property Tax Expense (Amounts Exclude Post In-Service Carrying Costs) Total Rider AU Revenue Requirement	Vintage Year 2012		Vintage Year 2013		Vintage Year 2014		Total
		15-Year General Plant	30-Year Distribution Plant	15-Year General Plant	30-Year Distribution Plant	15-Year General Plant	30-Year Distribution Plant	
1	Current Year Investment	\$1,142,306	\$866,164	\$15,199,289	\$7,988,510	\$3,431,193	\$675,242	\$39,302,704
2	Less: AFUDC In-Service	0	0	0	0	0	0	0
3	Net Cost of Taxable Property	11,142,306	866,164	15,199,289	7,988,510	3,431,193	675,242	
4	Percent Good <sup>(a)</sup>	83.3%	91.7%	90.0%	95.0%	96.7%	98.3%	
5	True Value of Taxable Property (excluding PISCC)	9,281,541	794,272	13,679,360	7,589,085	3,317,964	663,763	
6	Valuation Percent	25%	25%	25%	25%	25%	25%	
7	Total Taxable Value	2,320,385	198,568	3,419,840	1,897,271	829,491	165,941	
8	Retired Net Taxable Plant End of Year (@ 15%)	-	-	-	-	-	-	
9	Net Property Tax Valuation	2,320,385	198,568	3,419,840	1,897,271	829,491	165,941	
10	Property Tax Expense	\$228,732	\$19,403	\$334,163	\$185,388	\$81,052	\$16,215	\$862,853
Annualized Property Taxes Associated with PMO and Common Plant								
11	Current Year Investment	\$5,782,911	\$866,164	\$9,203,235	\$7,988,510	\$2,976,075	\$675,242	\$27,492,137
12	Less: AFUDC In-Service	0	0	0	0	0	0	0
13	Net Cost of Taxable Property	5,782,911	866,164	9,203,235	7,988,510	2,976,075	675,242	
14	Percent Good <sup>(a)</sup>	83.3%	91.7%	90.0%	95.0%	96.7%	98.3%	
15	True Value of Taxable Property (excluding PISCC)	4,817,165	794,272	8,282,912	7,589,085	2,877,865	663,763	
16	Valuation Percent	25%	25%	25%	25%	25%	25%	
17	Total Taxable Value	1,204,291	198,568	2,070,728	1,897,271	719,466	165,941	
18	Retired Net Taxable Plant End of Year (@ 15%)	-	-	-	-	-	-	
19	Net Property Tax Valuation	1,204,291	198,568	2,070,728	1,897,271	719,466	165,941	
20	Property Tax Expense	\$117,675	\$19,403	\$202,337	\$185,388	\$70,301	\$16,215	\$611,319
21	Ohio Property Tax Calculation:							
22	Average Property Tax Rate per \$1,000 of Valuation	\$97.713		\$97.713		\$97.713		

<sup>(a)</sup> From Gas Company Annual Report -  
Schedule C - 15 Year Class Life (General Plant)  
Schedule C - 30 Year Class Life (Distribution Plant)

**Schedule 12**  
**Gas**

**Duke Energy Ohio**  
**Calculation of Rider AU**  
**Case No. 15-883-GE-RDR**  
**Incremental O&M Savings**

<u>Line No.</u>		<u>Incremental (Savings)</u>
1	Amount Per Stipulation in Case No.10-2326-GE-RDR	-4,544,000
	Amount included in base rates per Case No. 12-1685-GA-AIR	-2,026,000
	Net	-2,518,000

**Schedule 13  
Gas**

**Duke Energy Ohio  
Calculation of Rider AU  
Case No. 15-883-GE-RDR  
Charge Per Bill**

Line No.		Total	Source
<b>Count Breakdown of Customer Bills</b>			
1	Combo Accounts - Gas & Electric		
2	Gas Only	4,952,508	Internal Company Data
3	Total	106,440	Internal Company Data
		5,058,948	
<b>Revenue Requirement Breakdown</b>			
4	2014 Rider AU Revenue Requirement - Smart Grid	\$6,432,220	Schedule 1
5	2013 Rider AU Revenue Requirement - Undercollection (4 billing days)	\$3,170	Schedule 14
6	Total Rider AU Revenue Requirement	\$6,435,390	
7	Rider AU Revenue Requirement - Combo Account Customers	\$5,597,302	Schedule 1A
8	2013 Rider AU Revenue Requirement - Undercollection (4 billing days)	\$50,531	Schedule 14
9	Total Rider AU Revenue Requirement - Combo Account Customers	\$5,647,833	
10	Rider AU Revenue Requirement - shared by all customers	\$787,557	line 6 - line 9
<b>Rider AU Charges per Bill</b>			
11	Portion shared by all accounts (Line 10/Line 3)	\$0.16	GAS ONLY ACCT RATE
12	Portion for Combo Accounts only (Line 9 /Line 1)	\$1.14	Credit for Gas Only customers
13	Total	\$1.30	Rider AU Rate for Gas/Elec Customers
<b>Verification of Calculation</b>			
14	# of Combo Customers x Combo Rate	\$6,418,450	
15	# of Gas Only Customers x Gas Only Rate	\$16,605	
16		\$6,435,055	Total Rider AU Revenue Requirement

**Schedule 14**  
**Gas**

**Duke Energy Ohio**  
**Calculation of Rider AU**

**Undercollection of 2013 Revenue Requirement**

<b>Line No</b>	<b>Description</b>	<b>Amount</b>
<b>All Customers</b>		
1	2013 Revenue Requirement Per Settlement	7,183,668
2	2012 Revenue Requirement After Rate Case (O&M and gas furnace costs)	6,983,943
3	Net Increase	<u>199,725</u>
4	Undercollection - First 4 billing cycles in April	3,170
<b>PMO &amp; Common Plant</b>		
5	2013 Revenue Requirement Per Settlement	6,272,314
6	2012 Revenue Requirement Per Settlement	3,088,867
7	Net Increase	<u>3,183,447</u>
8	Undercollection - First 4 billing cycles in April	50,531

**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

**7/20/2015 4:34:22 PM**

**in**

**Case No(s). 15-0883-GE-RDR**

Summary: Testimony Revised Direct Testimony of Peggy A. Laub and Revised Attachments PAL-1 and PAL-2 electronically filed by Dianne Kuhnell on behalf of Duke Energy Ohio, Inc. and Spiller, Amy B. and Watts, Elizabeth H.