BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

Board of County Commissioners of Hamilton County, Ohio, 138 E. Court Street, Room 603 Cincinnati, OH 45202	)	
Complainant,	)	
v.	)	Case No. ______
Duke Energy Ohio, Inc. 139 E. Fourth Street Cincinnati, OH 45202	)	
Respondent.	)	

COMPLAINT AND REQUEST FOR RELIEF

Complainant, Board of County Commissioners of Hamilton County, Ohio (the "County"), hereby brings this Complaint against Respondent, Duke Energy Ohio, Inc. ("Duke Energy"), pursuant to Ohio Revised Code 4905.26, and states as follows:

PARTIES AND JURISDICTION

1. Hamilton County is a political subdivision of the State of Ohio, organized and existing under the laws of the State of Ohio and it is under the direction and control of the Board of County Commissioners of Hamilton County, Ohio.

2. Duke Energy, is a wholly owned subsidiary of Duke Energy Corporation, and is an Ohio electric distribution utility and a public utility as defined by R.C. 4905.02 and 4905.03(C). Duke Energy has its principal place of business in Cincinnati, Ohio.

3. The Public Utilities Commission of Ohio (hereinafter "Commission") has jurisdiction over Duke Energy pursuant to Ohio Revised Code 4905.04, 4905.05, and 4905.06. In addition, the Commission has jurisdiction over the subject matter of this Complaint and

possesses the authority to grant the relief requested by the County in this Complaint pursuant to Ohio Revised Code 4905.26.

FACTUAL BACKGROUND

I. The Design of Paul Brown Stadium Called for a Dual-Feed System.

4. The County owns Paul Brown Stadium and leases it to the Cincinnati Bengals.

5. In 1997, representatives of Duke Energy (through its predecessor entity) made clear that Duke Energy's plans were to supply Paul Brown Stadium's electrical needs with two ***primary*** electrical feeds. Consistent with these plans, the design for Paul Brown Stadium that was required and approved by Duke Energy called for the installation of a dual-feed system in which each of the two feeders would support 50% of the stadium's load. In the event of a loss of power on either feed, the feeders were designed to support 100% of the stadium load. Under the dual-feed design required and approved by Duke Energy, neither feed to Paul Brown Stadium was a backup.

6. Throughout 1997 until the opening of Paul Brown Stadium in 2000, the County worked with Duke Energy on the plans for, design, and installation of the dual-feed system. The County relied on this dual-feed design specified by Duke.

7. At all times since the opening of Paul Brown Stadium, the County has paid for the total load utilized by both feeds in the dual-feed system. Electrical service to Paul Brown Stadium has operated according to the dual-feed design specified by Duke Energy.

II. DUKE ENERGY SUBMITS THE BDP RIDER APPLICATION.

8. On May 18, 2006, Duke Energy (then known as The Cincinnati Gas & Electric Company d/b/a Duke Energy Ohio) filed an application with this Commission seeking authority

to establish a backup delivery point rider (the "BDP Rider"), pursuant to which Duke Energy would make available, upon request of a non-residential customer, additional backup delivery service points pursuant to the terms and conditions of proposed tariffs that were filed with its application (the "BDP Rider Application"). *See In the Matter of the Application of the Cincinnati Gas & Electric Company for Approval of its Rider BDP, Backup Delivery Point*, Case No. 06-718-EL-TRF. A copy of the 2006 BDP Rider Application is attached hereto as Exhibit 1.

9. The 2006 BDP Rider Application represented that it was for "New Service" and would not result in "an increase in any rate, joint rate, toll, classification charge, or rental." The application also stated that would be implemented through new service agreements with customers to last at least five years.

10. Exhibit B to the 2006 BDP Rider Application sheds some light on Duke Energy's intent including the intended reach of the rider. It represented that the BDP Rider was a "**New Service**" which would provide "***additional*** access to [Duke Energy's] distribution and / or transmission system(s) for customers that require enhanced reliability." *See* Exhibit 1 attached and Ex. B to that Application (emphasis added).

11. In addition, in the proposed tariff schedule, Duke Energy explained that ***"[u]pon customer request***, [Duke Energy] will make available to a Non-Residential Customer ***additional delivery points*** in accordance with the rates, terms and conditions of this Rider BDP." *See* Exhibit 1, Ex. B to Application (emphasis added).

12. The BDP Rider Application remained pending until July 25, 2008, when Duke Energy filed three separate applications seeking approval for an increase in electricity rates, as well as various changes in accounting arrangements. *See* Case Nos. 08-709-EL-AIR, 08-710-EL-ATA, and 08-711-EL-AAM (collectively the "Rate Cases").

13. That same day, Duke Energy filed a motion to consolidate the BDP Rider Application with the Rate Cases. In considering the motion, this Commission stated that "Duke affirm[ed] that no party would be prejudiced by this action and suggests that consolidation would allow interested parties to review the filing and provide comments or testimony on the proposed BDP tariff in the context of a full distribution rate case . . . ."

14. On September 12, 2008, this Commission determined that "consolidation of the rider and rate cases would be reasonable, in the interests of efficiency and the elimination of redundancy." Thereafter, the consolidated cases were referred to as the Rate Cases.

15. In connection with the Rate Cases, Duke Energy submitted testimony by James Ziolkowski which provided additional information regarding the intended reach of the BDP Rider. Mr. Ziolkowski testified that the BDP Rider "provides for ***additional*** access to [Duke Energy's] distribution and/or transmission system(s) for customers that require enhanced reliability" (emphasis added). A true and accurate copy of Mr. Ziolkowski's Direct Testimony is attached hereto as Exhibit 2.

16. In response to questions about how the charges for BDP Rider were developed, Mr. Ziolkowski represented that there were two primary ways that it would be assessed: (1) an Access Charge; and (2) a Cost of Ownership Charge. *Id.* at 16. In explaining these charges, he testified that "[c]ustomer characteristics determine the charges under Rider BDP, and how the service is delivered to the customer is a key component in the [sic] determining those charges. ***Customers requesting distribution and transmission sources that are distinctly different from the sources providing the customers' primary service are charged an Access Charge.*** This charge is based upon the transmission and distribution components of the applicable [Duke Energy] unbundled rate (*i.e.*, Rate DS, Rate DP, and Rate TS)." *Id.* (emphasis added).

17. The Staff Report for the consolidated Rate Cases was filed on January 27, 2009. A copy of the Staff Report is attached hereto as Exhibit 3. The Staff Report described the 2006 BDP Rider application as "proposing to introduce a ***new, optional service*** that provides an ***additional access link*** from the customer's location to the company's distribution and/or transmission networks." *Id.* at 21 (emphasis added). The Staff Report described this as a "redundant source of power". *Id.*

18. The Staff Report recommended approval of the BDP Rider, subject to certain modifications, based on a finding that it "generally believes the tariff sets forth a reasonable basis for the pricing of [the backup delivery] service." *Id.* at 21.

19. Notwithstanding the plain language of the 2006 Application, the Staff Report also interpreted the BDP Rider as applying not just to "additional" or new backup delivery points but also to existing backup delivery points that had traditionally received services "for no additional charge." *Id.* This referred to certain customers who were receiving back-up service of the type described in the BDP Rider Application and who were aware of the PUCO proceedings.

20. With respect to service, the Staff Report stated that "copies of the Staff Report have been filed with the Docketing Division of the Commission and served by certified mail upon the mayors of all affected municipalities and other public officials deemed representative of the service area affected by the application." *Id.*

21. The Staff Report was not served on the County. Neither Duke Energy nor PUCO ever suggested that the BDP Rider had any effect on the existing, dual-feed system in use at Paul Brown Stadium. The County was not provided notice of any type that the BDP Rider was being considered for application to existing customers or that it would cause rate increases (contrary to the representations in the 2006 Application).

22. On March 31, 2009, certain parties—not including the County—signed a Stipulation and Recommendation (the "Stipulation"), which recommended approval of the BDP Rider, as modified by the recommendations made in the Staff Report. The County was not a party to the Stipulation and was provided no notice of the Stipulation.

23. On July 8, 2009, this Commission issued an Order approving the Stipulation, including the BDP Rider, as modified by the Staff Report.

24. In response to the Order, on July 10, 2009, Duke Energy filed revised tariffs consistent with this Commission's Order, which, among other things, included the final terms, obligations, and conditions of the BDP Rider. A true and accurate copy of the BDP Rider is attached hereto as Exhibit 4.

25. Once again, the revised version of the BDP Rider made clear that "[u]pon customer request, the Company will make available to a Non-Residential Customer additional delivery points in accordance with the rates, terms and conditions of this Rider BDP." *Id.* at 1. It further states that "[m]onthly charges will be based on the unbundled distribution and/or transmission of the customer's most applicable rate schedule ***and the contracted-for reserved backup delivery point capacity.***" *Id.* (emphasis added).

26. The County did not request additional delivery points to Paul Brown Stadium and did not request any change to the dual-feed system designed and required by Duke Energy. Both prior to and following this Commission's Order, the County continued to use the same dual-feed system at Paul Brown Stadium and to pay for all of its actual electricity usage from both feeds.

27. From the time of this Commission's Order in July of 2009 until 2015, Duke Energy at no point attempted to apply the BDP Rider to Paul Brown Stadium and never

suggested that it had any right pursuant to the BDP Rider to imposed additional charges on the County for the use of the existing dual feed system at Paul Brown Stadium.

28. In fact, prior to 2015, the County was never provided notice of any type regarding the claimed application of the BDP Rider to Paul Brown Stadium.

29. In the summer of 2015, Duke Energy for the first time informed the County that it intended to apply the BDP Rider to Paul Brown Stadium.

30. The County objected and explained that the BDP Rider did not apply to the dual feed system utilized at Paul Brown Stadium—and required by Duke Energy—because the rider only applied to the installation of "additional" or new backup delivery systems and not to its existing dual-feed system. Further, the County explained that the dual-feed system which had been in operation for more than 15 years was not a backup delivery system at all.

31. The County made clear that it has paid and continues to pay for all electricity used by the dual feed system at Paul Brown Stadium. The County still has never requested any additional delivery points under the BDP Rider or any changes to the existing dual-feed system at Paul Brown Stadium.

32. Despite the County's objections, Duke Energy continues to insist that it is authorized to assess substantial new charges for "backup" delivery services at Paul Brown Stadium.

33. Assessment of those charges would contravene the language of BDP Rider itself and applicable law, and would impose improper, unreasonable, and unlawful charges on the County.

34. The County has refused and continues to refuse to pay Duke Energy for these unlawful and unjustified BDP Rider charges.

COUNT I
(As to Violation of Applicable Law and the BDP Rider Itself)

35. Hamilton County incorporates by reference Paragraphs 1 through 34 set forth above, as if fully restated herein.

36. The plain language of the BDP Rider states that "[u]pon customer request, Company [Duke Energy] will make available to a Non-Residential Customer additional delivery points in accordance with the rates, terms, and conditions of this Rider BDP." Ex. 4 at 1.

37. This language is clear that it only applies to customer requests for "***additional*** [backup] delivery points." *Id.* (emphasis added).

38. The BDP Rider does not apply to Paul Brown Stadium because it utilizes a dual-feed design (mandated by Duke Energy) and does not contain any backup delivery points.

39. Even if Paul Brown Stadium contained backup delivery points—which it does not—the BDP Rider also does not apply to systems that were in existence prior to the implementation of the BDP Rider. In fact, the 2006 Application makes clear that the purpose for the application was a "New Service".

40. The dual-feed system at Paul Brown Stadium is not a "New Service" and predates the BDP Rider by more than 9 years.

41. Since the opening of Paul Brown Stadium, the County has also never submitted a "customer request" to Duke Energy for additional backup delivery points. The existing dual-feed system, as designed and required by Duke Energy, is not "additional" service and has been in place since 2000.

42. Imposing these new and excessive charges on the County for using the existing dual-feed system at Paul Brown Stadium is inconsistent with the plain language of the BDP Rider and contrary to the prior relationship and course of dealing between the parties.

43. Imposing new and excessive charges on the County for using the existing dual-feed system at Paul Brown Stadium is also inconsistent with Duke Energy's own understanding of the BDP Rider, insomuch as it never provided notice of the BPD Rider to the County until 2015.

44. In addition, imposing these new and excessive charges on the County for continuing to use the dual-feed system at Paul Brown Stadium violates O.A.C. 4901:1-10-24(D) because Duke Energy is improperly attempting to charge the County for service for which it did not make an initial affirmative order. *See* O.A.C. 4901:1-10-24(D)(2) (stating that it is an unfair and deceptive act or practice for an electric utility to charge "a customer for a service for which the customer did not make an initial affirmative order. . . .").

45. Accordingly, Duke Energy's efforts to impose BDP Rider charges on the existing dual-feed system are unreasonable, unjust, unlawful, and inconsistent with the express terms of the BDP Rider in violation of Ohio Revised Code §§ 4905.22 and 4905.26, as well as O.A.C. 4901:1-10-24.

COUNT II
(for Equitable Estoppel, Detrimental Reliance, and Construction of BDP Rider)

46. Hamilton County incorporates by reference Paragraphs 1 through 45 set forth above, as if fully set forth herein.

47. Duke Energy is and should be estopped from applying the BDP Rider charge to the dual-feed design for Paul Brown Stadium. By specifying and requiring the dual-feed during the design of Paul Brown Stadium, Duke Energy caused Hamilton County to rely on the design and forego other options for emergency power supply in the event of a power failure. Hamilton County's reliance was reasonable and justifiable.

48. It would be unjust and inequitable to allow Duke Energy to apply the BDP Rider to the dual-feed system it designed and required. The application of equitable estoppel in this circumstance would not prevent Duke Energy from collecting an otherwise authorized charge but rather would estop Duke Energy from applying the BDP Rider to a circumstance that was never contemplated when the BDP Rider was approved by PUCO.

49. Additionally, Duke Energy's own conduct demonstrates that the BDP Rider was never intended to apply to the dual-feed design at Paul Brown Stadium. Although directed by PUCO to provide notice of the BDP Rider to affected customers, Duke Energy did not notify Hamilton County of the BDP Rider or assert that it applied to Paul Brown Stadium. Duke Energy's years'-long failure to notify Hamilton County of the BDP Rider demonstrates that it was not intended to apply to the dual-feed design at Paul Brown Stadium.

COUNT III
(as to Violations of Due Process Rights)

50. Hamilton County incorporates by reference Paragraphs 1 to 49 set forth above, as if fully set forth herein.

51. Even if the Commission concluded that the BDP Rider was intended to apply to Paul Brown Stadium (which it should not, for the reasons set forth above), applying the BDP Rider to service at Paul Brown Stadium would violate Due Process rights under the United States and Ohio Constitutions, both with respect to the County and other interested parties (including but not limited to, the Cincinnati Bengals as the tenant at Paul Brown Stadium with a direct and substantial interest in electrical service there).

52. The County was not provided notice or afforded any right to be heard regarding a claimed application of the BDP Rider to existing service at Paul Brown Stadium.

53. In addition, there is no record that the County (or any other non-party) was provided with any notice or opportunity to object that the BDP Rider was being considered for application to existing customers or that it would cause rate increases – both of which are contrary to the representations made by Duke Energy in the 2006 BDP Rider Application itself.

54. The proof of service in the Rate Cases shows that the Staff Report was not served on the County.

55. Application of the BDP Rider to Paul Brown would be contrary to the representations made by Duke Energy in the 2006 BDP Rider Application, as well as representations made in witness testimony and throughout the course of the Rate Cases, regarding the BDP Rider's limited application to "new service."

56. Applying the BDP Rider to Paul Brown Stadium is inconsistent with the Due Process rights of the County and interested parties, would be fundamentally unfair, and would be unreasonable, unjust, and unlawful under applicable law.

REQUEST FOR RELIEF

WHEREFORE, Hamilton County respectfully requests that the Commission:

57. Find, pursuant to R.C. 4905.26, that this Complaint sets forth reasonable grounds for complaint.

58. Find, pursuant to R.C. 4906.26, that a copy of this Complaint be served upon Duke Energy.

59. Find, pursuant to R.C. 4905.22 and 4905.26, that Duke Energy's application of the BDP Rider to the existing dual-feed system at Paul Brown Stadium is unreasonable, unjust, unlawful, and contradicts the express terms of the BDP Rider and applicable law.

60. Find that application of the BDP Rider to Paul Brown Stadium would not comport with the requirements of Due Process, and would be unreasonable, unjust, and unlawful.

61. Order that Duke Energy cease and desist from seeking to apply the BDP Rider (and any charges associated therewith) to Paul Brown Stadium.

62. Award Hamilton County restitution and/or damages, including attorney's fees, pursuant to O.A.C. 4901:1-10-30.

63. Grant such other relief as it may deem reasonable and appropriate.

Respectfully Submitted,

JOSEPH T. DETERS, Prosecuting Attorney of
Hamilton County

By: Roger E. Friedmann
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Jay Wampler 0095219
Assistant Prosecuting Attorneys of
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EXHIBIT 1

N C

FILE Duke Energy®

8

DUKE ENERGY CORPORATION
139 East Fourth St.
P. O. Box 960
Cincinnati, OH 45201-0960

Anita M. Schafer
Senior Paralegal
513.287.3842
513.287.3810 fax

06-718-EL-TRF
ATA

RECEIVED-DOCKETING DIV
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PUCO

VIA OVERNIGHT MAIL

May 18, 2006

Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43215-3793

Re: Case No. 06-718 -EL-TRF
Backup Delivery Point Capacity Rider

Dear Docketing:

Enclosed please find an original and eleven copies of the tariff of Duke Energy Ohio, Inc. in the above captioned case.

Please date-stamp the extra copy and return to me in the overnight envelope provided.

Should you have any questions, please contact me at (513) 287-3842.

Very truly yours,

Anita M. Schafer

Anita M. Schafer
Senior Paralegal

AMS:vgk
Enclosure

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

Application Not for an Increase in Rates,
pursuant to Section 4909.18 Revised Code

In the Matter of the Application of The Cincinnati Gas & Electric Company For Approval of its Rider BDP, Backup Delivery Point	)))	Case No. 06-718-EL-~~FRF~~ ATA

1. APPLICANT RESPECTFULLY PROPOSES: (Check applicable proposals)

X New Service

___Change in Rule or Regulation

__ New Classification

___ Reduction Rates

__ Change in Classification

___ Correction of Error

X Other, not involving increase in rates.

__ Various related and unrelated textual revision, without change in intent

2. DESCRIPTION OF PROPOSAL: This application is made pursuant to Section 4909.18, Ohio Revised Code, and requests approval of its Rate BDP, Backup Delivery Point.

3. TARIFFS AFFECTED: (If more than 2, use additional sheets)

P.U.C.O. Electric No. 19, Sheet No. 100
Tariff Title:
Rate BDP, Backup Delivery Point Capacity Rider

Section:
New Tariff

4. Attached hereto and made a part hereof are: (Check applicable Exhibits)

__ Exhibit A - existing schedule sheets (to be superseded) if applicable

X Exhibit B - proposed schedule sheets

X Exhibit C-1

(a) if new service is proposed, describe;

(b) if new equipment is involved, describe (preferably with a picture, brochure, etc.) and where appropriate, a statement distinguishing proposed service from existing services;

(c) if proposed service results from customer requests, so state, giving if available, the number and type of customers requesting proposed service

__ Exhibit C-2 - if a change of classification, rule or regulation is proposed, a statement explaining reason for change.

__ Exhibit C-3 - statement explaining reason for any proposal not covered in Exhibits C-1 or C-2.

5. This application will not result in an increase in any rate, joint rate, toll, classification, charge or rental.

6. Applicant respectfully requests the Commission to permit the filing of the rate schedule, to become effective on the date, subsequent to filing, to be shown on the proposed schedule which will be filed with the Commission; and to be in the form shown in Exhibit B.

Paul A. Colbert

Senior Counsel
Title

The Cincinnati Gas & Electric Company
139 East Fourth Street
Cincinnati, Ohio 45202
Address

(614) 221-7551
Telephone Number

Exhibit B

PROPOSED TARIFF SCHEDULES

RATE BDP, BACKUP DELIVERY POINT

RIDER BDP

(N)

Backup Delivery Point Capacity Rider

BACKUP DELIVERY POINT (TRANSMISSION/DISTRIBUTION) CAPACITY

The Company will normally supply service to one premise at one standard voltage at one delivery point and through one meter to a Non-Residential Customer in accordance with the provisions of the applicable rate schedule and the Electric Service Regulations. Upon customer request, Company will make available to a Non-Residential Customer additional delivery points in accordance with the rates, terms and conditions of this Rider BDP.

NET MONTHLY BILL

1. Connection Fee $300.00
   The Connection Fee applies only if an additional metering point is required.

2. Monthly charges will be based on the unbundled distribution and/or transmission rates of the customer's most applicable rate schedule and the contracted for reserved backup delivery point capacity.

3. The Customer shall also be responsible for the acceleration of costs, if any, that would not have otherwise been incurred by Company absent such request for additional delivery points. The terms of payment may be made initially or over a pre-determined term mutually agreeable to Company and Customers that shall not exceed the minimum term. In each request for service under this Rider, Company engineers will conduct a thorough review of the customer's request and the circuits affected by the request. The customer's capacity needs will be weighed against the capacity available on the circuit, anticipated load growth on the circuit, and any future construction plans that may be advanced by the request.

SPECIAL TERMS AND CONDITIONS

The Company will provide such backup delivery point capacity under the following conditions:

1. Company reserves the right to refuse backup delivery capacity to any Customer where such backup delivery service is reasonably estimated by Company to impede or impair current or future electric transmission or distribution service.

2. The amount of backup delivery point capacity shall be mutually agreed to by the Company and the Customer because the availability of specific electric system facilities to meet a Customer's request is unique to each service location.

3. System electrical configurations based on Customer's initial delivery point will determine whether distribution and/or transmission charges apply to Customer's backup delivery point.

4. In the event that directly assigned facilities are necessary to attach Customer's backup delivery point to the joint transmission or distribution systems, Company shall install such facilities and bill Customer the Company's full costs for such facilities and installations.

SPECIAL TERMS AND CONDITIONS (Contd.)

5. Energy supplies via any backup delivery point established under this Rider BDP will be supplied under the applicable rate tariff and/or special contract.

6. Company and the Customer shall enter into a service agreement with a minimum term of five years. This service agreement shall contain the specific terms and conditions under which Customer shall take service under this Rider BDP.

7. Company does not guarantee uninterrupted service under this rider.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to the Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio.

(a) Description of New Service

The Cincinnati Gas & Electric Company (CG&E) proposes to implement electric Rider BDP, Backup Delivery Point, Sheet No. 100.

The Company's standard tariffs provide each customer with a single delivery point. Rider BDP - Backup Delivery Point, provides for additional access to the Company's distribution and / or transmission system(s) for customers that require enhanced reliability (but does not imply uninterrupted service). This additional access generally takes the form of an electrical tie to another distribution and / or transmission circuit to provide a redundant source of power to a customer in the event that the customer's primary service experiences interruption. Rider BDP also contemplates a fee to compensate CG&E for reserving capacity on the redundant circuit.

Customer demand for this type of service has grown in recent years. Many Customers are demanding increasing levels of reliability and are willing to pay the additional costs of obtaining a redundant system to insulate their operations from normal outage situations. To respond to this demand, the Company has developed Rider BDP. Under this rider, customers are required to pay the Company's costs for any dedicated facilities required to provide the backup service. Customers are also required to pay for the Company reserving capacity on those facilities serving the backup facilities. This helps to ensure that the line capacity is available to the customer's backup point in the event their primary source of energy experiences an interruption. Accelerated projects notwithstanding, appropriate BDP pricing enables the Company to be indifferent as to whether it simply provides capacity or provides electric service on its transmission and distribution assets.

In addition, customers are charged for acceleration of capacity additions, if applicable, that would not otherwise have been incurred by Company absent the Customer's request for additional delivery points. The acceleration payment may be made initially or over a pre-determined term mutually agreeable to Company and Customers that shall not exceed the minimum term of the accelerated additions. In each request for service under this Rider, Company engineers will conduct a thorough review of the customer's request and the circuits affected by the request. The customer's capacity needs will be weighed against the capacity available on the circuit, anticipated load growth on the circuit, and any future construction plans that may be advanced by the request. Appropriately charging for reserve capacity helps to cover real costs, avoid subsidization by other customers, and establish a reasonable basis to continue to provide this value-added service.

In summary, Rider BDP was developed for Non-Residential customers who request additional delivery points in accordance with the provisions of the applicable rate schedule, electric service regulations, terms and conditions of Rider BDP. The charges specified in Rate BDP are based on those in the Company's existing rate schedules including Rates DS, DP, and TS. The most applicable rate will apply. For instance, if a DM customer requests BDP, then DS rates will be most applicable. Project advancement may also prompt a charge based on the acceleration of projects.

(b) New Equipment

None.

(c) Customer Requests

Many customers have requested a Backup Delivery Point. Hospitals, water treatment plants, and other power sensitive industries find value in this type of service.

EXHIBIT 2

7

FILE

DE-OHIO EXHIBIT_____

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke Energy Ohio for an Increase in Electric Distribution Rates	)	Case No. 08-709-EL-AIR
In the Matter of the Application of Duke Energy Ohio for Tariff Approval	)	Case No. 08-710-EL-ATA
In the Matter of the Application of Duke Energy Ohio for Approval to Change Accounting Methods	)	Case No. 08-711-EL-AAM

SUPPLEMENTAL DIRECT TESTIMONY OF

JAMES E. ZIOLKOWSKI

ON BEHALF OF

DUKE ENERGY OHIO

_____ Management policies, practices, and organization

_____ Operating income

_____ Rate Base

_____ Allocations

_____ Rate of return

__X__ Rates and tariffs

_____ Other:

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February 26, 2009

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke Energy Ohio for an Increase in Electric Distribution Rates	))))	Case No. 08-709-EL-AIR
In the Matter of the Application of Duke Energy Ohio for Tariff Approval	))))	Case No. 08-710-EL-ATA
In the Matter of the Application of Duke Energy Ohio for Approval to Change Accounting Methods	)))	Case No. 08-711-EL-AAM

SUPPLEMENTAL DIRECT TESTIMONY OF

JAMES E. ZIOLKOWSKI

ON BEHALF OF

DUKE ENERGY OHIO

INDEX

TABLE OF CONTENTS

PAGE

I. INTRODUCTION AND PURPOSE

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is James E. Ziolkowski, and my business address is 139 East Fourth Street, Cincinnati, Ohio 45202.

Q. ARE YOU THE SAME JAMES E. ZIOLKOWSKI WHO PREVIOUSLY SUBMITTED DIRECT TESTIMONY IN THESE PROCEEDINGS?

A. Yes, I am.

Q. DID YOU FILE DIRECT TESTIMONY IN THIS PROCEEDING ON BEHALF OF DUKE ENERGY OHIO, INC. ("DE-OHIO")?

A. Yes.

Q. WHAT IS THE PURPOSE OF THIS SUPPLEMENTAL TESTIMONY?

A. I support Objections Nos. 16, 17 and 18 in DE-Ohio's Objections to Staff Report of Investigation, filed January 27, 2009.

II. OBJECTION NO. 16

Q. PLEASE EXPLAIN THE COMPANY'S OBJECTION RELATED TO THE STAFF'S RECOMMENDATION FOR THE COMPANY'S PROPOSED MODIFICATIONS TO ITS ECONOMIC DEVELOPMENT RIDERS.

A. The Company objects to the Staff's recommendation to exclude the minimum load requirement included in the Brownfield Redevelopment portion of the proposed Rider DIR (Development Incentive Rider). The Company believes a minimum threshold level is an appropriate condition of service under this rider and should be approved.

Q. WHY IS THE MINIMUM THRESHOLD LEVEL NECESSARY?

A. The Company proposes that customers who participate in the Brownfield Redevelopment portion of Rider DIR should have a minimum demand of 250 kW. The Rider DIR incentives are equal to fifty percent of the distribution demand charges incurred by the customer. The Company believes that, without a minimum demand requirement, the incentives paid to some small customers would be insignificant to the customer's decision to locate a facility in a Brownfield site. Rider DIR bill credits will be processed manually by the Company, and it is conceivable that in some cases the Company's cost to prepare a very small customer's monthly bill could exceed the value of the credit.

III. OBJECTION NO. 17

Q. PLEASE EXPLAIN THE COMPANY'S OBJECTION REGARDING STREET LIGHTING SERVICE – CUSTOMER OWNED (RATE SC)?

A. The Company objects to the Staff's failure to include a recommendation regarding its proposal phase out Customer-Owned Street Lighting Service (Rate SC). As explained in my Direct Testimony, the Company believes its proposal is appropriate and should be approved. Rate SC is duplicative of the Company's other street lighting rates and is no longer necessary. The Staff's Report failed to list the phase out of Rate SC as part of its recommendations.

Q. WILL PHASING OUT RATE SC BENEFIT LIGHTING CUSTOMERS?

A. Yes. Rate OLE provides a one-on-one equipment contract with the customer where the customer pays the current cost of the lighting system. This locks in the customer's equipment cost, insulates customers from future rate increases on the equipment portion of the lights, and eliminates subsidies to and from other lighting customers. Customers will have an option to pay for the physical lighting equipment up-front or over time, up to a maximum of ten years. Once the customer has fully paid-off the lighting equipment costs, they will no longer have a monthly payment for the equipment and will be required to pay only for maintenance. In contrast, Rate SC customers pay a single monthly fee, which includes an equipment charge, as long as they require electric service. If the customer's lighting system exceeds the average system life, they end up over-paying for the physical equipment since their rates remain the same.

Q. WILL ELIMINATING RATE SC RESULT IN HIGHER LIGHTING COSTS FOR CUSTOMERS?

A. Customers who install new systems will see higher lighting equipment costs in the first years relative to the current tariff, but will see only maintenance and energy costs in the later years, as discussed above.

IV. <u>OBJECTION NO. 18</u>

Q. PLEASE EXPLAIN THE COMPANY'S OBJECTION REGARDING ITS SHOPPING CREDIT RIDER (RIDER SC).

A. At the time of DE-Ohio's application, Rider SC (Shopping Credit Rider) was dormant and set at zero. Rider SC was originally established in the Company's Transition Case, Case No. 99-1658-EL-ATA to provide shopping credits to customers taking generation from a Competitive Retail Electric Service ("CRES") provider during the Market Development Period. Rider SC was set at zero after December 31, 2005, when the Market Development Period ended for all of DE-

Ohio's customer classes. Although DE-Ohio did request to eliminate Rider SC as part of this proceeding, since that time DE-Ohio has re-implemented Rider SC as the mechanism to flow through shopping credits to non-residential customers pursuant to the terms of DE-Ohio's Electric Security Plan (ESP). Accordingly, Rider SC is in use pursuant to DE-Ohio's ESP and should not be cancelled at this time.

V. CONCLUSION

Q. DOES THIS CONCLUDE YOUR PRE-FILED SUPPLEMENTAL TESTIMONY?

A. Yes.

EXHIBIT 3

FILE

153

The Public Utilities
Commission of Ohio

A report by the Staff of the Public Utilities Commission of Ohio

Duke Energy Ohio, Inc.

Case No. 08-709-EL-AIR, et al.

electric natural gas telephone water railroad motor carrier

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STAFF'S REPORT
OF
INVESTIGATION

In the Matter of the Application of Duke Energy Ohio, Inc. for an Increase in Electric Distribution Rates.	)))	Case No. 08-709-EL-AIR
In the Matter of the Application of Duke Energy Ohio, Inc. for Tariff Approval.	)))	Case No. 08-710-EL-ATA
In the Matter of the Application of Duke Energy Ohio, Inc. for Approval to Change Accounting Methods.	)))	Case No. 08-711-EL-AAM

Submitted
to
The Public Utilities Commission of Ohio

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke Energy Ohio, Inc. for an Increase in Electric Distribution Rates.	)))	Case No. 08-709-EL-AIR
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Alan R. Schriber, Chairman
Paul A. Centolella, Commissioner
Ronda Hartman Fergus, Commissioner
Valerie A. Lemmie, Commissioner
Cheryl L. Roberto, Commissioner

To The Honorable Commission:

In accordance with the provisions of R.C. Section 4909.19, the Commission's Staff has conducted its investigation in the above matter and hereby submits its findings in the within Staff Report.

The Staff Report has been jointly prepared by the Commission's Utilities Department and Service Monitoring and Enforcement Department.

In accordance with R.C. Section 4909.19, copies of the Staff Report have been filed with the Docketing Division of the Commission and served by certified mail upon the mayors of all affected municipalities and other public officials deemed representative of the service area affected by the application. A copy of said report has also been served upon the utility or its authorized representative. Interested parties are advised that written objections to any portion of the Staff Report must be filed within thirty (30) days of the date of the filing of said report after which time the Commission will promptly set this matter for public hearing. Written notice of the time, place, and date of such hearing will be served upon all parties to the proceeding.

The Staff Report is intended to present for the Commission's consideration the results of the Staff's investigation. It does not purport to reflect the views of the Commission nor should any party to said proceeding consider the Commission as bound in any manner by the representations or recommendations set forth therein. The Staff Report, however, is legally cognizable evidence upon which the Commission may rely in reaching its decision in this matter. (See *Lindsey v. Pub. Util. Comm.*, 111 Ohio St. 6 (1924)).

Respectfully submitted,

Utilities Department

Jodi Bair

Jodi Bair
Director

Service Monitoring and Enforcement Department

Doris E. McCarter

Doris McCarter
Director

STAFF ACKNOWLEDGEMENTS

The Staff Report components reflect the results of investigations conducted by the Staff of the Applicant's rate application. The Staff person responsible for each component is shown below:

Utilities Department

Operating Income and Rate Base	David Hodgden
Rate of Return	Steve Chaney
Rates and Tariffs	Don Howard

Service Monitoring and Enforcement Department

Reliability and Service Analysis Division	Peter Baker
Investigations and Audits Division	Mary Vance
Facilities and Operation Division	Lowell Miller

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

SCHEDULES **Page**

BACKGROUND

The Applicant, Duke Energy Ohio, Inc. was incorporated in Ohio on April 3, 1837, as Cincinnati Gas, Light and Coke Company, and became the Cincinnati Gas & Electric Company in 1901. Growth, acquisitions and mergers throughout the years have resulted in the present operation in which the Applicant renders electric or gas service, or both, in nine counties in southwestern Ohio. The Applicant is a public utility engaged in the business of production, transmission, distribution, and sale of electricity to approximately 690,000 consumers.

On October 24, 1994, the Applicant, then known as the Cincinnati Gas & Electric Company, merged with PSI Resources, Inc. to form Cinergy Corporation. Cinergy was the parent company to both PSI Energy, Inc. (PSI Resources' utility subsidiary) and Cincinnati Gas & Electric Company, and provided various services to both companies through its Cinergy Services, Inc. subsidiary. On April 3, 2006, the Applicant's parent, Cinergy Corporation became a wholly owned subsidiary of Duke Energy Corporation.

On June 25, 2008, the Applicant filed a notice of intent to file an application for an increase in its distribution rates to be charged for electric service in its entire service area subject to the jurisdiction of the Commission. The Applicant also noticed its intent to file an application for tariff approval for its electric distribution service (08-710-EL-ATA), as well as noticing its intent to file an application for approval of a change in accounting methods (08-711-EL-AAM).

The application for tariff approval is to establish a Distribution Rider and Development Incentive Rider, whereby the application for approval of a change in accounting methods involves the approval of accounting treatment to defer costs associated with the Applicant's future electric distribution investments until such costs are reflected in its Distribution Rider.

Regarding the distribution rate application, the Applicant requested that its test period begin January 1, 2008, and end December 31, 2008, and that the date certain be March 31, 2008. By its Entry of July 23, 2008, the Commission approved the requested date certain and test period.

On July 25, 2008, the Applicant filed its application to increase rates. By entry dated September 10, 2008, the Commission ordered that the application be accepted as of July 25, 2008.

The rates proposed by the Applicant for increase, when applied to test year sales volumes, would generate approximately $85,604,451 of additional retail base rate revenues. This amount is exclusive of Applicant's proposed $1,206,407 increase in pole attachment revenue. The total revenue increase, including the pole attachment revenue increase, over test year operating revenues is 27.43%.

OPERATING INCOME AND RATE BASE

SCOPE OF INVESTIGATION

The scope of the investigation was designed to determine if the Applicant's filed exhibits concerning operating income, rate base and other data are reasonable for ratemaking purposes, and if the financial and statistical records supporting the data can be relied upon. The Staff interviewed Applicant's key management personnel and reviewed both internal and published financial reports to assure understanding of the Applicant's operation and organization. The Staff's investigation of test year operating income and date certain rate base included a review of the Applicant's budget and forecasting techniques, verification of the operating revenue computation, and an examination of the Applicant's continuing property records. In addition, the existence and the used and useful nature of the assets were verified through physical inspections. Other independent analyses were performed as the Staff considered necessary under the circumstances.

The Staff reviewed and analyzed the Applicant's proposed adjustments to operating income and rate base and traced them to supporting workpapers and to source data. As a result of its review and analysis, the Staff accepted some of the proposed adjustments as appropriate, changed some proposed adjustments using alternative approaches, and/or proposed new adjustments as required to make the test year operating income and date certain rate base consistent with sound regulatory accounting practices, more representative of normal operations and appropriate for ratemaking purposes.

The purpose of the Staff's investigation was to develop financial data for ratemaking purposes; it was not intended to provide a basis for expressing an opinion on the financial statements of the company as a whole. The following sections of this report summarize the results of the Staff investigation which it believes are relevant to the determination of test year operating income and rate base.

REVENUE REQUIREMENTS

The Staff's recommended revenue increase range is between $53,944,677 and $62,043,973. This amount is exclusive of Staff's recommended increase in pole attachment revenue. The total revenue increase, including pole attachment revenue increase, over test year operating revenues is between 17.12% and 19.68%.

RATE BASE

The rate base represents the Applicant's net investment in plant and other assets as of the date certain, March 31, 2008, which were used and useful in providing electric utility service to its customers and upon which its investors are entitled to the opportunity to receive a fair and reasonable rate of return.

The Staff's analysis of the rate base is divided into Plant In Service, Depreciation, Construction Work in Progress, Working Capital and Other Rate Base Items. A comparison of rate base submitted by the Applicant and that which is recommended by the Staff is shown on Schedule B-l. Schedules B-2 through B-7, provide additional support for the Staff's amount.

Plant In Service

As a result of the Staff's investigation and review of the application, the Staff recommends that an adjustment be made to the Applicant's date certain plant investment for ratemaking purposes. This adjustment is identified below, summarized on Schedule B-2.2, and reflected in the calculation of jurisdictional plant in service figures on Schedule B-2.1.

Hartwell Recreation Facility Exclusion

Both the Applicant and the Staff proposed an adjustment to exclude the entire date certain investment in the Hartwell recreation facility. This facility is used primarily for recreational purposes and contracted for use by outside parties. The Staff's jurisdictional adjustment incorporates the use of the composite, common plant allocation factor.

The Staff's adjustment is shown on Schedule B-2.2.

Poles, Towers and Fixtures – Account 364

During its investigation, the Staff discovered that the Applicant's additions to account 364 for the year 2007 appeared to be overstated. Applicant subsequently revised the appropriate plant accounts and associated depreciation reserve. The Staff's adjustments are shown on Schedules B-2.2 and B-3.1.

Depreciation

Depreciation is the process which distributes the original cost of depreciable assets, adjusted for net salvage, over the normal life of the property in a systematic and rational manner. The Staff's investigation of depreciation is segregated into two areas: Depreciation Reserve and Depreciation Accrual rates and the corresponding Depreciation Expense. Each of these is discussed in detail in the following sections.

Depreciation Reserve

The Applicant maintains depreciation reserve, by account, on a total company basis. The Staff adjusted the Applicant's reserve to exclude reserve associated with the adjustments discussed in the Plant in Service section. These adjustments are summarized on Schedule B-3.1.

In order to determine if the Applicant's booked reserve for depreciation is proper and adequate, the Staff compared the Applicant's book reserve with a calculated theoretical reserve, as a guide to whether past accrual rate calculations have been appropriate. The Staff compared the Applicant's booked reserve level with a calculated theoretical reserve, based on the Staff's proposed accrual rates and March 31, 2008 plant balances. The Staff determined that the overall booked reserve is in close agreement with the theoretical reserve calculation. Therefore it is the Staff's opinion that the actual jurisdictional reserve for depreciation, as adjusted by the Staff on Schedule B-3, is proper and adequate and should be used for purposes of this proceeding.

Depreciation Accrual Rates and Depreciation Expense

The Applicant's current depreciation accrual rates were prescribed by this Commission in Case No. 05-0059-EI-AIR for the electric distribution plant and Case No. 07-589-GA-AIR for the common plant. The Applicant filed a depreciation study for its electric plant performed by its consultant, Gannett Fleming Valuation and Rate Consultants, Inc. The Applicant's accrual rates, for most electric accounts, were developed using the straight line whole life method. For certain General Plant account, the annual depreciation was based on amortization accounting. For Structures and Improvements – Major Structures and Improvements – Leaseholds, a lifespan analysis was used. A lifespan analysis was also used for Meters and Leased Meters accounts with the plan that all embedded meters will be retired by the year end 2012, based on SmartGrid deployment of smart meters.

The Staff conducted an independent analysis of the depreciation study provided by the Applicant. With the exception of the meters account, the Staff agrees with the service life, projected retirement dispersion and net salvage parameters. The staff recommends that the Meters and Leased Meters accounts be treated as dying accounts, and that the unrecovered investment be amortized over a 10 year period. If at any time the applicant discontinues the replacement of existing meters to smart meters, the staff recommends that the Applicant stop the amortization and resume using the current authorized accrual rate of 2.86%, and submit a new depreciation study for these accounts. The Staff's recommended accrual rates are shown on Schedule B-3.2a.

The Staff has long maintained that accrual rates should be thoroughly reviewed every three to five years. The Staff, therefore, recommends that in five years the Applicant submit a depreciation study for all electric distribution accounts.

The Staff recommends that the Applicant be ordered to use the accrual rates shown on Schedule B-3.2a for book depreciation purposes, effective concurrently with customer rates from this proceeding.

The Staff's calculation of depreciation expense based on the adjusted jurisdictional plant in service balances at date certain and the accrual rates discussed above, is shown on Schedule B-3.2.

Construction Work In Progress (CWIP)

The Applicant did not request an allowance for CWIP in its filing and the Staff, as shown on Schedule B-4, did not recommend an allowance.

Working Capital

Working capital has been generally defined as the average amount of capital provided by investors in the company, over and above the investments in plant and other specifically identified rate base items, to bridge the gap between the time that expenditures are required to provide service and the time collections are received for the service.

The Applicant requested a $1,606,271 working capital allowance based on a thirteen-month average balance for materials and supplies, minus a thirteen-month balance of customers' deposits.

The Applicant did not prepare a lead lag study for this case, and the Staff does not recommend a working capital allowance.

Other Rate Base Items

The rate base has been reduced for the date certain balances of recovered but unfunded post retirement benefits, investment tax credits, and deferred taxes. The rate base has also been reduced by a 13-month average balance of customer deposits. The Staff's summary of other rate base items is presented on Schedule B-6.

ALLOCATIONS

Plant in Service Allocations

Common Plant (Gas and Electric) Allocation

Applicant used an 81.71% factor to allocate common plant to electric operations in this rate proceeding. This is the reciprocal of the 18.29% factor approved to allocate common plant to gas operations in the Applicant's most recent gas rate proceeding, Case No. 07-589-GA-AIR.

In Applicant's gas rate application, the company used a factor of 18.68% to allocate common gas and electric plant to gas operations. This was based on a calculation of net plant in-service as of December 31, 2004, adjusted for production assets that were transferred from Applicant to Duke Energy Kentucky in January 2006. Blue Ridge Consulting, the financial auditors for the PUCO for that case, updated the calculation to December 31, 2006, resulting in a gas allocation factor of 13.50%. This allocation factor was recommended by Blue Ridge in their report to the Staff.

During settlement proceedings in the gas case, the parties agreed to a common plant allocator that reflected the exclusion of the Duke Energy North America (DENA) generating assets from the calculation (item 5, page 6 of the Stipulation and Recommendation dated February 28, 2008). The resulting gas allocation factor was 18.29%. The Commission adopted the Stipulation in its Opinion and Order dated May 28, 2008. The Applicant and the Staff used the compliment of that rate, 81.71%, in the current electric rate case to allocate common plant to electric operations. The Applicant and the Staff applied a jurisdictional factor of 39.323% to allocate the residual electric plant to distribution operations.

General Plant (Electric) Allocation

In this electric distribution case, Applicant used a general plant jurisdictional allocation factor of 86.552% to allocate electric plant to distribution operations. In its prior electric distribution rate proceeding, Case No. 05-59-EL-AIR, the Applicant used a general plant allocation factor of 35.233%. The Applicant stated to Staff that the 35.233% used in the prior case was incorrect. The Applicant indicated that it transferred all general plant related to production plant to non-regulated accounts in mid-2001. In the prior electric proceeding, the Applicant included production plant in the calculation which resulted in an incorrect, lower allocation factor.

General Plant balances on Schedule B-2.1 in this proceeding represent plant related only to electric transmission and distribution operations. The 86.552% jurisdictional allocation factor was based on the ratio of distribution labor as a percentage of transmission and distribution labor.

Depreciation Reserve Allocations

The Applicant allocated its reserve for accumulated depreciation on the same basis as it allocated distribution, administrative and general, and common plant in service. This method has been accepted in prior cases and is recommended by the Staff for purposes of this proceeding.

Operating Income Allocations

The Staff used the Applicant's allocation ratios for the determination of jurisdictional operating revenues and expenses. Staff's discussion of its review of the Applicant's operating income allocation methods and accounting system is presented in the Management and Operations Review section of this report.

OPERATING INCOME

The Applicant's test year operating income combined three months of actual data for the period January 1, 2008, through March 31, 2008, with nine months of forecast data for the period April 1, 2008, through December 31, 2008. The Applicant included its proposed increase for pole attachment revenue in current adjusted operating income. The Staff also included the pole attachment increase in current operating income, and further adjusted the Applicant's test year operating income as required to render it appropriate as a basis for setting rates.

The Staff's proforma operating income is the Staff's adjusted test year operating income modified to reflect the Applicant's proposed increase in revenues and the associated increases in uncollectible accounts expense, city franchise taxes, commercial activities taxes, state and municipal taxes, and federal income taxes. The Staff's proforma operating income also includes a Staff proposed increase in other revenues related to bad check and reconnection charges. These later items were included by the Applicant as part of its Schedule C-3 adjustments.

Schedules C-1 and C-2 present the Staff's determination of operating income. The calculations, methodologies, and rationale used to develop the Staff's adjusted proforma operating income are detailed on Schedules A-1.1, C-1.1, C-3.1 through C-3.22, and C-4.

Proforma Adjustments

Schedule C-1.1 sets forth the Applicant's proposed increase in operating revenues and affected expenses. The increase in revenues is the combined result of the increase in base revenues created by the Applicant's proposed tariffs, and an increase for bad check and reconnection charges. Further discussion of the Applicant's proposed revenue increases can be found in various other sections of this report. Associated increases in uncollectible accounts expense, city franchise taxes, commercial activities taxes, state and municipal taxes, and federal income taxes are also summarized on this schedule.

Current Adjustments

Base Revenue

Both the Staff and the Applicant adjusted base revenues to eliminate unbilled revenue and transmission cost recovery rider revenue as well as to adjust test year base revenues to the amounts calculated on Schedule E-4.

In addition, the Staff and the Applicant adjusted other operating revenue to account for special projects and pole attachment revenue. The pole attachment adjustment reflects the Applicant's proposal for increasing the pole attachment rate as part of this case. This has the effect of increasing net operating income and earned rate of return.

The Staff's adjustment is presented on Schedule C-3.1.

DSM / EE Revenue

Both the Staff and the Applicant adjusted base revenues and the corresponding expenses for the DSM/Energy Efficiency Rider. The Staff's adjustment is shown on Schedule C-3.2.

Rate Case Expense

The Staff adjusted test year expense to reflect only the cost of the current case proceeding. The Staff excluded $310,475 which is associated with the Applicant's previous rate case, Case No. 05-0059-EL-AIR. The Staff believes that an estimate of $660,000 is reasonable and recommends a three-year amortization period. The Staff's adjustment is shown in Schedule C-3.3.

The Staff recommends that the Commission review the Applicant's revised estimate of rate case expense which should be submitted as a late filed exhibit before making a final determination of the appropriate level of rate case expense for use in this proceeding.

Wage Annualization

Both the Applicant and the Staff adjusted operating income to reflect the annualization of payroll costs based on the annual average number of full-time, part-time and temporary employees for the year ended November 30, 2008. The Staff based its adjustment on average rates of pay for November 2008. The

Staff included overtime pay based on overtime percentages developed using actual data for the year ended December 31, 2007. The Staff also included expenses for incentive pay, bonus pay and severance pay based on a three-year average of the years 2005 through 2007. Both the labor expense allocations from the service company to Duke Ohio as well as the O&M expense allocations are based on actual data for the year ended December 31, 2007.

Applicant's O&M labor expenses included an additional category described as labor allocated from Shared Services/HR/Governance Cost Pools. Staff did not include this in its labor adjustment. The Staff's adjustment can be found on Schedule C-3.4.

Depreciation Expense

Depreciation expense was adjusted to reflect the Staff's recommended depreciable plant in service as of the date certain. This adjustment is presented on Schedule C-3.5 with the supporting calculations shown on Schedule B-3.2.

Further discussion on depreciation can be found in the Rate Base Section of this report.

Reclassification of Interest on Customers' Deposits

Consistent with the treatment of customers' deposits as an offset to the Applicant's rate base, the Staff reclassified the associated interest expense to operating expenses. The Staff's adjustment is on Schedule C-3.6

Distribution Reliability Rider

Both the Staff and the Applicant adjusted base revenues and the corresponding expenses for the Distribution Reliability Rider. The Staff's adjustment is shown on Schedule C-3.7.

Property Taxes

The Staff adjusted property tax expense to reflect the change in expense if property taxes were calculated in accordance with S.B. 287 and based on plant in service as of March 31, 2008. The Staff's adjustment is presented on Schedule C-3.8.

Service Company Allocations

The Applicant eliminated non-jurisdictional costs allocated to the Applicant from Duke Energy Shared Services, Inc. The Staff agrees with this adjustment. The Staff's adjustment is shown on C-3.9.

Edison Electric Institute Expense (EEI)

The Staff excluded a portion of the Applicant's EEI expenses. The Staff's recommendation of allowable EEI dues was based on a review of Applicant's supporting document WPC-3.11c. The Staff's adjustment is shown on Schedule C-3.10.

Ohio Excise Tax Rider

Both the Staff and the Applicant adjusted base revenues and the corresponding expenses for the Ohio Excise Tax Rider. The Staff's adjustment is shown on Schedule C-3.11.

Hartwell Expenses

Both the Applicant and the Staff excluded the expenses associated with the Hartwell Recreation Facility from test year operating expenses. This adjustment is consistent with the Staff's exclusion of the Hartwell plant investment from rate base. The Staff's adjustment is shown on Schedule C-3.12.

Non-Jurisdictional Expenses

Both the Staff and the Applicant eliminated non-jurisdictional operating expenses from test year operating expenses. The Staff's adjustment is presented on Schedule C-3.13.

PUCO and OCC Assessments

The Staff adjusted operating expenses to reflect PUCO and OCC assessments to the latest known level. The Staff's adjustment is shown on Schedule C-3.14.

Uncollectible Expense

The Staff adjusted test year uncollectible accounts expense to reflect the Staff's adjustments to operating revenues utilizing a three-year average ratio of the uncollectible provision to total revenue. The Staff's adjustment is shown on Schedule C-3.15.

Pension and Benefits Expense

The Applicant and Staff annualized pension and benefits expense based on test year wages and a budgeted loading rate. The Staff's adjustment can be found on Schedule C-3.16.

Regulatory Asset Amortization

Both the Applicant and the Staff adjusted test year operating expense to eliminate the amortization of disconnect moratorium expenses that end in 2008, as well as adjust the amortization of the remainder of the gain on the sale of the Lattice Towers that is being credited to customers over a three year period. The Staff adjusted tower space rental expense in order to be consistent with the Commission's Order in Case No. 99-29-EL-AEC. The Staff's adjustment is shown on Schedule C-3.17.

Commercial Activity Tax (CAT)

The Staff adjusted the Applicant's Commercial Activity Tax (CAT) test year expense using the H.B. 66, 2009 rate. The Staff's adjustment is shown on Schedule C-3.18.

FICA Tax Expense

Both the Applicant and Staff annualized test year FICA tax expense based on O&M labor expense amounts and the latest known OASDI tax and Medicare tax rates. The Staff's adjustment is presented on Schedule C-3.19.

FUTA / SUTA Tax Expenses

Both the Applicant and the Staff calculated the federal unemployment tax and the state unemployment tax based on updated employee counts. The latest known federal and state unemployment tax bases for Ohio and Kentucky were used in determining taxable wages. The Staff's adjustment is shown on Schedule C-3.20.

Cincinnati Franchise Tax

The Staff annualized Cincinnati franchise taxes to reflect tax law changes and adjustments to operating revenue. The Staff's adjustment is shown on Schedule C-3.21.

Income Taxes

The Staff computed test year federal, state, and municipal income taxes to reflect the recommended adjustments to operating income and rate base. The Staff's federal income tax computation reflects inter-period interest allocation and normalization of tax accelerated depreciation and other tax-to-book timing differences. Staff's federal income tax calculation is presented on Schedule C-4.

The Staff's state and municipal income tax calculation reflects federal taxable income adjusted for unallowable bonus depreciation. The Staff's federal, state, and municipal income tax adjustment is presented on Schedule C-3.22.

Merger Savings

As a result of an agreement in connection with Case No. 05-732-EL-MER, Applicant stated that it has already satisfied a merger savings sharing commitment by crediting its electric distribution customers with an agreed amount of 42% of projected five-year net savings. Applicant asserts that it would be inappropriate to also build the same merger savings into base rates during the same five-year period. Applicant claims that merger savings are reflected in its test year O&M expenses in this proceeding. Applicant included a $6,836,400 merger savings amortization adjustment.

The Staff could not verify any merger savings included in the Applicant's filing. Therefore, Staff did not accept this adjustment.

RATE OF RETURN

The Staff recommends a rate of return in the range of 8.34% to 8.87%. The recommended rate of return was developed using a cost of capital approach which reflects a market-derived cost of equity, the Applicant's embedded cost of long-term debt, and an industry-derived capital structure.[1]

Capital Structure

The Applicant is a wholly-owned subsidiary of Duke Energy Corporation, which is a publicly traded public utility holding company. Given that the rates established in this case are for electric distribution services, the Staff is using a capital structure for rate of return determination that is commensurate with the risk associated with operating electric distribution services. A comparable group of publically traded companies primarily engaged in electric utility service was developed to provide an average capital structure.[2] This group consists of publically traded companies in the standard industrial code 4911. AES Corporation, having an 84% debt ratio, and two other companies, having 0% debt, were deleted. The capital structure arrived at in this manner is 48.41% long-term debt and 51.59% common equity.

Cost of Long Term Debt

The Staff employed the embedded cost of long term debt of Applicant, as of March 31, 2008, from Applicant's Schedule D-3A. The embedded cost of long term debt is 6.45%.

Cost of Common Equity

The Staff considered a group of utilities which are representative of the Applicant for purposes of cost of equity estimation. This group consists of companies publicly traded on the New York Stock Exchange, and are categorized as electric utility companies (Standard Industrial Code = 4911) in Ventyx's Energy Velocity Suite. These companies have total capitalizations greater than $10 billion. These companies have not had dividend cuts in the past four years, nor have dividends been flat over that period. These companies have Standard & Poor's bond ratings of A, A-, or BBB+. Based on these criteria, the Staff selected the following comparable group of seven companies:

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[1] See Schedule D-1
[2] See Schedule D-1.12

Company Name	Ticker
Dominion Resources, Inc.	D
Duke Energy Corporation	DUK
FPL Group, Inc.	FPL
PPL Corporation	PPL
Progress Energy	PGN
Southern Company	SO
Xcel Energy, Inc.	XEL

The Staff employed a cost of equity estimate for the comparable group companies that is the average of their capital asset pricing model (CAPM) and discounted cash flow (DCF) derived estimates. In calculating its CAPM cost of common equity estimate, the Staff employed the average of the Value Line betas, being .6857 and the Ibbotson* derived spread of arithmetic mean total returns between large company stocks and long term government bonds (i.e., "risk free return"; 6.5%). These were used in the CAPM formulation with the weighted average of 10 year and 30 year daily closing Treasury yields for the period from October 1, 2008 through December 2, 2008. This period coincides with the recent period of profound disruption in the financial markets. The averaged 10 year yield is 3.62%. The averaged 30 year yield is 4.06%. These average to 3.84%. This was added to the product of the beta and the 6.5% spread, and resulted in a CAPM cost of equity estimate of 8.30%.[3]

In calculating its DCF cost of common equity estimate, for each comparable company, the Staff employed the annual average stock price, the last quarterly dividend annualized, estimates of the expected rate of growth of earnings, and generic issuance costs related to the external equity financing. The stock price employed is the average daily closing price for the period from October 1, 2008 through December 2, 2008.

The DCF model assumes that earnings growth and dividends growth are the same. The Staff averaged earnings per share estimates from Yahoo, MSN, and Value Line to get DCF growth estimates for each company.[4] The Value Line average incorporates both the explicit long-range earnings estimate shown in the "box" and the implicit continuous growth rate calculated from the estimates of earnings per share.

For the Staff's determination of DCF cost of equity, a non-constant DCF growth rate was assumed. Dividends were assumed to grow at a rate derived from financial analysts' growth estimates for the first five years (i.e., long term growth rate). The Staff's DCF growth estimates were used for the first five years, as they are averages of estimates from various investor news services. From the twenty-fifth year on, the growth rate was assumed to equal the long-term growth rate in GNP. For the sixth

[3] See Schedule D-1.2.
[4] See Schedule D-1.3

through twenty-fourth years, dividends vary between the two rates in a linear fashion.[5] The long-term growth rate in GNP was the average annual change in GNP from the U.S. Department of Commerce for 1929 through 2007.[6]

Based on long-term GNP growth, the respective Company DCF growth estimate and dividend, a stream of annual dividends was calculated. The internal rate of return derived from the dividend stream and the stock price was used for Staff's non-constant growth DCF cost of equity estimate.

The comparable group non-constant DCF cost of equity estimates average 12.56%. When averaged with the 8.30% CAPM estimate, the result is 10.43%. Using a one-hundred basis point range of uncertainty, the cost of equity estimate becomes 9.93% to 10.93%.[7] To provide for this return, allowance must be made for issuance and other costs, as shown on Schedule D-1.1, resulting in an adjustment factor of 1.01904. Applying this factor to the baseline cost of common equity range results in a recommendation of 10.12% to 11.14%.

* Ibbotson Associates 2007 Yearbook: Stocks, Bonds, Bills and Inflation; Valuation Edition

[5] See Schedules D-1.4 through D-1.10.

[6] See Schedule D-1.11.

[7] See Schedule D-1.1.

PROPOSED ACCOUNTING MODIFICATION AND DISTRIBUTION RIDER

On July 25, 2008, Applicant filed its application to increase electric distribution rates in this proceeding. Applicant also filed two other applications on the same date. Applicant requested authority to change accounting methods and defer costs associated with its future electric distribution investments under Case No. 08-711-EL-AAM, and, for authority to implement a new tariff rider called Distribution Rider (Rider DR) to recover these investments under Case No. 08-710-EL-ATA.

On July 30, 2008, Applicant filed its Electric Security Plan (ESP), Case No. 08-920-EL-SSO. Within the context of the ESP case, Applicant filed similar applications, Case No. 08-921-EL-AAM, seeking authority to defer the same costs associated with its future electric distribution investments that were requested in the distribution rate case discussed above, and, Case No. 08-923-EL-ATA, for a new Distribution Rider Infra-Structure Modernization (Rider DR-IM) similar to the mechanism requested in 08-710-EL-ATA.

On October 28, 2008, a Stipulation and Recommendation was filed in Case No. 08-920-EL-SSO which, among other things, agreed to a January 1, 2009 implementation of distribution rider DR-IM, limited to electric SmartGrid investments, Applicant's Gas Furnace Program and, if subsequently approved by the Commission, the Electronic Bulletin Board (EBB). The Commission approved the Stipulation and Recommendation in an Opinion and Order dated December 17, 2008. Rider DR-IM was subsequently implemented on January 1, 2009.

On December 22, 2008, Applicant filed a Motion to amend Case No. 08-711-EL-AAM and Case No. 08-710-EL-ATA. Applicant requested Commission authority to change accounting methods to defer and create a regulatory asset for actual O&M storm restoration costs incurred and carrying charges resulting from the September 14, 2008, Hurricane Ike wind storm. Applicant also requested approval to narrow the scope of the Rider DR to just those incremental O&M expenses and carrying charges related to storm damage. Applicant proposes to change the name of Rider DR to Rider "DR-Ike" to avoid confusion with other riders. The initial level of Rider DR-Ike would be set at zero. Applicant proposes to file Rider DR-Ike sometime in 2009 for potential recovery of deferred storm damage costs.

By Commission Order in Case Nos. 08-709-EL-AIR, 08-710-EL-ATA, and 08-711-EL-AAM dated January 14, 2009, Applicant was authorized to defer storm damage restoration costs. The Commission's Order specified that the determination of the Applicant's original request for authority to change accounting methods and defer costs associated with its future electric distribution investments as filed on July 25, 2008, will be addressed within the context of the combined proceeding in Case Nos. 08-709-EL-

AIR, 08-710-EL-ATA, and 08-711-EL-AAM. The Commission's Order further ruled that the determination of the reasonableness of the deferred storm damage restoration amounts and the recovery thereof, if any, will be examined and addressed in a future proceeding before the Commission.

Consistent with the Staff's position in the Stipulation and Recommendation approved in Case No. 08-920-EL-SSO, the Staff does not support the Applicant's original request for authority to change accounting methods and defer costs associated with any future electric distribution investments as filed on July 25, 2008 other than electronic SmartGrid investments, Applicant's Gas Furnace Program and, if subsequently approved by the Commission, the EBB. With respect to Rider DR-Ike, Staff recommends that Applicant's proposed Rider DR-Ike is an appropriate mechanism to evaluate deferred storm damage costs and any recovery thereof, and that the Commission should establish a procedural schedule to afford interested parties the opportunity to participate in implementation of Rider DR-Ike.

RATES AND TARIFFS

By its application in Case 08-709-EL-AIR, the Applicant requests authority to modify its electric distribution rates and charges.

The Commission Staff has investigated the rate and tariff matters proposed by the Applicant. The results of the investigation by the Staff are herein reported. It is the intent of the Staff to provide analysis with regard to the acceptability and reasonableness of the changes in revenue recovery mechanisms contained in the proposed tariffs. Typical bills are presented at the end of the Report (Schedule E-5). The proposals made by the Staff may require adjustments based on the revenue authorized by the Commission.

TARIFF ANALYSIS

The Applicant is proposing several changes, additions and deletions to its tariffs. The Staff divided the proposals into three categories:

a. Changes to Electric Service Regulations;

b. Tariff additions, deletions and combinations;

c. Changes specific to individual rate schedules.

Changes to Electric Service Regulations

The Applicant is proposing various textual changes to its tariffs. Unless noted, Staff recommends approval of these changes as proposed by the Applicant.

Section I – Service Agreements

Sheet No. 20.1 – Company's Right to Refuse or to Disconnect Service: Sub-section 3 (f) concerns the disconnection of service when a customer or applicant refuses to provide reasonable access. Staff believes the Applicant should add language that references Rule 4901:1-18-02 of the Ohio Administrative Code (O.A.C.), which allows the Applicant to disconnect service when access is denied. Staff therefore recommends sub-section 3 (f) read as follows: "When a customer or applicant refuses to provide reasonable access to the premises or ignores repeated request for access pursuant to Rule 4901:1-18-02 (G) of the Ohio Administrative Code."

Sub-section 3 (k) concerns disconnection of service for nonpayment of bills for non-residential customers. Staff believes this section should include a reference to Rule 4901:1-10-17 (O.A.C.), which governs such disconnection procedures. Staff recommends that sub-section 3 (k) read as follows: "Nonpayment of bills when due, for non-residential customers only, pursuant to Rule 4901:1-10-17 of the Ohio Administrative Code."

Section VI – Billing and Payment

Sheet No. 25.1 – Billing Periods – Time and Place for Payment of Bills: Paragraph 4 of this section concerns rendering of a final bill. Staff believes this paragraph should include the O.A.C. cite which instructs electric companies when an actual readings is required for a final reading. Staff recommends the following language that is in bold be inserted into this paragraph.

"When the Company is requested by the customer to terminate service, or when the Company discovers a customer has terminated service by moving from the premises served, or when the Company disconnects service due to nonpayment of the account or for other reasons, the Company will render a final bill addressed to the customer's forwarding address, if known, or to the last known address, for the entire balance of the account, including a bill calculation from the last read date, **pursuant to Rule 4901:1-10-05 (I) of the Ohio Administrative Code,** with special meter readings taken for combination gas and electric and gas only accounts and identified estimated meter readings being used for non-heating electric only accounts. Unpaid balances of previously rendered final bills may be transferred to the new account and included on initial or subsequent bills."

Sheet No. 25.1 – Billing Periods – Time and Place for Payment of Bills: The last paragraph section concerns the application of partial payments. Staff believes language should be included which advises how partial payments are applied to regulated and non-regulated charges. Staff therefore recommends that the Applicant include the following language to the end of the last sentence, "starting with regulated charges followed by non-regulated charges, pursuant to Rule 4901:1-10-33 (H) of the Ohio Administrative Code."

Sheet No. 25.4 – Temporary Discontinuance of Service: The Company has proposed to change language from $15.00 to reference Sheet 92 – Charge for Reconnection of Service which was approved in Case No. 06-407-GE-ATA. Staff recommends approval of this change as proposed.

Sheet No. 25.4 – Net Metering: The first paragraph of this section describes the availability of net-metering arrangements, and states that such availability is capped at one percent of the Applicant's aggregate customer peak demand. SB 221 repealed this one-percent cap by revision to Section 4928.67(A)(1) of the Ohio Revised Code. To make this tariff provision consistent with the statute, Staff recommends that the Applicant delete the third sentence of this paragraph.

Backup Delivery Point Capacity Rider

The Applicant is proposing to introduce a new, optional service that provides an additional access link from the customer's location to the company's distribution and/or transmission networks. The service is available to non-residential customers and provides a redundant source of power to a customer in the event the customer's primary source experiences interruption. The Backup Delivery Point Capacity Rider service does not guarantee uninterrupted service, but seeks to increase reliability. The service is independent of electric generation supplier; thus, a customer who shops could purchase this service.

Fees for this service consist of a Connection Fee (if an additional metering point is required), unbundled distribution and/or transmission rates, and acceleration of costs, if applicable. In addition, a customer would be responsible for the cost of any dedicated facilities required to connect the distribution and/or transmission network(s) to their own facilities.

Staff has reviewed the Applicant's proposal and generally believes the tariff sets forth a reasonable basis for the pricing of this service. Staff believes the tariff should be revised to specify, for the calculation of acceleration of costs, that the annual charge shall be equal to the product of the capital investment which has been advanced, and the levelized fixed charge rate. In addition, the tariff should specify that the acceleration of costs only applies to the extent that the revenue requirement for such costs exceeds the monthly unbundled distribution and/or transmission charges. The peculiarities of any one customer's load requirements relative to their location and to the state of the then-existing capacity of the Applicant's distribution and transmission networks precludes a more precise rate design.

Finally, Staff is aware that some customers have been provided, and are currently receiving, a predecessor service to Backup Delivery for no additional charge. Staff believes it appropriate for those customers to now be charged for the service they are receiving. However, these customers should be given the opportunity to revise the amount of reserve capacity they desire, prior to the effective date of the rate increase in this case. In addition, inasmuch as these are existing customers, Staff would recommend no acceleration of charges apply.

The Applicant is proposing to delete certain schedules or riders including:

> Rate HEC- Home Energy Check-up Service Program – This Program is being eliminated as the Company is no longer providing this service.

Rider RSS – Rate Stabilization Surcredit Rider- The program ended March 31, 2007. The Applicant is requesting to withdraw and cancel the rider.

Rider RGR- Residential Generation Rider – This rider was terminated on December 31, 2005. The Applicant is requesting to withdraw and cancel the rider.

Rider SC-Shopping Credit Rider - This rider was terminated on December 31, 2005. The Applicant is requesting to withdraw and cancel the rider.

Rider AG-Optional Alternative Generation Rider – The Rider has been rendered obsolete by various Commission orders. The Applicant is requesting to withdraw and cancel the rider.

Rider MSR-E – Merger Savings Credit Rider - This Rider was terminated on March 27, 2007. The Applicant is requesting to withdraw and cancel the rider.

The Staff supports the Applicant's proposal to withdraw and cancel the above Riders.

The Applicant is prosing to combine three of its current Riders into one Rider. The current Riders are the Brownfield Redevelopment Rider (BR), the Economic Development Rider (ED) and the Urban Redevelopment Rider (UR). The new rider will be called the Development Incentive Rider (DIR). Rider DIR will include elements of all three of the current development riders while making the offerings of each incentive consistent. Under the Economic Development Program, the Applicant proposes to change the term of agreement from one year to two years to enhance the customer benefits of the program. Under the Urban Redevelopment Program, the Applicant proposes to change the minimum size building requirement from 25,000 square feet to 50,000 square feet. The Applicant has indicated this change in the program is an attempt to target the "hardest to move" buildings, indicating that the smaller buildings sell and lease on their own without any incentive. The Applicant proposes to change the term of the agreement for this program from one year to two years, consistent with the other two programs, as proposed. Under the Brownfield Redevelopment program, the Applicant has proposed to add a provision requiring that an eligible customer must have a qualifying minimum load of 250 kW. The Applicant is also proposing that to qualify under this program the qualified Brownfield site must receive direct "economic assistance" from either the State of Ohio or one of its political jurisdictions. In addition, the Applicant proposes that the amount of the incentive cannot exceed the amount of public participation. The term of this program has been shortened from five years to two years, consistent with the proposed provisions of the other two development programs.

Currently, there are no customers being served under the Economic Development or Urban Redevelopment Rider and only one customer being served under the Brownfield Rider. As a result, Staff is concerned about the Applicant's proposals to limit eligibility of these programs. Staff recommends the Applicant not include the proposed language regarding the 250kW minimum load requirement, the language which indicates the Brownfield site must receive direct economic assistance from either the State of Ohio or one of its political jurisdictions, and finally, the language which limits the amount of the discount to that received from public participation. Staff finds the program as outlined in the current language is already limited to customers locating in a qualified "Brownfield" redevelopment area so designated by the Ohio Environmental Protection Agency and therefore, additional limitation is not necessary. The Staff also finds that the amount of incentive is limited to 50% of distribution charges for a two-year period and; therefore, the additional limitation is not necessary. Staff supports the remaining Applicant proposed changes to the programs.

Changes specific to individual rate schedules

Pole Attachments

The Applicant proposed a number of changes to its Pole Attachment/Conduit Occupancy Tariff (pole attachment tariff), including the rates, terms and conditions governing attachments. Specifically, the Applicant revised the Applicability, Attachment Charges, Payments, and Terms and Conditions sections of its pole attachment tariff; in addition, Applicant added both an Agreement section and, a Force Majeure paragraph to its Terms and Conditions section. Staff will address the Applicant's proposals in two sections of this Staff Report. Proposals related to technical specifications or safety issues (excepting rate issues) will be addressed in the Service Monitoring and Enforcement section of the report; the remainder of the issues will be discussed here.

In its Applicability paragraph, the Applicant proposes to exclude non-wireline attachments and occupancies from the tariff, and further proposes that such attachments/occupancies be at the sole discretion of the Company. Staff believes such a proposal is unreasonable, and vests too much discretion with the Company. Staff recommends the proposed second paragraph under Applicability be deleted.

The Applicant proposed to increase the annual pole attachment rental fee from $4.25 per pole to $14.42 per wireline attachment. A wireline attachment is defined as including 1 foot of vertical space on a Company distribution pole. As an initial matter, Staff believes the change from "per pole" to "per wireline attachment" is reasonable. The pole attachment rate is calculated based on 1 foot of space, and stating the rate on the same basis is reasonable. Regarding the proposed rate, the Applicant used the FCC Cable Formula and, for inputs, used 2007 Form 1 data where possible. Staff believes the formula the applicant has used is reasonable with two exceptions; in addition, the Staff has used different inputs in several instances. Staff would first amend the Applicant's formula by allocating a portion of Accounts 281, 282, and 283 (Accumulated Deferred Income Taxes (liability accounts)) to the pole investment. The FCC's May 25, 2001 *Consolidated Partial Order On Reconsideration* in CS Docket No. 97-98 supports such inclusion. Secondly, Staff would use adjusted test year data where possible. In addition, Staff has used Staff's recommended depreciation accrual rate of 2.23% (see Staff's Schedule B-3.2a) for Account 364 (Poles, Towers, and Fixtures) and the mid-point of Staff's recommended rate of return of 8.61% (see Staff's Schedule D-1) in the formula. Finally, there are a number of instances where Staff adjusted plant or expense accounts differ from those used by the Applicant in its revenue requirement calculation; in those instances, Staff's figures were used in the development of the pole attachment rental fee. With these revisions, Staff's calculated maximum pole attachment rate is $9.25. Staff, however, believes an increase from $4.25 to $9.25, or a 118% increase is too significant to impose in a single increase. Staff recommends the rate be increased 50%, rounded up, to $6.40. A $6.40 rate would be the highest tariffed electric company rate in the State but would be reasonable, in Staff's opinion, for purposes of this case. Based on the pole count and current revenues provided by Applicant's witness Storck in his direct testimony, a $6.40 attachment rate will yield an additional $255,043 (($6.40* 118,624) - $504,151) per year for the Applicant.

Relative to the Terms and Conditions section of the tariff, there are several paragraphs containing proposed revisions. Regarding Paragraph 1, Application, under Terms and Conditions, the proposed language reads: "Within forty-five (45) days after receipt of such written application, the Company shall notify Licensee (attacher) in writing whether or not it is willing to permit the wireline attachment or occupancy and, if so, under what conditions." (Sheet No. 1.6, page 2 of 9) The current Pole Attachment/Occupancy Tariff (Effective April 3, 2006) reads: "Within 30 days after receipt of such application, the Company shall notify licensee (attacher) in writing whether or not it is willing to permit the attachments/occupancies and, if so, under what conditions." During a November 17, 2008 interview with the Applicant, the Company representative stated that the "vast majority" of applications will continue to be processed in 30 days or less. However, in cases where the application calls for the attachment of special equipment beyond a simple straightforward cable attachment, the Company needs additional time to possibly field investigate the pole to ensure the pole can safely carry the attachment. Staff recommends the Commission order the proposed language to read: "Within thirty (30) days after receipt of such written application, the Company shall notify Licensee in writing whether or not it is willing to permit the wireline attachment or occupancy. For applications involving special equipment beyond a cable attachment, the Company shall notify Licensee in writing within forty-five (45) days whether it is willing to permit the attachment or occupancy" .

In addition, the Application paragraph contains the following sentence: "The Company shall have the sole right to determine the availability of such pole or conduit for joint use and shall be under no obligation to grant permission for its use by Licensee." While this provision is largely unchanged from the current tariff, and Staff is unaware of any abuses of the discretion afforded the Applicant by such a provision, Staff nonetheless believes an attacher would have no recourse should the Applicant discriminatorily exercise this provision. Accordingly, Staff recommends this sentence be removed from the tariff.

The Inspections paragraph contains a new provision wherein unauthorized attachments or occupancies will be assessed a sanction, per unauthorized attachment, of either $100 plus 5 years annual rental (if Licensee does not participate in a required audit), or $50 plus 5 years annual rental (if Licensee does participate in a required audit). This provision is intended to discourage parties from attaching to the Applicant's poles without first having obtained the required permit. While Staff agrees with the Applicant's objective of discouraging unauthorized attachments, Staff does not recommend the Applicant's proposed $100 or $50 charge be approved. It is Staff's understanding that the Applicant has never performed a complete, systematic, system-wide audit of its pole attachments. Staff believes a system-wide baseline should first be established where all attachments have first been audited before such a punitive proposal could be entertained.

Lastly, the Safety Violations paragraph contains a proposed sanction of $200 for any attachment or occupancy that violates codes, regulations of technical specifications required by the Applicant. Once again, Staff agrees with the Applicant's objective of discouraging improper attachments, but we do not recommend the charge be considered until after a complete audit of the system is performed and any violations are cured.

RATE AND REVENUE ANALYSIS

General guidelines or objectives are followed in Staff's review of rate schedules and design. The applicable schedules should provide the utility the opportunity of recovering an authorized revenue. The various schedules should represent a reasonable distribution of revenue between and among various customer groups. The particular schedules should be equitable and reasonable, should provide for customer understanding and continuity of rates, and should cause minimal customer impact.

Rate design criteria are to be viewed as a package, in that they are interrelated. Although each item can be separately identified and applied to rate schedule determinations, no single standard is overriding in determining proper rate design. The rate schedules which comprise a particular utility's tariff should provide for recovery of expenses found proper in the course of a regulatory proceeding. If the rate schedule is designed on the basis of cost causation, it will provide for expense recovery in the long term, given changes in customer consumption characteristics. Normally, and to the extent sufficient information is available, cost of service studies and related expense analyses are necessary to determine the appropriate level of revenue to be generated and the appropriate recovery of such revenue.

The rate schedules should be designed to be equitable and reasonable to the customers served pursuant to their applicability. This criterion involves several considerations. The rate schedules should, to the extent practicable, be predicated upon the cost associated with a particular service rendered. Customers receiving like services should be facing the same charges and provisions. Also, differences in applicable charges should be representative of differences in costs.

From a practicable rate design standpoint, absolute equality between costs and revenues may be difficult to achieve in the short term. While it may be viewed as equitable to set rates at costs, if there is a substantial divergence in the current rates, the resulting impact on individual customers may be viewed as unreasonable. While desiring cost supported charges, Staff considers such items as resulting typical customer billings and resulting revenue increases which would necessarily occur. While it is the Staff's position that rate schedules reflect costs, it is also important to consider the continuity associated with current and proposed pricing structures. This may result in movement more closely aligning revenue with costs rather than an absolute match at a particular time period.

When employing these standards to develop and design rates, the results should be understandable to all the customers billed under the tariff.

Cost of Service Analysis

Cost of service studies approximate the costs incurred by a utility in providing service and identifies the cause of the costs. These are determined by assigning the costs to the customer class relative to what each class imposes on the system. There are several steps involved, as listed below:

- Functionalization: The separation of costs according to production, transmission or distribution function.

- Classification: The separation of costs as being customer, demand or energy related. Customer costs are independent of customer usage characteristics and are costs which are associated with customer service connections to the system and vary with the number of customers served. Demand and capacity costs are those expenses which vary with the rate in which the service is used, such as the cost of meeting peak demand. Energy costs are the costs which vary according to the volume of energy consumed, or the customer's kilowatt-hour consumption.

- Allocation: The last step is the allocation of costs to each customer class. This is determined by a combination of the number of customers, class demands, and energy usage.

The Cost of Service Study (COSS) filed by the Applicant is an embedded fully allocated cost of service study by rate class for the test period ended December 31, 2008, as adjusted. The COSS allocates distribution-related items such as plant investment, operating expenses and taxes to the various customer classes. These costs are then classified as customer-related or demand-related. Finally the cost of service study calculates the revenue responsibility of each class required to generate the applicant's recommended rate of return.

The Applicant used the non-coincident peak and average class group peak methodologies for the COSS for determining the major allocation factors. The allocation factors were developed based on customer, energy and demand statistics from the Applicant's 2006 load research studies and 2007 customer usage data. The Applicant based its allocations on the cost causation guidelines established in the NARUC "Electric Utility Cost Allocation Manual." COSS results are presented on Tables 1 and 2.

Table 1 provides the Current, Applicant-proposed and Staff-proposed distribution related Rates of Return and Indexes for the customer classes.

Table 1

COST OF SERVICE RESULTS
RATES OF RETURN

	CURRENT		APPLICANT PROPOSED		STAFF PROPOSED	
	%	Index	%	Index	%	Index
RS - Residential	4.55	1.32	9.10	1.00	9.83	1.08
DS - Sec. Dist. Large	1.91	0.56	9.10	1.00	8.09	0.89
EH - Sec. Dist. Large (Elec Heating)	1.05	0.31	9.10	1.00	7.52	0.83
DM - Sec. Dist. Small	12.54	3.65	9.10	1.00	15.12	1.66
GS-FL - Sec. Dist. Small	3.87	1.13	9.10	1.00	9.38	1.03
DP - Primary Dist.	-3.24	-0.94	9.10	1.00	4.68	0.51
TS- Transmission	373.71	108.64	9.10	1.00	9.10	1.00
Lighting	8.52	2.48	9.10	1.00	12.46	1.37
Total Distribution	3.44	1.00	9.10	1.00	9.10	1.00

Table 2 provides the Current, Applicant-proposed and Staff-proposed distribution of total distribution related revenue based on the current total distribution revenue and Applicant's proposed increase in total distribution revenue.

Table 2

COST OF SERVICE RESULTS
REVENUE DISTRIBUTION PERCENTAGE

	CURRENT REVENUE	APPLICANT PROPOSED REVENUE	STAFF PROPOSED REVENUE
	%	%	%
RS - Residential	59.14	55.45	57.00
DS - Sec. Dist. Large	26.54	29.73	28.53
EH - Sec. Dist. Lge (Elec Heating)	0.34	0.41	0.38
DM - Sec. Dist. Small	5.87	4.10	4.99
GS-FL - Sec. Dist. Small	0.15	0.15	0.15
DP - Primary Dist.	5.28	8.29	6.83
TS- Transmission	0.38	0.03	0.03
Lighting	2.30	1.84	2.09
Total Distribution	100.00	100.00	100.00

Distribution of Proposed Revenue Increase

The Applicant is proposing a total increase in distribution base revenues of approximately $86 million. The proposed increase is being distributed such that all customer classes will be paying one-hundred percent of their electric distribution cost of service. All current subsidies would be eliminated under the Applicant's proposal based on its COSS results.

The Staff has analyzed the COSS utilized by the Applicant and finds that it is a reasonable indicator of costs and cost responsibility. However, as seen in Table 1, the current Rate of Return and Index for the customer classes varies significantly. As a result, moving all classes to equal rates of return at this time as proposed by the Applicant results in significant rate increase for certain classes. The Staff recommends a more gradual path towards equal rates of return than that proposed by the Applicant. The Staff recommends that the customer classes be moved seventy-five percent of the way towards equal rates of return in this case. In the last distribution rate case the customer classes were moved fifty percent of the way towards equal rate of returns. As shown in Table 1, "Current" column, the 50% move towards equal rate of returns approved in the last rate case did not significantly move the customer classes towards equal rates of return. As a result, Staff recommends a 75% move towards equal rates of return in this case. Tables 3 and 4 provide Applicant's and Staff's proposed distribution of revenue and revenue increase for each class of customer as well as each class's percentage of total revenues to be received. Tables 5 and 6 provide the Applicant's and Staff's proposed distribution revenue increase based on total Company revenues.

In addition, the Staff supports the Applicant's proposal to eliminate distribution charges to transmission customers who receive service at the transmission system level. Staff's proposed distribution of the revenue increase on Table 7 reflects this.

Staff's total increase amounts in Tables 4 & 6 reflect the Applicant proposed increase and not the Staff proposed increase discussed elsewhere in this report. Table 7 should be utilized to allocate the final Commission authorized increase, except for the transmission class which should not be subject to distribution charges except for certain customer charge costs. In addition, Staff recommends that the residential customer charge be maintained at Staff's proposed level of $5.71 (See Table 8), and necessary adjustments based upon the Commission's final authorized increase shall be reflected in the residential energy rates.

Table 3

REVENUE DISTRIBUTION & INCREASE
APPLICANT PROPOSED

	CURRENT		APPLICANT PROPOSED		INCREASE	
	$	% of Total	$	% of Total	$	%
RS - Residential	183,880,582	59.14%	219,874,558	55.45%	35,993,976	19.57
DS - Sec. Dist. Large	82,512,029	26.54%	117,878,702	29.73%	35,366,673	42.86
EH - Sec. Dist. Large (Elec Heating)	1,063,549	0.34%	1,614,420	0.41%	550,871	51.80
DM - Sec. Dist. Small	18,263,896	5.87%	16,259,178	4.10%	-2,004,718	-10.98
GSFL -Sec. Dist. Sm.	463,026	0.15%	588,784	0.15%	125,758	27.16
DP - Primary Dist.	16,417,391	5.28%	32,889,792	8.29%	16,472,401	100.34
TS- Transmission	1,186,721	0.38%	119,800	0.03%	-1,066,921	-89.90
Lighting	7,140,221	2.30%	7,306,632	1.84%	166,411	2.33
Total Distribution	310,927,415	100%	396,531,866	100%	85,604,451	27.53

Table 4

REVENUE DISTRIBUTION & INCREASE
STAFF PROPOSED

	CURRENT		STAFF PROPOSED		INCREASE	
	$	% of Total	$	% of Total	$	%
RS - Residential	183,880,582	59.14%	226,025,232	57.00%	42,144,650	22.92%
DS - Sec. Dist. Lge	82,512,029	26.54%	113,148,331	28.53%	30,636,302	37.13%
EH - Sec. Dist. Large (Elec Heat)	1,063,549	0.34%	1,509,803	0.38%	446,254	41.96%
DM - Sec. Dist. Sm	18,263,896	5.87%	19,778,576	4.99%	1,514,680	8.29%
GS-FL - Sec. Dist. Sm	463,026	0.15%	596,667	0.15%	133,641	28.86%
DP - Primary Dist.	16,417,391	5.28%	27,079,610	6.83%	10,662,219	64.94%
TS- Transmission	1,186,721	0.38%	119,800	0.03%	-1,066,921	-89.90%
Lighting	7,140,221	2.30%	8,273,847	2.09%	1,133,626	15.88%
Total Distribution	310,927,415	100%	396,531,866	100%	85,604,451	27.53%

Table 5

REVENUE DISTRIBUTION & INCREASE
APPLICANT PROPOSED
TOTAL COMPANY REVENUE

	CURRENT*		APPLICANT PROPOSED		INCREASE	
	$	% of Total	$	% of Total	$	%
RS - Residential	753,471,036	41.68%	789,465,012	41.70%	35,993,976	4.78%
DS - Sec. Dist. Large	610,341,046	33.77%	645,707,719	34.11%	35,366,673	5.79%
EH - Sec. Dist. Lge (Elec Heat)	6,293,128	0.35%	6,843,999	0.36%	550,871	8.75%
DM - Sec. Dist. Small	63,614,684	3.52%	61,609,966	3.25%	-2,004,718	-3.15%
GS-FL - Sec. Dist. Small	3,504,566	0.19%	3,630,324	0.19%	125,758	3.59%
DP - Primary Dist.	180,169,779	9.97%	196,642,180	10.39%	16,472,401	9.14%
TS- Transmission	177,217,516	9.80%	176,150,595	9.30%	-1,066,921	-0.60%
Lighting	12,958,294	0.72%	13,124,705	0.69%	166,411	1.28%
Total Distribution	1,807,570,049	100.00%	1,893,174,500	100.00%	85,604,451	4.74%

* Based on rates and riders in effect June 2008.

Table 6

REVENUE DISTRIBUTION & INCREASE
STAFF PROPOSED
TOTAL COMPANY REVENUE

	CURRENT*		STAFF PROPOSED		INCREASE	
	$	% of Total	$	% of Total	$	%
RS - Residential	753,471,036	41.68%	795,615,686	42.03%	42,144,650	5.59%
DS - Sec. Dist. Large	610,341,046	33.77%	640,977,348	33.86%	30,636,302	5.02%
EH - Sec. Dist. Lge (Elec Heat)	6,293,128	0.35%	6,739,382	0.36%	446,254	7.09%
DM - Sec. Dist. Sm	63,614,684	3.52%	65,129,364	3.44%	1,514,680	2.38%
GS-FL - Sec. Dist. Sm	3,504,566	0.19%	3,638,207	0.19%	133,641	3.81%
DP - Primary Dist.	180,169,779	9.97%	190,831,998	10.08%	10,662,219	5.92%
TS- Transmission	177,217,516	9.80%	176,150,595	9.30%	-1,066,921	-0.60%
Lighting	12,958,294	0.72%	14,091,920	0.74%	1,133,626	8.75%
Total Distribution	1,807,570,049	100.00%	1,893,174,500	100.00%	85,604,451	4.74%

* Based on rates and riders in effect June 2008.

Table 7

DISTRIBUTION OF PROPOSED REVENUE INCREASE

	APPLICANT PROPOSED		STAFF PROPOSED	
	$	% of Total	$	% of Total
RS - Residential	35,993,976	42.05%	42,144,650	49.23%
DS - Sec. Dist. Large	35,366,673	41.31%	30,636,302	35.79%
EH - Sec. Dist. Large (Elec Heating)	550,871	0.64%	446,254	0.52%
DM - Sec. Dist. Small	-2,004,718	-2.34%	1,514,680	1.77%
GS-FL - Sec. Dist. Small	125,758	0.15%	133,641	0.16%
DP - Primary Dist.	16,472,401	19.24%	10,662,219	12.46%
TS- Transmission	-1,066,921	-1.25%	-1,066,921	-1.25%
Lighting	166,411	0.19%	1,133,626	1.32%
Total Distribution	85,604,451	100.00%	85,604,451	100.00%

Residential Customer Charge Determination

Staff has utilized a method for determining customer charges that is considered minimally compensatory and includes only those costs such as meters and service drops that are necessary for each customer to be served. In this case, the Applicant has proposed to include a portion of transformer costs in its proposed customer charge. The transformer cost portion which has been classified as customer related was determined based on minimum-size transformers as outlined in the Applicant's testimony. Staff does not find it unreasonable to include costs related to minimum size transformers in a customer charge, recognizing that a minimum size distribution system is required to serve any one customer.

In its calculation the Applicant includes other plant and expense items in addition to the minimum size transformer costs, as detailed in its filing of Schedule E-3.2a. The Applicant's calculation generates a $10.83 customer charge, but the Applicant is proposing a $10.00 customer charge for standard residential customers. Staff has included the minimum size transformer cost in its standard calculation methodology, but all other accounts will remain the same. Utilizing Staff's methodology for calculating customer charges and including the costs of minimum size transformers, Staff calculates a customer charge of $5.71 (See Table 8 below). As a result, Staff recommends a customer charge of $5.71 for standard residential customers.

Table 8

RESIDENTIAL
CUSTOMER CHARGE

		Account
Acct. No.	**Account Title**	**Balance**
	Plant Accounts	
368	Transformers (Minimum Size)	$ 48,136,460
369	Services	$ 13,106,712
370	Meters	$ 32,136,112
	Total Customer Related Distribution Plant	$ 93,379,284
	Expense Accounts	
586/597	Meter Expense/Maintenance	$ 1,168,373
587	Customer Installation Expense	$ 1,047,352
901-903	Cust. accts supervision/meter read/records	$ 19,810,653
908	Customer Assistance	$ 2,159,287
909	Customer Information and Instruction	$ 3,080
	Total Customer Related Expenses	$ 24,188,745
	Customer Related Distribution Plant	
	Carrying Cost (93,379,284 *20.23%)	$ 18,386,381
	Total Carrying Cost and Expenses	$ 42,575,126
	Number of Customer Bills/Year	7,545,060
	Customer Cost/Bill (Unweighted)	$ 5.71

Rate Design

Rate RS – Residential Service

This service is available for private residences, single occupancy apartments and separately metered common use areas of multi-occupancy buildings. The Applicant is maintaining the same block structure (customer charge and two energy blocks) for both summer and winter rates. The Applicant is proposing to increase the Customer Charge from $4.50 to $10.00 and reduce all energy block rates. As discussed above, Staff recommends increasing the customer charge to $5.71 and increasing the energy charges. In addition, since the energy block rates are identical and the summer and winter rates are identical, Staff recommends that the tariff only include one energy block for the entire year:

		Applicant		Staff	
	Current	Proposed	Increase	Proposed	Increase
	$	$	%	$	%
Customer Charge:	$ 4.50	$ 10.00	122.0 %	$ 5.71	26.9 %
Energy Charge:					
Summer					
First 1000 kWh	0.019949	.019217	(3.8 %)		
Additional kWh	0.019949	.019217	(3.8 %)		
Winter					
First 1000 kWh	0.019949	.019217	(3.8 %)		
Additional kWh	0.019949	.019217	(3.8 %)		
Energy Charge:					
All kWh				.024343	22.0 %

Rate ORH – Optional Residential Service with Electric Space Heating

This service is available to customers in private residences and single occupancy apartments where electric heating is used as the primary source of heating. The Applicant is proposing to increase the customer charge from $4.50 to 10.00 and reduce the energy charges, similar to rate RS. The Staff recommends a $5.71 customer charge with an increase to the energy block rates as provided below:

		Applicant		Staff	
	Current	Proposed	% Increase	Proposed	%Increase
	$	$	%	$	%
Customer Charge:	4.50	$ 10.00	122.0 %	$5.71	26.9 %
Energy Charge:					
Summer					
First 1000 kWh	0.023426	0.022115	(5.6 %)	0.028073	19.8 %
Additional kWh	0.027749	0.026196	(5.6 %)	0.033254	19.8 %
Excess of 150 * Demand	0.027749	0.026196	(5.6 %)	0.033254	19.8 %
Winter					
First 1000 kWh	0.023426	0.022115	(5.6 %)	0.028073	19.8 %
Additional kWh	0.012939	0.012215	(5.6 %)	0.015506	19.8 %
Excess of 150 * Demand	0.008723	0.008235	(5.6 %)	0.010453	19.8 %

Rate TD – Optional Time-Of-Day Rate for Residential Service

This service is available to customers in private residences and single occupancy apartments that have programmable time-of-day meters. The Applicant is proposing to increase the customer charge from $13.00 to $18.50 per month and reduce On-Peak and Off-Peak energy charges. The Staff recommends the customer charge be increased to $16 per month and the energy charges be increased as provided below:

		Applicant		Staff	
	Current	Proposed	Increase	Proposed	Increase
	$	$	%	$	%
Customer Charge:	13.00	$18.50	42.3 %	$16.00	23.0 %
Energy Charge:					
Summer					
On Peak kWh	0.037141	0.035777	(3.7 %)	0.044528	19.9 %
Off Peak kWh	0.006479	0.006241	(3.7 %)	0.007768	19.9 %
Winter					
On Peak kWh	0.029514	0.028430	(3.7 %)	0.035384	19.9 %
Off Peak kWh	0.006474	0.006236	(3.7 %)	0.007762	19.9 %

Rate CUR – Common Use Residential Service

This rate schedule is applicable to electric service other than three phase service for separately metered common use areas of multi-occupancy buildings. The distribution rates are currently identical to Rate RS rates. Applicant is proposing the same increases to the customer charge and energy blocks as it proposed for Rate RS. Staff is recommending the same customer charge and energy rates as it proposed for Rate RS.

Rate RS3P – Residential Three-Phase Service

This rate is available for private residences and single occupancy apartments and separately metered common use areas of multi-occupancy buildings where three-phase service is required. The distribution rates are similar to Rates RS except a higher customer charge is necessary to reflect the required three-phase meter. The Applicant is proposing to increase the customer charge from $6.50 to $12.00 and recommends the same energy rates as proposed for Rate RS. The Staff recommends a customer charge of $8.00 and recommends the same energy charges as Staff proposed for Rate RS.

Rate DS - Service at Distribution Secondary

This rate schedule is applicable to customers who have load requirements at the secondary system voltage level and the average monthly demand is greater than 15 kW. The Applicant is proposing to increase the customer charge from $7.50 to $20.00 for single phase service and from $15.00 to $40.00 for single phase service and/or three phase service. The Applicant is also recommending an increase to the distribution demand charge. The Staff recommends a $12.00 customer charge for single phase service and a $24.00 customer charge for single phase service and/or three phase service. The Staff also recommends an increase to the distribution demand charge as provided below:

		Applicant		Staff	
	Current	Proposed	Increase	Proposed	Increase
	$	$	%	$	%
Customer Charge:					
Single Phase	7.50	20.00	167.0%	12.00	60.0 %
Single/Three Phase	15.00	40.00	167.0	24.00	60.0
Demand Charge:					
All kilowatts	3.7906/kW	5.2145/kW	37.5%	5.1600/kW	36.1 %

Rate GS-FL – Optional Unmetered General Service Rate for Small Fixed Loads

This rate schedule is available to customers where secondary distribution lines exist for any fixed load that can be served by standard service drop from the Company's existing distribution system. The Applicant proposes to increase the distribution charges for this schedule. Although this schedule does not have a customer charge, it does have a minimum charge of $5.00 per month per fixed load location. The Applicant is not proposing to increase this charge. The Staff recommends that the distribution charges be increased as provided below:

		Applicant		Staff	
	Current	Proposed	Increase	Proposed	Increase
	$/kWh	$/kWh	%	$/kWh	%
Distribution charges					
(a) For loads based on a range Of 540 to 720 hours use per Month of the rated capacity Of the connected equipment	0.015329	0.019649	28.2 %	0.019920	29.9 %
(b) For loads of less than 540 Hours use per month of the Rated capacity of the Connected equipment	0.017587	0.022543	28.2 %	0.022854	29.9%

Rate EH- Optional Rate for Electric Space Heating

The Optional Electric Space Heating schedule is available to any public school, parochial school, private school, or church whose primary source of heating is electric energy and such energy can be furnished at one point of delivery and can be metered separately. The Applicant has proposed to increase the customer charge for single phase service from $7.50 to $15.00, three phase service from $15.00 to $40.00 and primary service from $150.00 to 200.00. The Applicant also proposes an increase to energy charge. The Staff recommends customer charges of $12.00, $24.00 and $200.00, respectively, as well as an increase to the energy charge, as provided below:

		Applicant		Staff	
	Current	Proposed	Increase	Proposed	Increase
	$/kWh	$/kWh	%	$/kWh	%
Customer Charge:					
Single Phase	7.50	20.00	167.0%	12.00	60.0%
Three Phase	15.00	40.00	167.0	24.00	60.0
Primary	150.00	200.00	33.0	200.00	33.0
Energy Charge:					
All kilowatt-hours	0.011356	0.016465	45.0%	0.015999	40.9%

Rate DM – Secondary Distribution- Small

This service is available to customers who have loads of 15 kW or less and is also available for recreation facilities which are promoted, operated and maintained by non-profit organizations where such service is separately metered. The Applicant is proposing to maintain the customer charges for Single and three phase service at $7.50 and $15.00 respectively. The Applicant proposes to decrease the energy charges by 14.9%. The Staff proposes to increase the customer charge to $8.00 for single service and $16.00 for three phase service as well as proposing an increase of 11.0% for the distribution energy charges as provided below:

		Applicant		Staff	
	Current	Proposed	Increase	Proposed	Increase
	$	$	%	$	%
Customer Charge:					
Single Phase	7.50	7.50	0.0%	8.00	6.7%
Three Phase	15.00	15.00	0.0	16.00	6.7
Energy Charge:					
Summer					
First 2,800 kWh	0.035471	0.030185	(14.9%)	0.039372	11.0%
Next 3.200 kWh	0.002951	0.002511	(14.9%)	0.003275	11.0%
Additional kWh	0.001252	0.001065	(14.9%)	0.001389	11.0%
Winter					
First 2,800 kWh	0.025462	0.021668	(14.9%)	0.027328	11.0%
Next 3.200 kWh	0.002951	0.002511	(14.9%)	0.003275	11.0%
Additional kWh	0.001252	0.001065	(14.9%)	0.001389	11.0%

Rate DP – Service at Primary Distribution Voltage

This service is available to customers who have load requirements at nominal primary distribution system voltages of 12,500 volts or 34,500 volts. The Applicant is proposing to increase the customer charge from $150.00 to $200.00 as well as increasing the demand charge. The Staff supports the customer charge increase to $200.00 and also proposes to increase the distribution demand charges as provided below:

		Applicant		Staff	
	Current	Proposed	Increase	Proposed	Increase
	$	$	%	$	%
Customer Charge:					
Pri Voltage Service	150.00	200.00	33.3%	200.00	33.3%
Demand Charge:					
All kilowatts	2.937/kW	5.6495/kW	92.3%	4.8828/kW	66.2%

Rate TS - Service at Transmission Voltage

This service is available to customers with load requirements at a nominal transmission system voltage of 69,000 volts or higher. The Applicant is proposing to increase the customer charge from $150.00 to $200.00 to better reflect the fixed costs of serving transmission customers. The Applicant proposes to eliminate the demand charges for this service since Transmission voltage customers do not utilize the distribution system below 69,000 volts, except for those fixed costs being recovered through the customer charge. The Staff agrees with the Applicant and recommends both the increase in the customer charge and the elimination of the demand charges for this schedule as provided below.

		Applicant		Staff	
	Current	Proposed	Increase	Proposed	Increase
	$	$	%	$	%
Customer Charge:	150.00	200.00	33.3%	200.00	33.3%
Demand Charge: All kilowatts	0.196/kVa	0.000/kVa	(100.0%)	0.000/kVa	(100.0%)

Street Lighting, Traffic Lighting, Outdoor Lighting Services

The Applicant proposes an increase of 2.3% for all lighting schedules to reflect the cost of service results of all lighting classes combined. The Staff recommends an across the board increase of 15.9%, which is a result of Staff's recommendation of moving the customer classes only 75% of the way towards achieving equal rates of return as opposed to the Applicant's proposal of moving all classes 100% of the way to achieve equal rate of return. Staff's recommended 15.9% increase is well below the average total increase of 27.53%, recognizing that this class is currently earning above the average rate of return.

Typical Customer Bill Tables

See Schedule E-5 for typical bills of various customer classes and customer usages. The tables provide current typical bills, Applicant proposed and Staff proposed typical bills on a total customer bill basis which includes and Riders in effect as of June 1, 2008.

RELIABILITY AND SERVICE QUALITY REVIEW

Plant Maintenance Review

The Service Monitoring and Enforcement Department (SMED), Facilities & Operations Field Division (FOFD), is charged with inspecting utility facilities and reviewing plant operating practices to ensure regulated utility service providers deliver safe, reliable and quality service. Staff routinely conducts various investigations (corporate office audits and PUCO field staff site inspections) of the Applicant's distribution system, administrative operations, and specific physical facilities. The purpose of the audits was to assess the compliance of the Applicant's programs to maintain system safety and service reliability with Rule 4901:1-10-27, Ohio Administrative Code (O.A.C.), [Inspection, Maintenance, Repair, and Replacement of Transmission and Distribution Facilities (Circuits and Equipment)], and others. Rule 4901:1-10-27(E)(2)(a), O.A.C. requires each electric utility to submit a plan for the inspection, maintenance, repair, and replacement of circuits and equipment, as stated in paragraph (E)(1) of the rule, for review and acceptance by SMED. This report also addresses compliance with rules 4901:1-10-04 (Voltage), 05(Metering), 06(National Electric Safety Code), and 11(Distribution Circuit Performance). The following reflects the Staff's activity and findings relative to the Applicant from June 2005 through October 2008.

O.A.C. 4901:1-10-27(D)(1)
Scheduled Inspections: Circuits & Equipment

Rule 4901:1-10-27(D)(1), O.A.C. lists inspection requirements for distribution facilities (circuits and equipment) to maintain safe and reliable service on the following scheduled basis:

> *(D)(1) Distribution – at least one-fifth of all distribution circuits and equipment shall be inspected annually. All distribution circuits and equipment shall be inspected at least once every five years.*

Staff conducted a baseline audit in 2005 and follow-up audits in 2006, and 2008 to determine how the Applicant implements Rule 27(D)(1). Specifically, Staff audited the Applicant's overhead distribution circuits and equipment inspection programs to review various components of the distribution system.

Findings

The audits and field inspections confirmed the Applicant's compliance with its inspection programs and with its requirement to annually inspect at least one fifth of all distribution circuits and equipment.

Recommendations

No recommendations are being made at this time with respect to circuit inspections.

O.A.C. 4901:1-10-27(D)(3)
Scheduled Inspections: Substations

Rule 4901:1-10-27(D)(3), O. A. C., specifies the inspection frequency requirement for substations and equipment to maintain safe and reliable service:

(D)(3) *Substations – all transmission and distribution substation and equipment shall be inspected at least once each month.*

Staff conducted a baseline audit in 2004 and follow-up audits in 2005, and 2007 of the Applicant's substation monthly inspection programs. Staff has conducted 20 field verification audits for monthly substations inspections from June 2005 through October 2008.

Findings

The audits and field inspections confirmed the Applicant's compliance with its requirement to conduct monthly transmission and distribution substation and equipment inspections.

Recommendations

No recommendations are requested at this time with respect to substations.

O.A.C. 4901:1-10-27(E)(1)(a)(b)(c)(d)(e)(f)(g)
Distribution Inspection, Maintenance, Repair, and Replacement Programs

Rule 4901:1-10-27(E)(1)(a), O. A. C. requires each electric utility to:

(D)(1) *Establish and maintain written programs, procedures and schedules for the inspection, maintenance, repair, and replacement of its transmission and distribution circuits and equipment. These programs shall establish preventative requirements for the electric utility to maintain safe and reliable service. Programs shall include, but are not limited to, the following facilities:*

(a) *Poles and towers;*

Staff conducted initial baseline audits of the Applicant's program for distribution wood pole inspection & maintenance in 2004 and 2005 with limited success, resulting in the creation of a stand alone Poles and Towers program in 2006. Follow-up office audits were conducted in 2006 and 2008.

Staff conducted twelve (12) routine field inspections of Poles and Towers from program inception, November, 2006 to November, 2008.

Findings

As part of the Applicant's (CG&E) filing Case No. 05-0059-EL-AIR, Staff recommended the Applicant file a stand alone pole maintenance and inspection plan as required by OAC 4901:1-10-27(E)(1)(a). The Stipulation stated, "All recommendations set forth in the staff report, unless otherwise set forth in the stipulation, including the stipulation attachments, shall be implemented by the Applicant." As a result of the stipulation agreement, the Applicant created a stand alone distribution pole inspection program.

Beginning in 2006, 10% of distribution poles were to be inspected annually pursuant to the program's ten year cycle. In November 2006, Staff conducted an office audit to verify that the Applicant was conducting distribution pole inspections in accordance with the Staff accepted company plan. The audit revealed the Applicant had deviated from the accepted distribution pole inspection program. As a result, the Applicant agreed to inspect 20% of its distribution poles in 2007 to make up for the first year (2006). In March 2007, Staff found that the work completed during the first two months of 2007 was not in compliance with the accepted Poles and Towers program, specifically, the Applicant was not boring all poles 13 years or older. As a result, Staff required the Applicant to re-inspect (i.e. bore) these poles that had been erroneously inspected in 2007. Staff's March 2008 audit confirmed that the Applicant re-inspected the involved poles. The audit also showed that the Applicant's personnel performed quality control inspections for all 460 poles.

In the fall of 2007, the Applicant submitted a revision to their Poles and Towers program in accordance with 4901:1-10-27(E)(2)(c). The Applicant's request was a result of consulting with other Ohio electric utilities concerning their pole inspection programs and reviewing the data collected from their own 2007 Poles and Towers results. The Applicant found that boring all poles 13 years and older had negligible benefit and was not in line with other Ohio electric utilities pole inspection programs. The Applicant's submitted revision called for partial excavation and boring one evaluation hole just below ground level on all poles 20 years and older. Staff reviewed and accepted Applicant's Pole and Tower program revision on January 4, 2008 to be effective for the 2008 pole inspection cycle.

From March to December 2007, Staff conducted monthly Poles and Towers audits to ensure the Applicant was conducting inspections in accordance with their written program. Staff also gathered data on the number of inspections occurring. The Applicant performed 53,250 (20.3%) distribution pole inspections during the year. Staff commended the Applicant for having all necessary records and documentation readily available for review during this office audit.

Staff requested and received a progress update for the 2008 Poles and Towers inspection schedule. As of August 31, 2008, the Applicant had inspected 20,953 of 26,427 (79%) distribution poles scheduled for 2008.

Recommendations

No recommendations are being made at this time with respect to Poles and Towers.

O.A.C. 4901:1-10-27(E)(1)(a)(b)(c)(d)(e)(f)(g)
Inspection, Maintenance, Repair, and Replacement: Conductors

The O.A.C. requires each electric utility to:

> *(E)(1)* *Establish and maintain written programs, procedures and schedules for the inspection, maintenance, repair, and replacement of its transmission and distribution circuits and equipment. These programs shall establish preventative requirements for the electric utility to maintain safe and reliable service. Programs shall include, but are not limited to, the following facilities:*
>
> *(b)* *Conductors;*

Staff conducted initial baseline audits in 2005 and follow-up audits in 2006 and 2008 to determine how the Applicant implements the requirements of Rule 4901:1-10-27 (E)(1)(b), O.A.C., for conductors. The audits showed that the Applicant has existing programs and procedures in accordance with the rule.

Staff conducted seventeen (17) routine field inspections for this requirement from June 2005 to November 2008.

Findings

The audits and field inspections confirmed the Applicant's compliance with its inspection program and with its requirement to annually inspect at least one fifth of all distribution circuits and equipment. Examples of equipment visually inspected during conductor inspections include; cross arms, lightning arresters, insulators, conductors, poles, guys, pad-mount transformers, pedestals, grounds, risers, bushings, gang operated air brakes, vegetation encroachment, pole tags and conductor sag.

Recommendations

No recommendations are being made at this time with respect to conductor inspections.

O.A.C. 4901:1-10-27(E)(1)(a)(b)(c)(d)(e)(f)(g)
Inspection, Maintenance, Repair, and Replacement: Pad-Mounted Transformers]

The O.A.C. requires each electric utility to:

(E)(1) *Establish and maintain written programs, procedures and schedules for the inspection, maintenance, repair, and replacement of its transmission and distribution circuits and equipment. These programs shall establish preventative requirements for the electric utility to maintain safe and reliable service. Programs shall include, but are not limited to, the following facilities:*

(c) *Pad-mounted transformers;*

Staff conducted baseline and follow-up audits in 2006 and 2008 to determine how the Applicant implements the requirements of Rule 4901:1-10-27(E)(1)(c), O.A.C., for pad-mounted transformers. Staff's baseline audit disclosed that the Applicant's circuit inspections include pad-mounted transformers as well. In a verification audit conducted in 2006 and 2008, Staff confirmed that the Applicant was conducting pad-mounted transformer inspections on the circuits being inspected. The Applicant's personnel inspect pad-mounted transformers for the following: pad-mount identification; locking mechanism; bolt type; cabinet condition (rust); door hinges (condition); pad foundation; tank leakage; accessibility; and physical damage. The Applicant also maintains a maintenance program in which identified pad-mounted transformers are painted in an attempt to extend the life of the cabinet housing.

Staff conducted four (4) inspections for this requirement from June 2005 to November 2008.

Findings
As determined by field and office audits, the Applicant conducts and documents pad-mounted transformer inspections in conjunction with circuit inspections.

Recommendations

No recommendations are being made at this time with respect to pad-mounted transformer.

O.A.C. 4901:1-10-27(E)(1)(a)(b)(c)(d)(e)(f)(g)
Inspection, Maintenance, Repair, and Replacement: Line Reclosers/Capacitors

The O.A.C. requires each electric utility to:

(E)(1) *Establish and maintain written programs, procedures and schedules for the inspection, maintenance, repair, and replacement of its trans-*

> *mission and distribution circuits and equipment. These programs shall establish preventative requirements for the electric utility to maintain safe and reliable service. Programs shall include, but are not limited to, the following facilities:*
>
> (d) *Line reclosers;*
>
> (e) *Line capacitors;*

Staff conducted statistical sample audits of the Applicant's line recloser and line capacitor inspection programs. Line reclosers are visually inspected annually along with the counter reading on each device recorded. Line capacitors are inspected annually and divided into two primary parts; a visual inspection (for both fixed and switched banks) and an operational test (for switched banks only). Staff conducted baseline audits in the fall 2005 and early 2006 to determine the specific details of both programs. Office verification audits of the Applicant's line reclosers and line capacitors were conducted in 2007 and 2008.

Staff conducted eight (8) inspections for this requirement from June 2005 to November 2008.

Findings

The 2007 audit identified that the Applicant was conducting annual operational tests on approximately 75% of their switched line capacitors instead of 100% of their switched capacitors and conducting visual inspections on 75% of their fixed capacitor banks instead of 100% annual visual inspection of fixed capacitor banks. Staff asked the Applicant to explain the change from 100% capacitor inspections to 75% annually. The Applicant responded that it will maintain 100% annual inspections for capacitors and made formal written confirmation to that effect on May 01, 2007. The 2008 office audit found that the Applicant performed visual and operational testing of 100% fixed and switched capacitors for the 2007 cycle. Staff will continue to verify inspection results through future office audits. During the 2007 and 2008 office audits for line reclosers, staff made minor recommendations related to record keeping and the tracking of recloser repairs. The Applicant has implemented the recommendations and Staff will continue to audit the program with both field and corporate office audits.

Recommendations

No recommendations are being made at this time with respect to line reclosers and line capacitors.

O.A.C. 4901:1-10-27 (E)(1)(a)(b)(c)(d)(e)(f)(g)
Inspection, Maintenance, Repair, and Replacement: Right-of-Way Vegetation

The O.A.C. requires each electric utility to:

(E)(1) *Establish and maintain written programs, procedures and schedules for the inspection, maintenance, repair, and replacement of its transmission and distribution circuits and equipment. These programs shall establish preventative requirements for the electric utility to maintain safe and reliable service. Programs shall include, but are not limited to, the following facilities:*

(f) *Right-of-way vegetation control;*

Staff conducted a baseline audit in 2004 and follow-up office audits in 2005 and 2007 to determine the Applicant's Right-of-Way Vegetation Control program practices. The purpose of the audits was to check documentation of circuit work and that the chosen circuits had indeed been trimmed pursuant to the Applicant's stated (4-year cycle) program.

Staff conducted twenty-six (26) routine inspections for this requirement from June 2005 to November 2008.

Findings

Upon reviewing the Applicant's 2006 Rule 26 filing, Staff discovered the Applicant had changed its full vegetation line clearing from a four year cycle to a five year cycle in 2005. The Applicant made this change to the vegetation program without submitting for a program revision as required by O.A.C. 4901:1-10-27(E)(2)(c) in accordance with 4901:1-10-27(E)(2)(a). Staff asked the Applicant to explain the change from a four year to a five year cycle. The Applicant responded that it will maintain the vegetation management program on a four year cycle and provided written confirmation to staff of its intention. Staff's 2007 office audit found 19.65% of the Applicant's 692 distribution circuits exceeded the four year cycle for full vegetation line clearing. Staff gave the Applicant until December 31, 2008 to come into full compliance with the four year full vegetation line clearing program. Staff requested and received a progress update for the 2008 full vegetation line clearance schedule.

As of August 31, 2008, the Applicant had completed 161 of 226 scheduled circuits (71% complete) and 2,055 circuit miles of 2,720 circuit miles scheduled (75.5% complete). Staff will schedule an office audit in early 2009 to review documentation and records for verification of compliance with the four year cycle.

Recommendations

No recommendations are being made at this time with respect to Right-of-Way Vegetation Control.

O.A.C. 4901:1-10-27 (E)(1)(a)(b)(c)(d)(e)(f)(g)
Inspection, Maintenance, Repair, and Replacement

The O.A.C. requires each electric utility to:

(E)(1) *Establish and maintain written programs, procedures and schedules for the inspection, maintenance, repair, and replacement of its transmission and distribution circuits and equipment. These programs shall establish preventative requirements for the electric utility to maintain safe and reliable service. Programs shall include, but are not limited to, the following facilities:*

(g) *Substations*

Staff conducted a baseline audit in 2004 and follow-up audits in 2005, and 2007 of the Applicant's substation monthly inspection activities.

Staff has conducted twenty (20) field verification audits for monthly substation inspections from June 2005 through October 2008.

Findings

The Applicant's substation maintenance manual contains the Applicant's procedures for performing monthly substation inspections and maintenance. Staff conducted a random sample survey of the Applicant's substation monthly inspections which are performed by qualified Applicant inspectors and recorded electronically with a focus on major substation equipment. Staff visually verified the Applicant's substation monthly inspections by viewing an Applicant displayed database program and work papers. Staff also verified maintenance practices for transformers, including frequency, types, methodology, and personnel. Staff found that the Applicant's records in this area were in order, that there were no discrepancies evident for the samples audited, and that the work had been performed by qualified electrician grade personnel.

The August 8, 2007 audit focused on four major components in the substation; circuit breakers, transformers, relays, and voltage regulators. During this particular audit, Staff discovered six of the seven circuit breaker records sampled were missing inspection records. As a result, Staff issued a Letter of Probable Non-compliance to the Applicant recommending the applicant amend their 'instructional language' to include requirements for thorough tracking of equipment inspections and more accurate record retention of these events. The Applicant amended and Staff accepted its revised substation maintenance program (dated 11/1/2007) to include language addressing retention of maintenance records. Staff will review records and documentation for compliance, related to substation asset maintenance records during the 2009 regularly scheduled substation office audit.

The December 5, 2007 substation audit focused on substation security, including fence fabric integrity and gaps at bottom of fence and gates. While Staff found no noncompliances, Staff recommended the Applicant add substation perimeter and security checklists to its software in the electronic handheld units utilized to record substation data. Staff also recommended the Applicant conduct training with all substation personnel related to fence/gate integrity and vegetation encroachment as it relates to the Applicant's substation standards and policies. The Applicant's written response to the recommendations was that technology is not yet available with existing software to include perimeter checks but they plan to build substation perimeter checks into its impending release of software, currently scheduled for the fourth quarter of 2009. The Applicant stated substation perimeter fence and gate integrity training was conducted on 1/14 and 1/15/08 for all substation personnel. Staff will follow-up in late 2009 to verify software upgrades include substation perimeter condition as part of the overall substation inspection process.

Recommendations

No recommendations are being made at this time with respect to substations.

O.A.C. 4901:1-10-04
Equipment for Voltage Measurements

These portions of the O.A.C. require that:

Portable indicating instruments (e.g., electro-mechanical indicating, electronic indicating, and electronic indicating and recording) used to test or record service voltage at the customer's premises in response to a customer inquiry or complaint shall be checked for accuracy against a recognized standard. Accuracy checks shall be conducted as recommended by the manufacturer or annually if no period is specified. The most recent accuracy test record shall be kept with each such instrument, or at a central location for the electric industry.

Staff verified that the Applicant has a methodology (calibration program) for assuring that its equipment used for voltage measurement was checked for accuracy against a recognized standard with accuracy checks conducted as recommended by the manufacturer or annually if no period is specified, with test records kept.

Staff performed an office review at the Applicant's Queensgate testing facility in 2005, 2006, 2007, and 2008.

Findings

Staff found that the calibration of the voltage measuring equipment is compared to laboratory standards. Laboratory standard instrument/calibrators used in calibrating the voltage measuring equipment is returned to the equipment manufacturer on a scheduled basis to ensure compliance with the National Institute of Standards and Technology (NIST). No discrepancies were noted.

Recommendations

No recommendations are being made in this area at this time.

O.A.C. 4901:1-10-05
Metering

This rule requires that:

A customer's electric usage shall be metered by commercially acceptable measuring devices that comply with "American National Standards Institute" (ANSI) standards. Meter accuracy shall comply with the 2001 ANSI C12.1 standards. No metering device shall be placed in service or knowingly allowed to remain in service if it violates these standards.

Staff performed office and field metering testing reviews at the Applicant's Queensgate testing facility in 2006, 2007, and 2008.

Findings

Staff found that the meters and other equipment examined had been calibrated with laboratory standard instruments/calibrators in compliance with the National Institute of Standards and Technology (NIST). The laboratory not only performs the calibration process for meters used to report customer electric usage, but supplies the calibration process for the Applicant as well. No discrepancies were noted.

Recommendations

No recommendations are being made in this area at this time.

O.A.C. 4901:1-10-06
National Electrical Safety Code

This rule requires that:

Each electric utility shall comply with the 2002 edition of the American National Standard Institute's, "National Electrical Safety Code".

Staff conducted various inspections of the Applicant's facilities for compliance with the National Electrical Safety Code (NESC) requirements from June 2005 to November 2008. A total of 141 inspections evaluated compliance with rule 4901:1-10-06 O.A.C. requirements for substations; pad-mounted transformers; switch gear; and, overhead/other (pole or vegetation Issue) topics.

For example, substation requirements include height and grounding requirements for metal fence enclosures; supply conductors and cable rising requirements; switchgear, and other equipment mounting specifications. Pad-mounted equipment shall have an enclosure that is either locked or otherwise secured against unauthorized entry.

Findings

The following is a list of the routine field inspections Staff conducted by NESC topic and the number of violations of the NESC that it found.

Topic	Inspections	Total units inspected	Exceptions
Substations	44	105	7
Pad-Mount Transformers	85	4,553	100
Switch Gear	1	36	0
Overhead/Other	11	134	9
Total	141	4,827	116

Recommendations

The above Staff identified violations were resolved and or timely corrected and no further action is recommended.

O.A.C. 4901:1-10-11
Distribution Circuit Performance

Rule portions 11(B)(1) and 11(C) require, among other things, that each EDU:

Set forth a method for determining the performance of each EDU's (Electric Distribution Utility) distribution circuits. Each EDU shall submit, no later than ninety days after each reporting period ending on December thirty-first, a report to the director of the consumer services department now the Service Monitoring & Enforcement Department or the director's designee that identifies the lowest performing eight percent (8%) of the EDU's distribution circuits for the previous twelve-month reporting period.

Staff reviews the Applicant's annual reports which identify the lowest performing eight percent (8%) of distribution circuits for the previous twelve-month reporting period. Circuits were selected and inspected by field Staff in order to verify that the Applicant had met its corrective and/or preventative actions commitments.

Staff conducted 49 inspections to confirm remediation activity during the period June 2005 to November 2008.

Findings

No discrepancies were noted during these inspections.

Recommendations

No recommendations relating to carrying out designated remedial activity are necessary at this time.

Two-Pole Conditions

As a result of staff inspections revealing an increase in the number of two-pole situations, Staff surveyed the regulated electric and telephone companies (and CATV in a voluntary role) in an attempt to determine what was causing or attributing to the problem. (Two-pole is the situation where electric service has been removed from one pole and placed on a new pole, yet the old pole remains in place for several months to several years after the transfer of the electric service.) The survey revealed that the communication processes used by Ohio's utility companies varied and that the joint service agreement requirements also varied.

Staff then sought to identify the reason(s) for protracted pole transfer activity and old pole removal, develop measurements for such activity, facilitate solution(s) for the root cause(s), eliminate old (pre 2006) two-pole conditions by 2010, and resolve all future two-pole conditions within 12 months of their creation.

The Applicant has relatively few two-pole conditions. Since 1996, the Applicant, Cincinnati Bell Telephone (CBT), Time Warner and the local municipalities utilize an electronic notification process to track and manage two-pole conditions. In situations where the Applicant and CBT are jointly on the same pole, regardless of pole ownership, the Applicant erects the new pole and CBT removes the old pole unless the pole in question is set in a hard surface such as concrete or asphalt. Any pole not removed by CBT is reported to the applicant through a joint use request for expedited removal. The owner of the pole is responsible for maintaining the pole. Staff has confirmed that the Applicant does not have any two-pole conditions that were created prior to January 1, 2006.

Recommendations

No recommendations are being made in this area at this time.

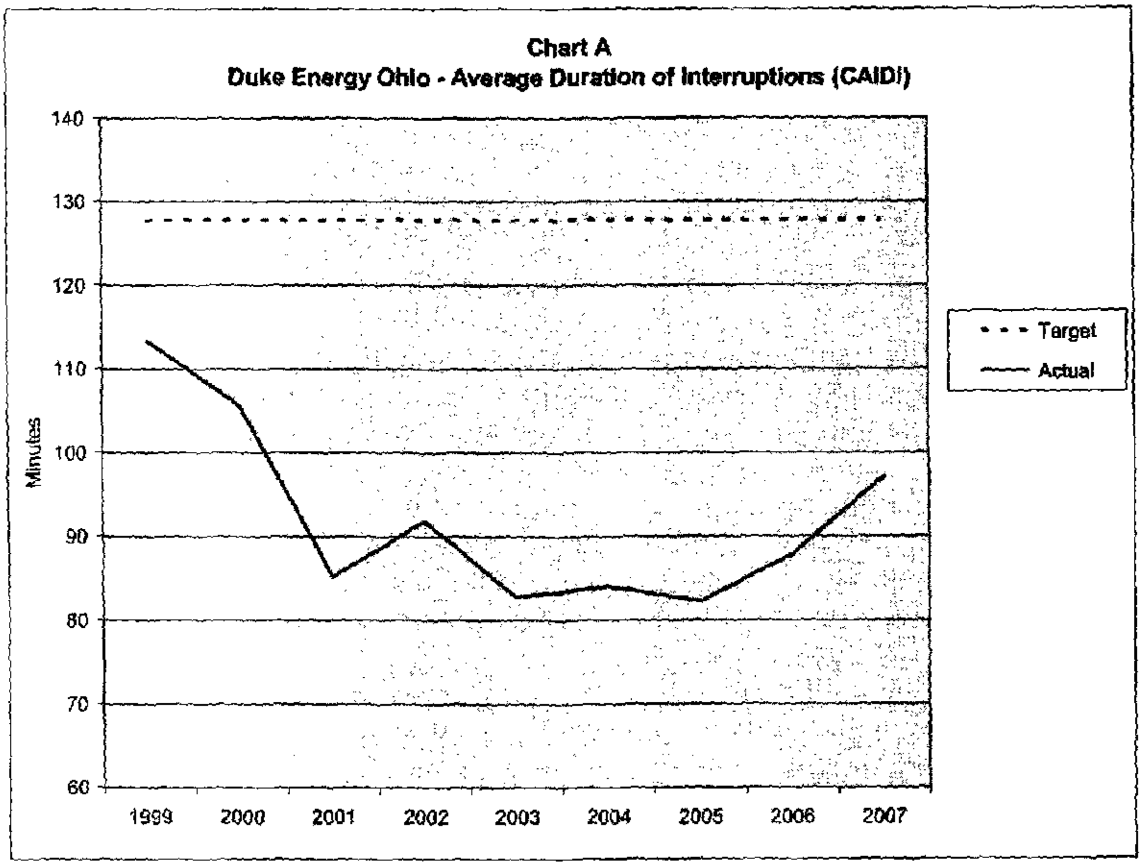
Electric Reliability Performance Review

As part of its investigation in this case, Staff reviewed the Applicant's performance against its reliability targets, its response to Staff's reliability recommendations in the last rate case, and its compliance with the reliability commitment agreed to in its merger case. These topics are addressed in the paragraphs below.

Rule 4901:1-10-10 of the Ohio Administrative Code requires each electric distribution utility (EDU) to provide the Staff an annual report of its system-wide performance against a set of reliability targets.[1]

Findings

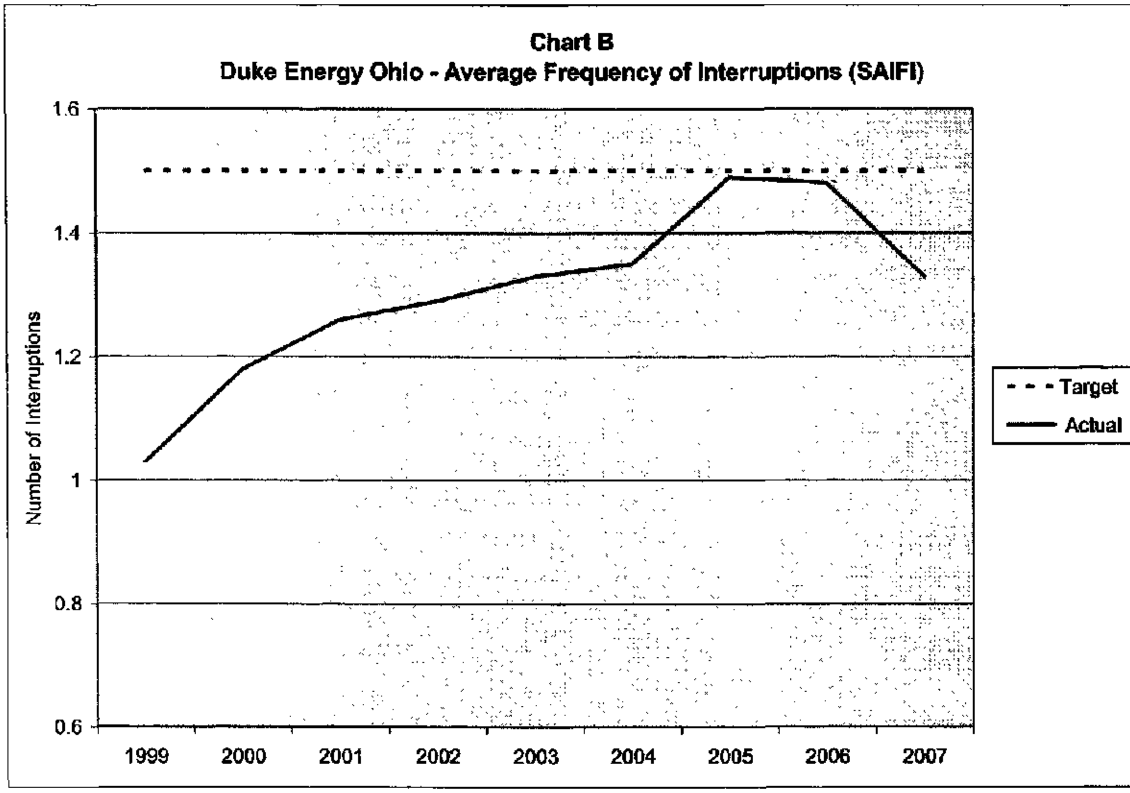
Charts A and B track the Applicant's historical performance against its CAIDI[2] and SAIFI[3] targets for interruption duration and frequency respectively. As the charts indicate, the Applicant has never missed either of these targets.



[1] The Applicant's targets are based on its average reliability performance over the five-year period 1994 through 1998, and are set at one standard deviation above the respective average for each of four reliability indices.

[2] CAIDI, or the customer average interruption duration index, measures the average service restoration time for customers that experience one or more sustained interruptions during the year. A higher CAIDI number indicates worse performance.

[3] SAIFI, or the system average interruption frequency index, measures the average number of electric service interruptions for all customers served, regardless of whether they experienced an interruption. A higher SAIFI number indicates worse performance.



Staff did note in 2005, however, that the Applicant's SAIFI performance had exhibited a five-year adverse trend.[4] Staff therefore recommended that the Applicant investigate this situation and provide its plans for stopping or reversing that trend. In response, the Applicant informed Staff of aggressive plans to improve performance on eight worst-performing circuits[5] and other improvement initiatives focused on 53 distribution circuits that serve many customers or that have higher SAIFI performance. The Applicant has now completed most of those worst-performing circuit improvements (removing these circuits from the worst-performing list) and nearly all of the initiatives for the selected 53 distribution circuits.[6] Staff credits these actions for reversing the adverse SAIFI trend, which ended in 2005.

On March 21, 2007, the Commission approved a stipulation resolving issues relating to the joint application of Cinergy Corp. and Deer Holding Corp. for consent and approval of a change of control of Cincinnati Gas and Electric Company. One of the terms of that stipulation requires the Applicant to make $1.5 million in additional annual expenditures on action plans to improve reliability performance if two out of four reliability measures

[4] See Pages 81-83 of the Staff Report in Case No. 05-0059-EL-AIR.
[5] Rule 4901:1-10-11 (C) requires each EDU to provide Staff a list of its eight-percent worst-performing distribution circuits.
[6] See the Applicant's response to Staff Data Request 33.

indicated a degradation of 20 percent or more compared to a 2005 baseline year.[7] During the subsequent years 2006 and 2007, the Applicant did not experience such degradation on any of the four reliability performance measures.

Recommendations

Based on the Applicant's meeting its reliability targets, reversing its adverse SAIFI trend, and avoiding significant performance degradation, Staff is satisfied with the Applicant's reliability and makes no recommendations at this time.

Customer Service Review

Staff performs audits of regulated utility companies in order to ensure compliance with current rules and regulations. After observing customer calls to the Applicant and reviewing Applicant's policies and various data request responses, Staff found that the overall customer service practices and policies of the Applicant comply with the applicable rules and regulations set forth by the Commission.

Customer Contacts

Staff reviewed the contacts made by the Applicants' customers to the PUCO Hotline for the period of November 15, 2007 through November 14, 2008. Overall, 2,804 contacts were made during this period.

Contacts about disconnection issues or payment arrangements prompted the largest number of contacts, with 1,052 for the period. The next category was billing issues with 595 contacts. Before calling the company, 329 customers called the customer call center. Most of these customers were seeking account information and were directed back to the Applicant to give the Applicant the first opportunity to respond to its customers.

Outage contacts were the next largest category, with 234 (of which 184 were in the third quarter of 2008.) Other service issues, including new service, comprised the next category with 200 contacts, including 25 customers who voiced concerns about the quality of the Applicant's customer service. One hundred thirty-five contacts were questions or concerns about the Applicant's tariffs. Sixty three customers had difficulty reaching the Applicant. Issues relating to competition accounted for 51 contacts. Fifty-one customers had comments on the commission, while 34 had comments on the Applicant's policies. Thirty-eight customer contacts were to protest the Applicant's rate case. The remaining 22 were miscellaneous contacts, such as questions about utility easements.

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[7] See Article II, Paragraph 2.6 (on pages 6 and 7) of the stipulation filed December 15, 2005 in Case No. 05-732-EL-MER.

MANAGEMENT AND OPERATIONS REVIEW

Section 4909.154 of the Ohio Revised Code states that the Public Utilities Commission shall consider the management policies, practices, and organization of public utilities in fixing the just, reasonable, and compensatory rates, joint rates, tolls, classification, charges or rentals to be observed and charged for service of any public utility.

In 1985, the Commission approved an amendment to the Standard Filing Requirements. This amendment (4901-7-01) requires medium and large utilities to include in their rate filings a concisely written summary of their management policies, practices, and organization. Among other things, the summary is to include a discussion of policy and goal setting, strategic and long range planning, organization structure, decision making and controlling, and communications for the company's executive management process (Schedule S-4.1) as well as for numerous functional areas common to most large utility companies (Schedule S-4.2).

Staff routinely reviews the S-4.1 and S-4.2 schedules, applicant performance, and various events relating to the applicant's management. As a result of these review activities, Staff selects certain management topics for rate case reporting. In the current rate case, Staff reports on Applicant's Cost Allocation methodology and recent changes in the corporate accounting systems.

Cost Allocation Methodology

Applicant is required to maintain a "Cost Allocation Manual" (CAM) which includes the agreements between the various Duke Energy Corporation entities and outlines the methods for which these entities transact business. While this manual describes in general terms Applicant's allocation policies, it does not provide the details from an accounting perspective how these policies are actually implemented.

Cost allocations must be in accord with regulatory requirements and organizational guidelines to ensure that the regulated distribution company and its ratepayers are only charged with expenses that reflect the actual cost of the services provided by an affiliate organization. As part of this rate case, Applicant provided testimony on how costs are allocated depending upon jurisdictional, organizational and/or business unit, functional, and cost of service considerations.

Company testimony outlined 18 different allocation methodologies such as sales ratio, number of employees ratio, square footage ratio, etc. For example, the costs related to the function of procuring, testing, and maintaining meters is allocated to the client companies based on the number of customers ratio. The costs related to Human Resources are allocated based on the number of employees ratio. Other functions' allocations are more complicated such as the legal, finance, planning, etc. functions which are based on a weighted average of gross margin ratio, labor dollars ratio, and the total property & plant & equipment ratio.

The weighting of allocation factors are reviewed annually by the Company in order to align actual costs to the functions or business units as certain variables involved in the ratio calculations may change from time to time (e.g., a change in the number of customers or number of employees). Absent any major corporate realignment, year to year changes in allocation percentages would likely remain small and the ratios would generally be close enough that a business unit or functional manager could budget and plan their operational needs. Similarly, an auditor could be relatively confident in reviewing year over year changes in costs or spending that the allocation methodology would not usually be a significant cause for dramatic swings in costs or expenses to the entity being audited.

Nevertheless, initial Staff review of Applicant's rate case filing appeared to reflect dramatic changes in certain allocation percentages of costs to the distribution company. In response to Staff inquiries, the Company responded that much of the change in the allocation of cost percentages were not actually a significant change, but changes due to a new accounting system where the calculations were done upstream at the corporate level with the resulting output already a completed ratio ascribed to the distribution company.

Accounting System Changes

Applicant reported significant accounting system changes in recent years, due mostly to the mergers of The Cincinnati Gas & Electric Company into Cinergy Corporation and then Cinergy Corporation into Duke Energy Corporation. These changes, in fact, were greatly responsible for the allocation percentage changes in recent years as the allocations were updated and recalculated to reflect both the new corporate entity and the new cost structure. These corporate structural changes also included changes to the corporate accounting systems which included new algorithms for deriving cost allocations.

In response to a Staff information request, the Company described the changes to its accounting systems as it relates to the allocation of costs to the distribution company for ratemaking purposes. In 1996, The Cincinnati Gas & Electric Company (now Duke Energy Ohio, Inc.) implemented a new mainframe accounting system, Business Data Management System (BDMS 1.0) in conjunction with the formation of Cinergy Corporation. Unique accounts within this accounting system allowed costs to be identified as related to either the gas or electric business. For ratemaking purposes the total electric rate base and expenses were allocated to the electric distribution function by means of a cost of service study - a study designed to allocate company costs between the electric and natural gas sides of the business, then assigned to the residential, commercial, and industrial customer classes. In addition, the Company's cost of service study included an unbundling of electric costs for allocation to functional units within the Company's electric operations.

In 1998 BDMS 1.0 was upgraded to BDMS 2.0. New code block elements such as legal entity allocator (LEA), business unit allocator (BUA) and business segment were added to assist in the process of allocating service company costs among various client companies. The accounting records contained a cost type field which allowed costs to be identified as related to either the gas or electric business. For ratemaking purposes the total electric rate base and expenses were allocated to the electric distribution function by means of a cost of service study.

In April of 2005, Applicant implemented changes to improve its existing accounting systems as a result of the Finance and Accounting Improvement Initiative (F&AII). The resulting BDMS 3.0 combined several elements of the BDMS 2.0 code block into a new required field called line of business (LOB) which replaced the LEA, BUA and business segment. The LOB field is a three digit alpha-numeric field which is the primary driver for most allocation processes. The field derives the legal entity and is used to allocate or directly assign values to specific business segments such as electric distribution, gas distribution or a specific generating station. For ratemaking purposes, certain LOB's were identified as 100% electric distribution while others were allocated to the distribution function.

Typically on an annual basis in conjunction with the budget process, the Cost Accounting Department reviews the amounts to be charged to gas and electric operations for the allocable LOB's and updates as needed. A variety of drivers or allocation methods are used to determine the appropriate split between gas and electric operations. The allocation methods include number of customers, number of meters, labor dollars, revenue and PP&E (Property Plant & Equipment).

In July 2008, Applicant converted to a PeopleSoft general ledger system which had been used by the legacy Duke Energy Corporation companies. A combination of the business unit and operating unit fields are used to determine the functional split within the Applicant. In the current structure the electric distribution and electric transmission costs are combined in various operating units. The new system has not yet been used to gather information for a rate case but it is anticipated that some sort of allocation process will be required to split transmission and distribution costs.

Findings and Recommendation

The absence of publicly disseminated financial results on a PUCO jurisdictional line-of-business basis makes historical comparison and cost tracking difficult. The lack of independently audited financials for distribution only operations makes it important to document the company's accounting system and cost allocation methods. Staff endeavored to identify and review documentation that would explain the company's accounting system, allocation policies and procedures, as well as any changes thereto that had been implemented since the last electric rate proceeding. No central or single source by the Applicant documented the accounting system and allocation procedure changes. The Staff expended considerable effort through interviews and document reviews to verify the methods used to produce financial data for the current electric filing. Staff also reviewed the Service Company allocations audit by Blue Ridge from the most recent gas distribution rate case.

The Staff compared the Applicant's costs from the last electric rate case, Case No. 05-59-EL-AIR, to the current rate case filing. Staff immediately noted dramatic changes in the allocation percentages of certain corporate costs to the distribution company. In addition, Staff noted significant changes in costs for certain corporate affiliate related accounts helping drive the distribution company to request a rate increase. Staff attempted a verification process of the Company's expenses and allocation cost methodology for these flagged accounts in order to understand the changes taking place at the Company and to validate the accuracy of the calculations.

For example, in account 923 "Outside Services Employed", the Company reported an expense of \$17.056 million in the 2005 case, which was allocated to the distribution company at 35.236% for \$6.006 million. In this rate filing, account 923 is reported to be \$16.196 million and was allocated at 100% for \$16.196 million. Similarly, in account 931 "Rents" the Company reported an expense of \$9.544 million, which was allocated at 35.236% for \$3.363 million in the 2005 rate case. In this rate case, account 931 is reported to be \$8.720 million and was allocated at 100% for \$8.720 million.

At first glance, the increased costs sampled above appeared to be a function of the allocation methodology. However, Staff could not verify this to necessarily be the case. Another possible explanation is that the expenses related to affiliate services are rapidly increasing. For example, the total "Administrative and General" series of accounts (i.e., accounts 920 through 935) allocated to the distribution company were \$60.627 million in the 2005 case. In the current filing, this expense has grown to \$88.143 million, which is a \$27.516 million, or approximately 45%, increase in total Administrative & General expenses.

The degree of cost changes in certain accounts, combined with either a change in the allocation percentage or an allocation calculation being performed upstream with the result being 100% allocated to the distribution company, raises warning flags .as potential areas for abuse (i.e., "black box" cost allocation calculations or spiraling costs that appear inconsistent with merger saving expectations). Based upon its experience with this filing, the Staff recommends that a focused audit of Applicant's allocation methods and factors be performed.

In Applicant's Electric Security Plan proceeding, Case No. 08-920-EL-SSO et al, a Stipulation and Recommendation was entered into among the parties to the case. Paragraph 33 of the Stipulation provides for an annual audit review of compliance with Applicant's Corporate Separation Plan, including, but not limited to a review of its Cost Allocation Manual. Staff recommends that the scope of this audit include the documentation, examination, and testing of all allocation methods and factors that are used to assign costs to PUCO regulated operations.

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
OVERALL FINANCIAL SUMMARY
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

WORK PAPER REFERENCE NO(S).: SEE BELOW

LINE NO.	DESCRIPTION	SUPPORTING SCHEDULE REFERENCE	APPLICANT	STAFF LOWER BOUND	STAFF UPPER BOUND
1	Rate Base	B-1	$ 979,490,589	$ 973,342,332	$ 973,342,332
2	Current Operating Income	C-1	$ 34,900,166	$ 46,817,567	$ 46,817,567
3	Earned Rate of Return (Line 2 / Line 1)		3.56%	4.81%	4.81%
4	Requested Rate of Return	Rate of Return Text	9.10%	8.34%	8.87%
5	Required Operating Income (Line 1 x Line 4)		$ 89,133,644	$ 81,176,750	$ 86,335,465
6	Operating Income Deficiency (Line 5 - Line 2)		$ 54,233,478	$ 34,359,183	$ 39,517,898
7	Gross Revenue Conversion Factor	C-10 / A-1.1	1.5784603	1.5700221	1.5700221
8	Revenue Deficiency (Line 6 x Line 7)		$ 85,605,392	$ 53,944,677	$ 62,043,973
9	Revenue Increase Requested / Recommended	C-1	$ 85,604,451 (a)	$ 53,944,677	$ 62,043,973
10	Adjusted Operating Revenues (b)	C-1	$ 317,711,321	$ 317,711,321	$ 317,711,321
11	*Pole Attachment Revenue Increase Requested / Recommended*	Rates & Tariffs Text	$ 1,206,407	$ 255,043	$ 255,043
12	Revenue Requirements (Line 9 - 1,206,407 + Line 10 + Line 11)		$ 403,315,772	$ 370,704,634	$ 378,803,930
13	Percent Increase (Line 9 + Line 11) / (Line 10 - 1,206,407)		27.43%	17.12%	19.68%

(a) Difference between Line 8 and Line 9 is due to rounding.
(b) Reflects $1,206,407 pole attachment revenue increase

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
COMPUTATION of GROSS REVENUE CONVERSION FACTOR
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

WORK PAPER REFERENCE NO(S).: APPLICANT'S SCHEDULE C-10, and STAFF'S SCHEDULES WPC-3.15b, WPC-3.18a, and WPC-3.21b

LINE NO.	DESCRIPTION		PERCENT OF INCREMENTAL GROSS
1	Operating Revenues		100.000%
2			
3	Less:		
4	Uncollectible Accounts Expenses (a)	1.276%	
5	City of Cincinnati Franchise Tax (b)	0.110%	
6	Commercial Activities Tax (c)	0.260%	1.646%
7			
8	Income before Income Tax (Line 1 - Line 6)		98.354%
9			
10	State and Municipal Income Tax (0.370% x 98.354%)		0.364%
11			
12	Income before Federal Income Tax (Line 8 - Line 10)		97.990%
13			
14	Federal Income Tax (35% x 97.99%)		34.296%
15			
16	Operating Income Percentage (Line 12 - Line 14)		63.693%
17			
18	Gross Revenue Conversion Factor (100% / 63.693%)		1.5700221

(a) Staff's Schedule WPC-3.15b
(b) Staff's Schedule WPC-3.21b
(c) Staff's Schedule WPC-3.18a

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
JURISDICTIONAL RATE BASE SUMMARY
AS OF MARCH 31, 2008

SCHEDULE B-1
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S).: SEE BELOW

LINE NO.	RATE BASE COMPONENT	SUPPORTING SCHEDULE REFERENCE	APPLICANT AMOUNT	STAFF
1	Plant In Service			
2	Production	B-2	$ 0	$ 0
3	Transmission	B-2	0	0
4	Distribution	B-2	1,644,636,777	1,644,616,547
5	General	B-2	47,033,785	47,033,785
6	Common	B-2	71,682,925	71,682,925
7	Total Plant In Service		1,763,353,487	1,763,333,257
8	Reserve for Accumulated Depreciation			
9	Production	B-3	0	0
10	Transmission	B-3	0	0
11	Distribution	B-3	(559,545,652)	(559,206,553)
12	General	B-3	(25,279,944)	(25,279,944)
13	Common	B-3	(33,157,402)	(33,157,402)
14	Total Reserve for Accumulated Depreciation		(617,982,998)	(617,643,899)
15	Net Plant In Service (Line 7 + Line 14)		1,145,370,489	1,145,689,358
16	Construction Work in Progress	B-4	0	0
17	Cash Working Capital Allowance	B-5	0	0
18	Other Working Capital Allowance	B-5	1,606,271	0
19	Other Items:			
20	Customers' Deposits	B-6		(3,551,807)
21	Contributions in Aid of Construction	B-6	0	0
22	Postretirement Benefits	B-6	8,277,974	6,968,926
23	Investment Tax Credits	B-6	(182,083)	(182,083)
24	Deferred Income Taxes	B-6	(175,582,062)	(175,582,062)
25	Other Rate Base Adjustments	B-6	0	0
26	Rate Base (Line 15 through Line 25)		$ 979,490,589	$ 973,342,332

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
PLANT IN SERVICE SUMMARY BY MAJOR PROPERTY GROUPINGS
AS OF MARCH 31, 2008

WORK PAPER REFERENCE NO(S).: STAFF'S SCHEDULE B-2.1

LINE NO.	MAJOR PROPERTY GROUPINGS	TOTAL COMPANY	ADJUSTMENTS	ADJUSTED TOTAL COMPANY	ALLOCATION %	ALLOCATED JURISDICTION
1	Production	$ 3,125,445,895	$ 0	$ 3,125,445,895	0.000%	$ 0
2	Transmission	541,512,904	0	541,512,904	0.000%	0
3	Distribution	1,644,636,777	(20,230)	1,644,616,547	100.000%	1,644,616,547
4	General	54,341,651	0	54,341,651	86.552%	47,033,785
5	Common (Allocated to Electric)	183,825,882	(1,532,977)	182,292,905	39.323%	71,682,925
6	Completed Construction Not Classified (1)	0	0	0	0.000%	0
7	Other (specify) - DENA Plant	1,767,206,684	0	1,767,206,684	0.000%	0
8	Total	$ 7,316,969,793	$ (1,553,207)	$ 7,315,416,586		$ 1,763,333,257

(1) Included in each function on Schedule B-2.1

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
PLANT IN SERVICE BY ACCOUNTS AND SUBACCOUNTS
AS OF MARCH 31, 2008

NON-JURISDICTIONAL ELECTRIC PLANT

WORK PAPER REFERENCE NO(S).: APPLICANT'S SCHEDULE B-2.1 & STAFF'S SCHEDULE B-2.2

LINE NO.	F.E.R.C. ACCT. NO.	COMPANY ACCT. NO.	ACCOUNT TITLE	TOTAL COMPANY	ADJUSTMENTS	ADJUSTED TOTAL COMPANY	ALLOCATION %	ALLOCATED JURISDICTION
1	Various	Various	Electric Production - Steam	$ 3,055,721,525		$ 3,055,721,525	0.000%	$ 0
2	Various	Various	Electric Production - Other	69,724,370		69,724,370	0.000%	0
3	Various	Various	Electric Transmission Plant	541,512,904		541,512,904	0.000%	0
4	Various	Various	Electric Production/Transmission Plant - DENA Plants	1,767,206,684		1,767,206,684	0.000%	0
5			Total Non-Jurisdictional Electric Plant	$ 5,434,165,483		$ 5,434,165,483		$ 0

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
PLANT IN SERVICE BY ACCOUNTS AND SUBACCOUNTS
AS OF MARCH 31, 2008

DISTRIBUTION PLANT

WORK PAPER REFERENCE NO(S).: APPLICANT'S SCHEDULE B-2.1 & STAFF'S SCHEDULE B-2.2

LINE NO.	F.E.R.C. ACCT. NO.	COMPANY ACCT. NO.	ACCOUNT TITLE	TOTAL COMPANY	ADJUSTMENTS	ADJUSTED TOTAL COMPANY	ALLOCATION %	ALLOCATED JURISDICTION
1	360	3600	Land and Land Rights	$ 7,357,843		$ 7,357,843	100.000%	$ 7,357,843
2	360	3601	Rights of Way	26,615,889		26,615,889	100.000%	26,615,889
3	361	3610	Structures and Improvements	6,434,309	115,515	6,549,824	100.000%	6,549,824
4	362	3620	Station Equipment	141,741,439		141,741,439	100.000%	141,741,439
5	362	3622	Major Equipment	89,943,898		89,943,898	100.000%	89,943,898
6	362	3635	Station Equipment Electronic	3,192,964		3,192,964	100.000%	3,192,964
7	364	3640	Poles, Towers & Fixtures	291,748,818	(66,421,180)	225,327,638	100.000%	225,327,638
8	365	3650	Overhead Conductors and Devices	284,492,593	10,287,297	294,779,890	100.000%	294,779,890
9	366	3660	Underground Conduit	95,798,651	1,775,034	97,573,685	100.000%	97,573,685
10	367	3670	Underground Conductors and Devices	220,809,934	50,986,794	271,796,728	100.000%	271,796,728
11	368	3680	Line Transformers	314,560,686	(3,935,927)	310,624,759	100.000%	310,624,759
12	368	3682	Customer Transformer Installations	4,669,193		4,669,193	100.000%	4,669,193
13	369	3691	Services - Underground	2,126,612	6,197,579	8,324,191	100.000%	8,324,191
14	369	3692	Services - Overhead	47,684,728	(3,239,480)	44,445,248	100.000%	44,445,248
15	370	3700	Meters	54,161,209		54,161,209	100.000%	54,161,209
16	370	3701	Leased Meters	23,527,697		23,527,697	100.000%	23,527,697
17	371	3710	Installations on Customers' Premises	32,968		32,968	100.000%	32,968
18	372	3720	Leased Property on Customers' Premises	102,503		102,503	100.000%	102,503
19	373	3731	Street Lighting - Overhead	7,839,582		7,839,582	100.000%	7,839,582
20	373	3732	Street Lighting - Boulevard	14,878,096	4,214,138	19,092,234	100.000%	19,092,234
21	373	3733	Light Security OL POL Flood	6,917,165		6,917,165	100.000%	6,917,165
22			Total Electric Distribution Plant	$ 1,644,636,777	$ (20,230)	$ 1,644,616,547		$ 1,644,616,547

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
PLANT IN SERVICE BY ACCOUNTS AND SUBACCOUNTS
AS OF MARCH 31, 2008

GENERAL PLANT

WORK PAPER REFERENCE NO(S).: APPLICANT'S SCHEDULE B-2.1 & STAFF'S SCHEDULE B-2.2

LINE NO.	F.E.R.C. ACCT. NO.	COMPANY ACCT. NO.	ACCOUNT TITLE	TOTAL COMPANY	ADJUSTMENTS	ADJUSTED TOTAL COMPANY	ALLOCATION %	ALLOCATED JURISDICTION
1	303	3030	Miscellaneous Intangible Plant	$ 18,594,459		$ 18,594,459	86.552%	$ 16,093,876
2	389	3890	Land and Land Rights	949,212		949,212	86.552%	821,562
3	390	3900	Structures and Improvements	15,698,345		15,698,345	86.552%	13,587,232
4	391	3910	Office Furniture and Equipment	379,451		379,451	86.552%	328,422
5	391	3911	Electronic Data Processing Equipmen	403,117		403,117	86.552%	348,906
6	391	3920	Transportation Equipment	1,218,529		1,218,529	86.552%	1,054,661
7	391	3921	Trailers	2,811,828		2,811,828	86.552%	2,433,693
8	393	3930	Stores Equipment	0		0	86.552%	0
9	392	3940	Tools, Shop & Garage Equipmen	9,081,223		9,081,223	86.552%	7,859,980
10	392	3950	Laboratory Equipment	759,561		759,561	86.552%	657,415
11	393	3960	Power Operated Equipmen	1,088,310		1,088,310	86.552%	941,954
12	393	3970	Communication Equipment	3,283,401		3,283,401	86.552%	2,841,849
13	394	3980	Miscellaneous Equipment	74,215		74,215	86.552%	64,235
14			Total Electric General Plant	54,341,651		54,341,651		47,033,785
15			Total Electric Plant	$ 7,133,143,911	$ (20,230)	$ 7,133,123,681		$ 1,691,650,332

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
PLANT IN SERVICE BY ACCOUNTS AND SUBACCOUNTS
AS OF MARCH 31, 2008

COMMON PLANT

SCHEDULE B-2.1
PAGE 4 OF 4

WORK PAPER REFERENCE NO(S).: APPLICANT'S SCHEDULE B-2.1 & STAFF'S SCHEDULE B-2.2

LINE NO.	F.E.R.C. ACCT. NO.	COMPANY ACCT. NO.	ACCOUNT TITLE	TOTAL COMPANY	ADJUSTMENTS	ADJUSTED TOTAL COMPANY	ALLOCATION %	ALLOCATED JURISDICTION
1		1030	Miscellaneous Intangible Plant	$ 97,613,897		$ 97,613,897	39.323%	$ 38,384,652
2		1890	Land and Land Rights	2,121,648		2,121,648	39.323%	834,294
3		1891	Rights of Way	37,969		37,969	39.323%	14,931
4		1900	Structures & Improvements	92,535,462	$ (1,765,343)	90,770,119	39.323%	35,693,478
5		1910	Office Furniture & Equipment	14,757,605	(38,681)	14,718,924	39.323%	5,787,913
6		1920	Transportation Equipment	85,312		85,312	39.323%	33,547
7		1921	Trailers	389,753		389,753	39.323%	153,262
8		1930	Stores Equipment	532,487		532,487	39.323%	209,390
9		1940	Tools, Shop & Garage Equipmen	1,216,971	(56,930)	1,160,041	39.323%	456,162
10		1950	Laboratory Equipment	9,888		9,888	39.323%	3,888
11		1960	Power Operated Equipmen	42,047		42,047	39.323%	16,534
12		1970	Communication Equipment	15,313,973		15,313,973	39.323%	6,021,904
13		1980	Miscellaneous Equipment	317,531	(16,165)	301,366	39.323%	118,506
14			Total Common Plant	224,973,543	(1,876,119)	223,097,424	39.323%	87,728,461
15		81.71%	Common Plant Allocated to Electric	183,825,882	(1,532,977)	182,292,905	39.323%	71,682,825
16			Total Electric Plant Including Allocated Commor	$ 7,316,969,793	$ (1,553,207)	$ 7,315,416,586		$ 1,763,333,257

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DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
ADJUSTMENTS TO PLANT IN SERVICE
AS OF MARCH 31, 2008

WORK PAPER REFERENCE NO(S).: STAFF'S SCHEDULE WPB-2.2a and APPLICANT'S SCHEDULE B-2.2

LINE NO.	F.E.R.C. ACCT. NO.	COMPANY ACCT. NO.	ACCOUNT TITLE	TOTAL COMPANY ADJUSTMENT	ALLOCATION %	JURISDICTIONAL ADJUSTMENT
1	361	3610	Station Equipment	$ 115,515	100.000%	$ 115,515
2	364	3640	Poles, Towers, & Fixtures	(66,421,180)	100.000%	(66,421,180)
3	365	3650	Overhead Conductors and Devices	10,287,297	100.000%	10,287,297
4	366	3660	Underground Conduit	1,775,034	100.000%	1,775,034
5	367	3670	Underground Conductors and Devices	50,986,794	100.000%	50,986,794
6	368	3680	Line Transformers	(3,935,927)	100.000%	(3,935,927)
7	369	3691	Services-Underground	6,197,579	100.000%	6,197,579
8	369	3692	Services-Overhead	(3,239,480)	100.000%	(3,239,480)
9	373	3732	Street Lighting-Boulevard	4,214,138	100.000%	4,214,138
			Total	$ (20,230)		$ (20,230)

PURPOSE AND DESCRIPTION: To reflect Applicant's corrections and updates to plant accounts 361-373.

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
ADJUSTMENTS TO PLANT IN SERVICE
AS OF MARCH 31, 2008

WORK PAPER REFERENCE NO(S).: STAFF'S SCHEDULE WPB-2.2a and APPLICANT'S SCHEDULE B-2.2

LINE NO.	F.E.R.C. ACCT. NO.	COMPANY ACCT. NO.	ACCOUNT TITLE	TOTAL COMPANY ADJUSTMENT	ALLOCATION %	JURISDICTIONAL ADJUSTMENT
1	COMMON PLANT					
2		1900	Structures & Improvements	$ (1,765,343)	39.323%	$ (694,185)
3		1910	Office Furniture & Equipment	(38,681)	39.323%	(15,211)
4		1940	Tools, Shop & Garage Equipment	(55,930)	39.323%	(21,993)
5		1980	Miscellaneous Equipment	(16,165)	39.323%	(6,357)
6			Total Common Plant	(1,876,119)		(737,746)
7		81.71%	Common Allocated to Electric	$ (1,532,977)	39.323%	$ (602,812)

PURPOSE AND DESCRIPTION: To eliminate from rate base the Hartwell Recreation Facilities allocated to uses other than for specified company purposes. (See Applicant's Schedule B-2.5)

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
ACCUMULATED DEPRECIATION AND AMORTIZATION
AS OF MARCH 31, 2008

NON-JURISDICTIONAL ELECTRIC PLANT

WORK PAPER REFERENCE NO(S).: Applicant's Schedule B-3, Staff's Schedule B-2 & B-3.1

LINE NO.	F.E.R.C. ACCT. NO.	COMPANY ACCT. NO.	ACCOUNT TITLE	TOTAL COMPANY PLANT INVESTMENT	TOTAL COMPANY	ADJUSTMENTS	ADJUSTED TOTAL COMPANY	ALLOCATION %	ALLOCATED JURISDICTION
1	Various	Various	Electric Production - Steam	$3,055,721,525	$1,352,275,838		$1,352,275,838	0.000%	$ 0
2	Various	Various	Electric Production - Other	69,724,370	54,846,321		54,846,321	0.000%	0
3	Various	Various	Electric Transmission Plant	541,512,904	189,978,875		189,978,875	0.000%	0
4	Various	Various	Electric Production/Transmission Plant - DENA Plants	1,767,206,684	320,563,487		320,563,487	0.000%	0
5			Total Non-Jurisdictional Electric Plant	$5,434,165,483	$1,917,664,521	0	$1,917,664,521		$ 0

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
ACCUMULATED DEPRECIATION AND AMORTIZATION
AS OF MARCH 31, 2008

DISTRIBUTION PLANT

WORK PAPER REFERENCE NO(S).: Applicant's Schedule B-3, Staff's Schedule B-2 & B-3.1

LINE NO.	F.E.R.C. ACCT. NO.	COMPANY ACCT. NO.	ACCOUNT TITLE	TOTAL COMPANY PLANT INVESTMENT	TOTAL COMPANY	ADJUSTMENTS	ADJUSTED TOTAL COMPANY	ALLOCATION %	ALLOCATED JURISDICTION
1	360	3600	Land and Land Rights	$ 7,357,843	$ 0		$ 0	100.000%	$ 0
2	360	3601	Rights of Way	26,615,889	1,091,710		1,091,710	100.000%	1,091,710
3	361	3610	Structures and Improvements	6,434,309	3,563,772	10,131	3,573,903	100.000%	3,573,903
4	362	3620	Station Equipment	141,741,439	57,816,648		57,816,648	100.000%	57,816,648
5	362	3622	Major Equipment	89,943,898	30,247,249		30,247,249	100.000%	30,247,249
6	363	3635	Dist Station Equip Elec	3,192,964	281,694		281,694	100.000%	281,694
7	364	3640	Poles, Towers & Fixtures	291,748,818	101,390,209	(2,320,746)	99,069,463	100.000%	99,069,463
8	365	3650	Overhead Conductors and Devices	284,492,593	91,100,325	447,995	91,548,320	100.000%	91,548,320
9	366	3660	Underground Conduit	95,798,651	29,364,179	39,079	29,403,258	100.000%	29,403,258
10	367	3670	Underground Conductors and Devices	220,809,934	58,598,191	1,458,615	60,056,806	100.000%	60,056,806
11	368	3680	Line Transformers	314,580,886	127,338,076	(167,011)	127,171,065	100.000%	127,171,065
12	368	3682	Customer Transformer Installations	4,669,193	2,124,839		2,124,839	100.000%	2,124,839
13	369	3691	Services - Underground	2,126,612	1,521,305	178,294	1,699,599	100.000%	1,699,599
14	369	3692	Services - Overhead	47,684,728	33,426,953	(169,477)	33,257,476	100.000%	33,257,476
15	370	3700	Meters	54,161,209	19,092,951		19,092,951	100.000%	19,092,951
16	370	3701	Leased Meters	23,527,697	715,997		715,997	100.000%	715,997
17	371	3710	Installations on Customers' Premises	32,968	0		0	100.000%	0
18	372	3720	Leased Property on Customers' Premises	102,503	(92,485)		(92,485)	100.000%	(92,485)
19	373	3731	Street Lighting - Overhead	7,839,582	9,042,149		9,042,149	100.000%	9,042,149
20	373	3732	Street Lighting - Boulevard	14,878,096	4,589,861	184,021	4,773,882	100.000%	4,773,882
21	373	3733	Light Security OL POL Flood	6,917,165	4,222,101		4,222,101	100.000%	4,222,101
22		108	Retirement Work in Progress		(15,890,072)		(15,890,072)	100.000%	(15,890,072)
23			Total Electric Distribution Plant	$1,644,636,777	$ 559,545,662	$ (339,099)	$ 559,206,553		$ 559,206,553

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
ACCUMULATED DEPRECIATION AND AMORTIZATION
AS OF MARCH 31, 2008

GENERAL PLANT

WORK PAPER REFERENCE NO(S).: Applicant's Schedule B-3, Staff's Schedule B-2 & B-3.1

LINE NO.	F.E.R.C. ACCT. NO.	COMPANY ACCT. NO.	ACCOUNT TITLE	TOTAL COMPANY PLANT INVESTMENT	TOTAL COMPANY	ADJUSTMENTS	ADJUSTED TOTAL COMPANY	ALLOCATION %	ALLOCATED JURISDICTION
1	303	3030	Miscellaneous Intangible Plant	$ 18,594,459	$ 12,685,376		$ 12,685,376	86.552%	$ 10,979,447
2	389	3890	Land and Land Rights	949,212	0		0	86.552%	0
3	390	3900	Structures and Improvements	15,698,345	8,654,029		8,654,029	86.552%	7,490,235
4	391	3910	Office Furniture and Equipment	379,451	135,465		135,465	86.552%	117,248
5	391	3911	Electronic Data Processing Equipment	403,117	181,883		181,883	86.552%	157,423
6	391	3920	Transportation Equipment	1,218,529	1,240,112		1,240,112	86.552%	1,073,342
7	391	3921	Trailers	2,811,828	985,230		985,230	86.552%	852,736
8	391	3930	Stores Equipment	0	(597)		(597)	86.552%	(517)
9	392	3940	Tools, Shop & Garage Equipment	9,081,223	2,427,046		2,427,046	86.552%	2,100,657
10	392	3950	Laboratory Equipment	759,561	(553,917)		(553,917)	86.552%	(479,426)
11	393	3960	Power Operated Equipment	1,088,310	1,067,249		1,067,249	86.552%	923,725
12	393	3970	Communication Equipment	3,283,401	1,037,982		1,037,982	86.552%	898,394
13	394	3980	Miscellaneous Equipment	74,215	8,359		8,359	86.552%	7,235
14	395	108	Retirement Work in Progress	0	1,339,594		1,339,594	86.552%	1,159,445
15			Total Electric General Plant	54,341,651	29,207,811	0	29,207,811		25,279,944
16			Total Electric Plant	$7,133,143,911	$2,506,417,984	$ (339,099)	$2,506,078,885		$ 584,486,497

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
ACCUMULATED DEPRECIATION AND AMORTIZATION
AS OF MARCH 31, 2008

COMMON PLANT

SCHEDULE B-3
PAGE 4 OF 4

WORK PAPER REFERENCE NO(S).: Applicant's Schedule B-3, Staff's Schedule B-2 & B-3.1

LINE NO.	F.E.R.C. ACCT. NO.	COMPANY ACCT. NO.	ACCOUNT TITLE	TOTAL COMPANY PLANT INVESTMENT	TOTAL COMPANY	ADJUSTMENTS	ADJUSTED TOTAL COMPANY	ALLOCATION %	ALLOCATED JURISDICTION
1		1030	Miscellaneous Intangible Plant	$ 97,613,897	$ 70,662,033		$ 70,662,033	39.323%	$ 27,786,387
2		1890	Land and Land Rights	2,121,648	106,907		106,907	39.323%	42,039
3		1891	Rights of Way	37,969	0		0	39.323%	0
4		1900	Structures & Improvements	92,535,462	18,220,641	$ (372,869)	17,847,772	39.323%	7,018,268
5		1910	Office Furniture & Equipment	14,757,605	7,987,549	(20,711)	7,966,838	39.323%	3,132,795
6		1920	Transportation Equipment	85,312	85,282		85,282	39.323%	33,535
7		1921	Trailers	389,753	128,633		128,633	39.323%	50,582
8		1930	Stores Equipment	532,487	204,184		204,184	39.323%	80,291
9		1940	Tools, Shop & Garage Equipment	1,216,971	404,380	(28,281)	376,099	39.323%	147,893
10		1950	Laboratory Equipment	9,888	7,926		7,926	39.323%	3,117
11		1960	Power Operated Equipment	42,047	42,047		42,047	39.323%	16,534
12		1970	Communication Equipment	15,313,973	5,973,471		5,973,471	39.323%	2,348,944
13		1980	Miscellaneous Equipment	317,531	103,227	(14,061)	89,166	39.323%	35,063
14		108	Retirement Work in Progress		(295,198)		(295,198)	39.323%	(116,081)
15			Total Common Plant	224,973,543	103,631,082	(435,922)	103,195,160		40,579,367
			Common Plant Allocated to Electric						
16		81.71%	Original Cost	183,825,882					
17		81.71%	Reserve		84,676,957	(356,192)	84,320,765	39.323%	33,157,402
18			Total Electric Plant Including Allocated Common	$7,316,989,793	$2,591,094,941	$ (695,291)	$2,590,399,650		$ 617,643,899

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
ADJUSTMENTS TO ACCUMULATED DEPRECIATION AND AMORTIZATION
AS OF MARCH 31, 2008

WORK PAPER REFERENCE NO(S).: STAFF'S SCHEDULE WPB-3.1a AND APPLICANT'S SCHEDULE B-3.1

LINE NO.	F.E.R.C. ACCT. NO.	COMPANY ACCT. NO.	ACCOUNT TITLE	TOTAL COMPANY ADJUSTMENT	ALLOCATION %	JURISDICTIONAL ADJUSTMENT
1	361	3610	Station Equipment	$ 10,131	100.000%	$ 10,131
2	364	3640	Poles, Towers, & Fixtures	(2,320,746)	100.000%	(2,320,746)
3	365	3650	Overhead Conductors and Devices	447,995	100.000%	447,995
4	366	3660	Underground Conduit	39,079	100.000%	39,079
5	367	3670	Underground Conductors and Devices	1,458,615	100.000%	1,458,615
6	368	3680	Line Transformers	(167,011)	100.000%	(167,011)
7	369	3691	Services-Underground	178,294	100.000%	178,294
8	369	3692	Services-Overhead	(169,477)	100.000%	(169,477)
9	373	3732	Street Lighting-Boulevard	184,021	100.000%	184,021
			Total	$ (339,099)		$ (339,099)

PURPOSE AND DESCRIPTION: To reflect Applicant's corrections and updates to plant accounts 361-373.

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
ADJUSTMENTS TO ACCUMULATED DEPRECIATION AND AMORTIZATION
AS OF MARCH 31, 2008

WORK PAPER REFERENCE NO(S).: STAFF'S SCHEDULE WPB-3.1a AND APPLICANT'S SCHEDULE B-3.1

LINE NO.	F.E.R.C. ACCT. NO.	COMPANY ACCT. NO.	ACCOUNT TITLE	TOTAL COMPANY ADJUSTMENT	ALLOCATION %	JURISDICTIONAL ADJUSTMENT
	Common Plant					
1		1900	Structures & Improvements	$ 372,869	39.323%	$ 146,623
2		1910	Office Furniture & Equipment	20,711	39.323%	8,144
3		1940	Tools, Shop & Garage Equipment	28,281	39.323%	11,121
4		1980	Miscellaneous Equipment	14,061	39.323%	5,529
5			Total	435,922		171,417
6		81.71%	Common Allocated to Electric	$ 356,192		$ 140,065

PURPOSE AND DESCRIPTION: To eliminate from rate base the Hartwell Recreation Facilities allocated to uses other than for specified company purposes. (See Applicant's Schedule B-2.5)

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
DEPRECIATION ACCRUAL RATES, DEPRECIATION EXPENSE, AND
ACCUMULATED BALANCES BY ACCOUNTS, FUNCTIONAL CLASS OR MAJOR PROPERTY GROUP
AS OF MARCH 31, 2008

NON-JURISDICTIONAL ELECTRIC PLANT

WORK PAPER REFERENCE NO(S).: Staff's Schedule B-2.1, B-3, & B-3.2a

LINE NO. (A)	F.E.R.C. ACCT. NO. (B-1)	COMPANY ACCT. NO. (B-3)	ACCOUNT TITLE OR MAJOR PROPERTY GROUPING (C)	ADJUSTED JURISDICTION PLANT INVESTMENT (D)	ADJUSTED JURISDICTION ACCUMULATED BALANCE (E)	ACCRUAL RATE (F)	CALCULATED DEPR. EXPENSE (G=DxF)	DESCRIPTION (H)
1	Various	Various	Electric Production - Steam	-	-			
2	Various	Various	Electric Production - Other	-	-			
3	Various	Various	Electric Transmission Plant	-	-			
4			Total Non-Jurisdictional Electric Plant	-	-			

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
DEPRECIATION ACCRUAL RATES, DEPRECIATION EXPENSE, AND
ACCUMULATED BALANCES BY ACCOUNTS, FUNCTIONAL CLASS OR MAJOR PROPERTY GROUP
AS OF MARCH 31, 2008

DISTRIBUTION PLANT

WORK PAPER REFERENCE NO(S).: Staff's Schedule B-2.1, B-3, & B-3.2a

LINE NO. (A)	F.E.R.C. ACCT. NO. (B-1)	COMPANY ACCT. NO. (B-3)	ACCOUNT TITLE OR MAJOR PROPERTY GROUPING (C)	ADJUSTED JURISDICTION PLANT INVESTMENT (D)	ADJUSTED JURISDICTION ACCUMULATED BALANCE (E)	ACCRUAL RATE (F)	CALCULATED DEPR. EXPENSE (G=DxF)	DESCRIPTION (H)
1	360	3600	Land and Land Rights	$ 7,357,643	-			
2	360	3601	Rights of Way	26,615,889	$ 1,091,710	1.33	$ 353,991	
3	361	3610	Structures and Improvements	6,549,624	3,573,903	1.83	119,862	
4	362	3620	Station Equipment	141,741,439	57,816,648	2.00	2,834,829	
5	362	3622	Major Equipment	89,943,898	30,247,249	2.18	1,960,777	
6	362	3635	Station Equipment Electronic	3,192,964	281,694	5.00	159,648	
7	364	3640	Poles, Towers & Fixtures	225,327,638	99,069,463	2.23	5,024,806	
8	365	3650	Overhead Conductors and Devices	294,779,890	91,548,320	2.50	7,369,497	
9	366	3660	Underground Conduit	97,573,685	29,403,258	1.85	1,805,113	
10	367	3670	Underground Conductors and Devices	271,796,728	60,056,806	1.90	5,164,138	
11	368	3680	Line Transformers	310,624,759	127,171,065	2.63	8,169,431	
12	368	3682	Customer Transformer Installations	4,669,193	2,124,839	2.50	116,730	
13	369	3691	Services - Underground	8,324,191	1,699,599	2.00	166,484	
14	369	3692	Services - Overhead	44,445,248	33,257,476	3.07	1,364,469	
15	370	3700	Meters	54,161,209	19,092,951	Amort	3,506,826	
16	370	3701	Leased Meters	23,527,697	715,997	Amort	2,281,170	
17	371	3710	Installations on Customers' Premises	32,968	-	6.67	2,199	
18	372	3720	Leased Property on Customers' Premises	102,503	(92,485)	4.00	4,100	
19	373	3731	Street Lighting - Overhead	7,839,582	9,042,149	3.89	304,960	
20	373	3732	Street Lighting - Boulevard	19,092,234	4,773,682	2.50	477,306	
21	373	3733	Light Security OL POL Flood	6,917,165	4,222,101	3.75	259,394	
22		106	Retirement Work in progress		(15,890,072)			
23			Total Electric Distribution	$ 1,644,616,547	$ 559,206,553		$ 41,445,730	

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
DEPRECIATION ACCRUAL RATES, DEPRECIATION EXPENSE, AND
ACCUMULATED BALANCES BY ACCOUNTS, FUNCTIONAL CLASS OR MAJOR PROPERTY GROUP
AS OF MARCH 31, 2008

GENERAL PLANT

WORK PAPER REFERENCE NO(S).: Staff's Schedule B-2.1, B-3, & B-3.2a

LINE NO. (A)	F.E.R.C. ACCT. NO. (B-1)	COMPANY ACCT. NO. (B-3)	ACCOUNT TITLE OR MAJOR PROPERTY GROUPING (C)	ADJUSTED JURISDICTION PLANT INVESTMENT (D)	ADJUSTED JURISDICTION ACCUMULATED BALANCE (E)	ACCRUAL RATE (F)	CALCULATED DEPR. EXPENSE (G=DxF)	DESCRIPTION (H)
1	303	3030	Miscellaneous Intangible Plant	$ 16,093,876	$ 10,979,447	Various	$ 2,081,538	
2	389	3890	Land and Land Rights	821,562	-			
3	390	3900	Structures and Improvements	13,587,232	7,490,235	2.50	339,681	
4	391	3910	Office Furniture and Equipment	328,422	117,248	5.00	16,421	
5	391	3911	Electronic Data Processing Equipment	348,906	157,423	20.00	69,781	
6	392	3920	Transportation Equipment	1,054,661	1,073,342			Depr. Charged to Transp. Expense
7	392	3921	Trailers	2,433,893	852,736			Depr. Charged to Transp. Expense
8	393	3930	Stores Equipment	-	(517)	0.00	0	
9	394	3940	Tools, Shop & Garage Equipment	7,859,980	2,100,657	4.00	314,399	
10	395	3950	Laboratory Equipment	657,415	(479,426)	6.67	43,850	
11	396	3960	Power Operated Equipment	941,954	923,725			Depr. Charged to Transp. Expense
12	397	3970	Communication Equipment	2,841,849	898,394	6.67	189,551	
13	398	3980	Miscellaneous Equipment	64,235	7,235	5.00	3,212	
14		108	Retirement Work in progress		1,159,446			
15			Total Electric General	47,033,785	25,279,944		3,058,433	
16			Total Electric Distribution and General Plant	$ 1,691,650,332	$ 584,486,497		$ 44,504,163	

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
DEPRECIATION ACCRUAL RATES, DEPRECIATION EXPENSE, AND
ACCUMULATED BALANCES BY ACCOUNTS, FUNCTIONAL CLASS OR MAJOR PROPERTY GROUP
AS OF MARCH 31, 2008

COMMON PLANT

WORK PAPER REFERENCE NO(S).: Staff's Schedule B-2.1, B-3, & B-3.2a

LINE NO. (A)	F.E.R.C. ACCT. NO. (B-1)	COMPANY ACCT. NO. (B-3)	ACCOUNT TITLE OR MAJOR PROPERTY GROUPING (C)	ADJUSTED JURISDICTION PLANT INVESTMENT (D)	ADJUSTED JURISDICTION ACCUMULATED BALANCE (E)	ACCRUAL RATE (F)	CALCULATED DEPR. EXPENSE (G=DxF)	DESCRIPTION (H)
1		1030	Miscellaneous Intangible Plant	$ 38,384,652	$ 27,786,387	Various	$ 3,654,991	
2		1890	Land and Land Rights	834,294	42,039			
3		1891	Rights of Way	14,931	0			
4		1900	Structures & Improvements	33,750,601	5,038,120	3.05	1,029,393	
5		1900	Structures & Improvements - Atrium II	101,434	69,725	7.84	7,952	Amortized Over Life of Lease
6		1900	Structures & Improvements - Clopay 4th 5th 6th Floor	298,799	298,799	0.00 (1)	0	
7		1900	Structures & Improvements - Clopay Bldg	1,544,644	1,613,624	0.00 (1)	0	
8		1910	Office Furniture & Equipment	5,787,913	3,132,795	5.00	289,396	
9		1920	Transportation Equipment	33,547	33,535			Depr. Charged to Transp. Expens
10		1921	Trailers	153,262	50,582			Depr. Charged to Transp. Expens
11		1930	Stores Equipment	209,390	80,291	5.00	10,470	
12		1940	Tools, Shop & Garage Equipment	456,162	147,893	4.00	18,246	
13		1950	Laboratory Equipment	3,886	3,117	6.67	259	
14		1960	Power Operated Equipment	16,534	16,534			Depr. Charged to Transp. Expens
15		1970	Communication Equipment	6,021,904	2,348,944	6.67	401,661	
16		1980	Miscellaneous Equipment	118,506	35,063	5.00	5,925	
17		108	Retirement Work in progress		(116,081)			
18			Total Common	87,728,461	40,579,367		5,418,293	
			Common Plant Allocated to Electric					
19			Original Cost (2)	71,682,925				
20			Reserve (3)		33,157,402			
21		81.71%	Annual Provision				4,427,287	
22			Total Electric Plant Including Allocated Common	$ 1,763,333,257	$ 617,643,899		$ 48,931,450	

(1) Fully Amortized
(2) Total Common Allocated at 81.71% Less adjustment for Hartwell Recreation Facilities per Schedule B-2.1
(3) Total Common Allocated at 81.71% Less adjustment for Hartwell Recreation Facilities per Schedule B-3.1

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
ACCRUAL RATE COMPARISON
AS OF MARCH 31, 2008

NON-JURISDICTIONAL ELECTRIC PLANT

DRAFT

WORK PAPER REFERENCE NO(S).: APPLICANT'S SCHEDULE B-3.2 and SEE BELOW

				CURRENT			STAFF PROPOSED		
LINE NO. (A)	F.E.R.C. ACCT. NO. (B-1)	COMPANY ACCT. NO. (B-3)	ACCOUNT TITLE OR MAJOR PROPERTY GROUPING (C)	Average Service Life (D)	% Net Salvage (E)	ACCRUAL RATE (F)	Average Service Life (G)	% Net Salvage (H)	ACCRUAL RATE (I)
				$	$	%			%
1	Various	Various	Electric Production - Steam						
2	Various	Various	Electric Production - Other						
3	Various	Various	Electric Transmission Plant						
4			Total Non-Jurisdictional Electric Plant						

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
ACCRUAL RATE COMPARISON
AS OF MARCH 31, 2008

DISTRIBUTION PLANT

DRAFT

WORK PAPER REFERENCE NO(S).: APPLICANT'S SCHEDULE B-3.2 and SEE BELOW

LINE NO. (A)	F.E.R.C. ACCT. NO. (B-1)	COMPANY ACCT. NO. (B-3)	ACCOUNT TITLE OR MAJOR PROPERTY GROUPING (C)	CURRENT Average Service Life (D)	CURRENT % Net Salvage (E)	CURRENT ACCRUAL RATE (F)	STAFF PROPOSED Average Service Life (G)	STAFF PROPOSED % Net Salvage (H)	STAFF PROPOSED ACCRUAL RATE (I)
						%			%
1	360	3600	Land and Land Rights	Perpetual Life			Perpetual Life		
2	360	3601	Rights of Way	70	0	1.43	75	0	1.33
3	361	3610	Structures and Improvements	60	(10)	1.83	60	(10)	1.83
4	362	3620	Station Equipment	50	(10)	2.20	55	(10)	2.00
5	362	3622	Major Equipment	55	(5)	1.91	55	(20)	2.18
6	362	3635	Station Equipment Electronic			6.67	20	0	5.00
7	364	3640	Poles, Towers & Fixtures	45	(10)	2.44	47	(5)	2.23
8	365	3650	Overhead Conductors and Devices	48	(30)	2.71	50	(25)	2.50
9	366	3660	Underground Conduit	65	(20)	1.86	65	(20)	1.85
10	367	3670	Underground Conductors and Devices	55	(10)	2.00	58	(10)	1.90
11	368	3680	Line Transformers	37	(5)	2.84	40	(5)	2.63
12	368	3682	Customer Transformer Installations	40	0	2.50	40	0	2.50
13	369	3691	Services - Underground	60	(20)	2.00	60	(20)	2.00
14	369	3692	Services - Overhead	44	(50)	3.41	44	(35)	3.07
15	370	3700	Meters	35	0	2.86			Amort (3)
16	370	3701	Leased Meters	35	0	2.29			Amort (3)
	370	3702	Smart Meters				20	(2)	5.10
17	371	3710	Installations on Customers' Premises				15	0	6.67
18	372	3720	Leased Property on Customers' Premises	25	0	4.00	25	0	4.00
19	373	3731	Street Lighting - Overhead	26	(5)	4.04	27	(5)	3.89
20	373	3732	Street Lighting - Boulevard	40	(5)	2.63	40	0	2.50
21	373	3733	Light Security OL POL Flood	28	(10)	3.93	28	(5)	3.75
22		108	Retirement Work in progress						
23			Total Electric Distribution						

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
ACCRUAL RATE COMPARISON
AS OF MARCH 31, 2008

GENERAL PLANT

DRAFT

WORK PAPER REFERENCE NO(S).: APPLICANT'S SCHEDULE B-3.2 and SEE BELOW

LINE NO. (A)	F.E.R.C. ACCT. NO. (B-1)	COMPANY ACCT. NO. (B-3)	ACCOUNT TITLE OR MAJOR PROPERTY GROUPING (C)	CURRENT Average Service Life (D)	CURRENT % Net Salvage (E)	CURRENT ACCRUAL RATE (F)	STAFF PROPOSED Average Service Life (G)	STAFF PROPOSED % Net Salvage (H)	STAFF PROPOSED ACCRUAL RATE (I)
						%			%
1	303	3030	Miscellaneous Intangible Plant			Various			Various (4)
2	389	3890	Land and Land Rights	Perpetual Life			Perpetual Life		
3	390	3900	Structures and Improvements			2.20			2.50 (1)
4	391	3910	Office Furniture and Equipment	20	0	5.00	20	0	5.00
5	391	3911	Electronic Data Processing Equipment	5	0	20.00	5	0	20.00
6	392	3920	Transportation Equipment	12	0	8.33	12	0	8.33
7	392	3921	Trailers	20	15	4.25	20	15	4.25
8	393	3930	Stores Equipment	20	0	5.00			
9	394	3940	Tools, Shop & Garage Equipment	25	0	4.00	25	0	4.00
10	395	3950	Laboratory Equipment	15	0	6.67	15	0	6.67
11	396	3960	Power Operated Equipment	17	0	5.88	17	0	5.88
12	397	3970	Communication Equipment	15	0	6.67	15	0	6.67
13	398	3980	Miscellaneous Equipment	20	0	5.00	20	0	5.00
14		108	Retirement Work in progress						
15			Total Electric General						

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
ACCRUAL RATE COMPARISON
AS OF MARCH 31, 2008

COMMON PLANT

DRAFT

WORK PAPER REFERENCE NO(S).: APPLICANT'S SCHEDULE B-3.2 and SEE BELOW

LINE NO. (A)	F.E.R.C. ACCT. NO. (B-1)	COMPANY ACCT. NO. (B-3)	ACCOUNT TITLE OR MAJOR PROPERTY GROUPING (C)	CURRENT Average Service Life (D)	CURRENT % Net Salvage (E)	CURRENT ACCRUAL RATE (F)	STAFF PROPOSED Average Service Life (G)	STAFF PROPOSED % Net Salvage (H)	STAFF PROPOSED ACCRUAL RATE (I)
						%			
1		1030	Miscellaneous Intangible Plant			Various			Various (4)
2		1890	Land and Land Rights	Perpetual Life			Perpetual Life		
3		1891	Rights of Way	Perpetual Life			Perpetual Life		
4		1900	Structures & Improvements			2.91			3.05 (1)
5		1900	Structures & Improvements - Atrium II			25.37			7.84 (1)
6		1900	Structures & Improvements - Clopay 4th 5th 6th Floor			0.00 (2)			0.00 (2)
7		1900	Structures & Improvements - Clopay Bldg			0.00 (2)			0.00 (2)
8		1910	Office Furniture & Equipment	20	0	5.00	20	0	5.00
9		1920	Transportation Equipment	12	0	8.33	12	0	8.33
10		1921	Trailers	20	15	4.25	20	10	4.50
11		1930	Stores Equipment	20	0	5.00	20	0	5.00
12		1940	Tools, Shop & Garage Equipment	25	0	4.00	25	0	4.00
13		1950	Laboratory Equipment	15	0	6.67	15	0	6.67
14		1960	Power Operated Equipment	17	0	5.88	17	0	5.88
15		1970	Communication Equipment	15	0	6.67	15	0	6.67
16		1980	Miscellaneous Equipment	20	0	5.00	20	0	5.00
17		108	Retirement Work in progress						
18			Total Common						

(1) Applicant's Depreciation Study for Composite Accrual Rate
(2) Fully Amortized
(3) See Text
(4) Staff's Data Request 13

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
ALLOWANCE FOR WORKING CAPITAL
AS OF MARCH 31, 2008

WORK PAPER REFERENCE NO(S).: STAFF REPORT TEXT

LINE NO.	WORKING CAPITAL COMPONENT	DESCRIPTION of METHODOLOGY	APPLICANT'S WORK PAPER REFERENCE NUMBER	JURISDICTION
1	Working Capital Allowance			$ 0

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
OTHER RATE BASE ITEMS SUMMARY
AS OF MARCH 31, 2008

SCHEDULE B-6
PAGE 1 OF 3

WORK PAPER REFERENCE NO(S).: APPLICANT'S SCHEDULES B-6.1 & WPB-6.1d,
B-5.1, and OCC-INT-04-086

LINE NO.	ACCOUNT NUMBER	DESCRIPTION	TOTAL COMPANY	ADJUSTMENTS	ADJUSTED TOTAL COMPANY	ALLOCATION CODE	ALLOCATION PERCENT	ALLOCATED TOTAL
	252	Customer Advances for Construction	$ 0	$ 0	$ 0			$ 0
1	235	Customers' Service Deposits - Retail (a)	(12,151,240)	0	(12,151,240)		29.23%	(3,551,807)
2								
3	253	Post Retirement Benefits (b)	$ 0	$ 6,968,926	6,968,926	DALL	100.000%	$ 6,968,926
4								
5	256040	Investment Tax Credits:						
6	256140	Pre-1971 3% Credit	$ 0	$ 0	$ 0	DALL	100.000%	$ 0
7		1971 4% Credit	(182,083)	0	(182,083)	DALL	100.000%	(182,083)
8		1975 6% Credit	(259,410)	259,410	0	DNON	0.000%	0
9		1981 10% Credit	(4,498,732)	4,498,732	0	DNON	0.000%	0
10		Total Investment Tax Credits	$ (4,940,225)	$ 4,758,142	$ (182,083)			$ (182,083)
11								
12		Deferred Income Taxes:						
13	190050	Cost to Achieve Merger Savings	$ (32,895)	$ (569)	$ (33,464)	DALL	100.000%	$ (33,464)
14	190050&060	Duke Merger Costs - Timing	424,299	7,206	431,505	DALL	100.000%	431,505
15	190050	RSP Costs Capitalized	(6,682,757)	(113,497)	(6,796,254)	DALL	100.000%	(6,796,254)
16	190050	Regulatory Asset Benefits	(14,684,856)	(249,402)	(14,934,258)	DALL	100.000%	(14,934,258)
17	190050	Unamortized Debt Premiums	800,888	13,602	814,490	DALL	100.000%	814,490
18	190050&060	401K Incentive Plan	10,266	174	10,440	DALL	100.000%	10,440
19	190050	Executive Life Insurance	(220,293)	(3,741)	(224,034)	DALL	100.000%	(224,034)
20	190050&060	Incentive Plan	(253,144)	(4,299)	(257,443)	DALL	100.000%	(257,443)
21	190050&060	Injuries and Damages	(3,676)	(62)	(3,738)	DALL	100.000%	(3,738)
22	190050&060	Hospital & Medical Expense	118,649	2,015	120,664	DALL	100.000%	120,664
23	190050	LTIP	119,965	2,037	122,002	DALL	100.000%	122,002
24	190050	Pension Expense	19,517,370	331,476	19,848,846	DALL	100.000%	19,848,846
25	190050	Post Emp Benefits - FAS 112	174,735	2,968	177,703	DALL	100.000%	177,703
26	190050	Post Retirement Health Care	16,959,556	288,035	17,247,591	DALL	100.000%	17,247,591
27	190050	Post Retirement Life Insurance	1,700,709	28,884	1,729,593	DALL	100.000%	1,729,593
28	190050	Supplemental Pension Plan	816,372	13,865	830,237	DALL	100.000%	830,237
29	190050&060	Vacation Pay Accrual	1,006,042	17,086	1,023,128	DALL	100.000%	1,023,128
30	190050	Vacation Pay Accrual - Reg Asset	1,946,663	33,061	1,979,724	DALL	100.000%	1,979,724
31	190050	Miscellaneous	(2,468,472)	(41,924)	(2,510,396)	DALL	100.000%	(2,510,396)
32	190050	Partnership	(2,726)	(46)	(2,772)	DALL	100.000%	(2,772)
33	190050	Rate Case Expense	(68,410)	(1,162)	(69,572)	DALL	100.000%	(69,572)
34	190050	Rate Order Lattice	139,298	2,366	141,664	DALL	100.000%	141,664
35	190050	Uncollectible Accounts	1,687,178	28,654	1,715,832	DALL	100.000%	1,715,832
36	190050&060	Tax Interest Accrual	3,825,013	64,963	3,889,976	DALL	100.000%	3,889,976
37	190060	Property Tax	2,084,781	35,407	2,120,188	DALL	100.000%	2,120,188
38	190060	State Income Tax Accrual	(260,608)	(4,426)	(265,034)	DALL	100.000%	(265,034)
39	190060	Section 481a Adjustment	(56,371)	(957)	(57,328)	DALL	100.000%	(57,328)
40	190150&160	Percentage Repair Allowance	33,803	(33,803)	0	DNON	0.000%	0
41	190150	Cost to Achieve Merger Savings	(31,321)	31,321	0	DNON	0.000%	0
42	190150&160	Duke Merger Costs - Timing	134,833	(134,833)	0	DNON	0.000%	0
43	190150	RSP Costs Capitalized	(324,278)	324,278	0	DNON	0.000%	0
44	190150	Regulatory Asset Benefits	(167,665)	167,665	0	DNON	0.000%	0
45	190150&160	Unamortized Debt Premiums	20,863	(20,863)	0	DNON	0.000%	0
46	190150&160	401K Incentive Plan	(3,545)	3,545	0	DNON	0.000%	0
47	190150	Executive Life Insurance	(5,939)	5,939	0	DNON	0.000%	0
48	190150&160	Incentive Plan	(20,096)	20,096	0	DNON	0.000%	0
49	190150&160	Injuries and Damages	$ (16,130)	$ 16,130	$ 0	DNON	0.000%	$ 0

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
OTHER RATE BASE ITEMS SUMMARY
AS OF MARCH 31, 2008

SCHEDULE B-6
PAGE 2 OF 3

WORK PAPER REFERENCE NO(S).: APPLICANT'S SCHEDULES B-6.1 & WPB-6.1d, B-5.1, and OCC-INT-04-086

LINE NO.	ACCOUNT NUMBER	DESCRIPTION	TOTAL COMPANY	ADJUSTMENTS	ADJUSTED TOTAL COMPANY	ALLOCATION CODE	ALLOCATION PERCENT	ALLOCATED TOTAL
1		Deferred Income Taxes: (Continued)						
2	190150&160	Hospital & Medical Expense	$ (85)	$ 85	$ 0	DNON	0.000%	$ 0
3	190150	LTIP	4,409	(4,409)	0	DNON	0.000%	0
4	190150	Pension Expense	621,353	(621,353)	0	DNON	0.000%	0
5	190150	Post Emp Benefits - FAS 112	(41,354)	41,354	0	DNON	0.000%	0
6	190150	Post Retirement Health Care	193,303	(193,303)	0	DNON	0.000%	0
7	190150	Post Retirement Life Insurance	26,036	(26,036)	0	DNON	0.000%	0
8	190150	Supplemental Pension Plan	(1,631)	1,631	0	DNON	0.000%	0
9	190150&160	Vacation Pay Accrual	56,273	(56,273)	0	DNON	0.000%	0
10	190150	Vacation Pay Accrual - Reg Asset	183,756	(183,756)	0	DNON	0.000%	0
11	190150	Miscellaneous	(323,139)	323,139	0	DNON	0.000%	0
12	190150	Partnership	(887)	887	0	DNON	0.000%	0
13	190150	Rate Case Expense	(9,181)	9,181	0	DNON	0.000%	0
14	190150	Rate Order Lattice	128,589	(128,589)	0	DNON	0.000%	0
15	190150	Uncollectible Accounts	250,291	(250,291)	0	DNON	0.000%	0
16	190150&160	Tax Interest Accrual	93,453	(93,453)	0	DNON	0.000%	0
17	190160	Property Tax	606,890	(606,890)	0	DNON	0.000%	0
18	190160	State Income Tax Accrual	(12,401)	12,401	0	DNON	0.000%	0
19		Total Account 190	$ 27,993,776	$ (944,476)	$ 27,049,300			$ 27,049,300
20								
21	282050	CIAC	$ 12,981,904	$ 54,580	$ 13,036,484	DALL	100.000%	$ 13,036,484
22	282050	AFUDC	(3,196,000)	131,498	(3,064,502)	DALL	100.000%	(3,064,502)
23	282050	Electric Meters & Transformers	(378,284)	(6,425)	(384,709)	DALL	100.000%	(384,709)
24	282050	Loss on ACRS	(484,630)	(8,231)	(492,861)	DALL	100.000%	(492,861)
25	282050	Miscellaneous Plant	(4,900,041)	(83,220)	(4,983,261)	DALL	100.000%	(4,983,261)
26	282050	Non-Cash Overheads	(2,238,040)	(38,010)	(2,276,050)	DALL	100.000%	(2,276,050)
27	282050	Sec 174 Expense	(3,246,489)	(55,137)	(3,301,626)	DNON	0.000%	0
28	282050	Tax Depreciation	(155,497,286)	(2,640,908)	(158,138,194)	DALL	100.000%	(158,138,194)
29	282050	Tax Interest Capitalized	4,004,532	(425,794)	3,578,738	DALL	100.000%	3,578,738
30	282050	Sec 263A Adjustment	(42,689,642)	(725,025)	(43,414,667)	DALL	100.000%	(43,414,667)
31	282050	Percentage Repair Allowance	(2,059,625)	(34,980)	(2,094,605)	DALL	100.000%	(2,094,605)
32	282050	AFUDC in CWIP - FAS 109	(904,537)	(15,362)	(919,899)	DNON	0.000%	0
33	282050	Plant FAS 109	(63,518,873)	(1,078,781)	(64,597,654)	DNON	0.000%	0
34	282050	Miscellaneous	$ 349,060	$ 5,928	$ 354,988	DALL	100.000%	$ 354,988

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
OTHER RATE BASE ITEMS SUMMARY
AS OF MARCH 31, 2008

SCHEDULE B-6
PAGE 3 OF 3

WORK PAPER REFERENCE NO(S).: APPLICANT'S SCHEDULES B-6.1 & WPB-6.1d, B-5.1, and OCC-INT-04-086

LINE NO.	ACCOUNT NUMBER	DESCRIPTION	TOTAL COMPANY	ADJUSTMENTS	ADJUSTED TOTAL COMPANY	ALLOCATION CODE	ALLOCATION PERCENT	ALLOCATED TOTAL
1		Deferred Income Taxes: (Continued)						
2	282150	CIAC	$ 1,264,441	$ (1,264,441)	$ 0	DNON	0.000%	$ 0
3	282150	AFUDC	(294,223)	294,223	0	DNON	0.000%	0
4	282150	Electric Meters & Transformers	(11,848)	11,848	0	DNON	0.000%	0
5	282150	Loss on ACRS	(5,239)	5,239	0	DNON	0.000%	0
6	282150	Miscellaneous Plant	(153,146)	153,146	0	DNON	0.000%	0
7	282150	Non-Cash Overheads	1,283,730	(1,283,730)	0	DNON	0.000%	0
8	282150	Sec 174 Expense	(583,572)	583,572	0	DNON	0.000%	0
9	282150	Tax Depreciation	(12,886,424)	12,886,424	0	DNON	0.000%	0
10	282150	Tax Interest Capitalized	358,931	(358,931)	0	DNON	0.000%	0
11	282150	Sec 263A Adjustment	(2,241,415)	2,241,415	0	DNON	0.000%	0
12	282150	Percentage Repair Allowance	(217,252)	217,252	0	DNON	0.000%	0
13	282150	Plant FAS 109	13,834,117	(13,834,117)	0	DNON	0.000%	0
14	282150	Miscellaneous	(3,411)	3,411	0	DNON	0.000%	0
15		Total Account 282	$ (261,433,262)	$ (5,264,556)	$ (266,697,818)			$ (197,878,639)
16								
17	283050	Accrued Pension & Post Retirement - FAS 158	679,172	11,535	690,707	DALL	100.000%	690,707
18	283050	Loss on Reacquired Debt	(4,171,450)	(70,846)	(4,242,296)	DALL	100.000%	(4,242,296)
19	283050	Property Tax	168,844	2,868	171,712	DALL	100.000%	171,712
20	283050	Deferred Ohio Gross Receipts	210,297	3,572	213,869	DALL	100.000%	213,869
21	283050	Inventory and Contract Write-Up	(506,475)	(8,602)	(515,077)	DALL	100.000%	(515,077)
22	283050	Base Production Payments	(37,073)	(630)	(37,703)	DNON	0.000%	0
23	283050	Miscellaneous	(1,321,042)	(22,436)	(1,343,478)	DALL	100.000%	(1,343,478)
24	283050	Audit Carryover	267,300	4,540	271,840	DALL	100.000%	271,840
25	283150	Accrued Pension & Post Retirement - FAS 158	(63,981)	63,981	0	DNON	0.000%	0
26	283150	Loss on Reacquired Debt	(215,104)	215,104	0	DNON	0.000%	0
27	283150	Property Tax	(271,773)	271,773	0	DNON	0.000%	0
28	283150	Deferred Ohio Gross Receipts	(642,502)	642,502	0	DNON	0.000%	0
29	283150	Inventory and Contract Write-Up	1,257,482	(1,257,482)	0	DNON	0.000%	0
30	283150	Base Production Payments	(607)	607	0	DNON	0.000%	0
31	283150	Miscellaneous	(304,785)	304,785	0	DNON	0.000%	0
32	283160	Property Tax	(218,221)	218,221	0	DNON	0.000%	0
33		Total Account 283	$ (5,169,918)	$ 379,492	$ (4,790,426)			$ (4,752,723)
34								
35		Total Deferred Income Taxes	$ (238,609,404)	$ (5,829,540)	$ (244,438,944)			$ (176,582,062)
36								
37		Total Other Rate Base Items	$ (255,700,869)	$ 5,897,528	$ (249,803,341)			$ (172,347,026)

(a) Applicant's Schedule B-5.1
(b) OCC-INT-04-086

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
JURISDICTIONAL ALLOCATION FACTORS
RATE BASE AND OPERATING INCOME

WORK PAPER REFERENCE NO(S).: APPLICANT'S SCHEDULE WPB-7a

LINE NO.	ACCOUNT NUMBER	ACCOUNT TITLE	JURISDICTIONAL ALLOCATION FACTOR CODE	%	DESCRIPTION OF FACTORS AND/OR METHOD OF ALLOCATION
1	Most accounts are 100% jurisdictional. Certain accounts are specifically coded as non-jurisdictional				
2	or have been allocated to Distribution. The following accounts have been allocated:				
3					
4					
5	Various	General Plant	G229	86.552%	Distribution of Salaries and Wages (T&D Only)
5					
6	Various	Common Plant	C229	39.323%	Distribution of Salaries and Wages
7					
8	Various	Materials and Supplies	N/A	14.560%	See Supplemental (C)(14)(c)
9					
9	Various	Customer Service Deposits - Retail	D595	29.230%	Total Retail Revenue
10					
11	408380	Cincinnati Franchise Tax	D595	29.230%	Total Retail Revenue

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
JURISDICTIONAL PROFORMA INCOME STATEMENT
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

SCHEDULE C-1
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S).: STAFF'S SCHEDULE C-2, C-1.1

LINE NO.	DESCRIPTION	ADJUSTED REVENUE & EXPENSES	PROPOSED INCREASE	PROFORMA REVENUE & EXPENSES
		(A)	(B)	
1	Operating Revenues	$ 317,711,321	$ 85,604,451	$ 403,315,772
2				
3	Operating Expenses			
4	Operation & Maintenance	152,223,801	1,092,398	153,316,199
5	Depreciation	48,931,450	0	48,931,450
6	Taxes - Other	59,641,946	316,903	59,958,849
7	Operating Expenses before Income Taxes	260,797,197	1,409,301	262,206,498
8				
9	Income Taxes	10,096,557	29,670,792	39,767,349
10				
11	Total Operating Expenses	270,893,754	31,080,093	301,973,847
12				
13	Net Operating Income	$ 46,817,567	$ 54,524,358	$ 101,341,925
14				
15	Rate Base	$ 973,342,332		$ 973,342,332
16				
17	Rate of Return	4.81%		10.41%

DUKE ENERGY OHIO, INC.
ELECTRIC DEPARTMENT
CASE NO. 08-709-EL-AIR
TO REFLECT AMOUNT OF REQUESTED INCREASE

WORK PAPER REFERENCE NO(S).: SEE BELOW

LINE NO.	DESCRIPTION	SCHEDULE/ WORK PAPER REFERENCE	PROPOSED INCREASE
1	Operating Revenues	APPLICANT'S SCH. E-4	$ 85,604,451
2			
3	Operating Expenses:		
4			
5	Uncollectible Accounts @ 1.2761%	SCHEDULE WPC-3.15b	1,092,398
6	City of Cincinnati Franchise Tax @ 0.1102%	SCHEDULE WPC-3.21b	94,331
7	Commercial Activities Tax @ 0.2600%	SCHEDULE WPC-3.18a	222,572
8			
9	Operating Expenses Before Income Taxes (5) + (6) + (7)		1,409,301
10			
11	Operating Income Before Income Taxes (1) - (9)		84,195,150
12			
13	State & Municipal Income Taxes - .370% X (11)	SCHEDULE C-4	311,522
14			
15	Federal Income Taxes - 35% X [(11) - (13)]	SCHEDULE C-4	29,359,270
16			
17	Total Operating Expenses (9) + (13) + (15)		31,080,093
18			
19	Increase in Net Operating Income (1) - (17)		$ 54,524,358

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
ADJUSTED TEST YEAR OPERATING INCOME
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

WORK PAPER REFERENCE NO(S).: APPLICANT'S SCH. C-2.1, STAFF'S SCH. C-3, & APPLICANT'S SCHEDULE WPC-2a

LINE NO.	DESCRIPTION	UNADJUSTED REVENUE & EXPENSES	ADJUSTMENTS	ADJUSTED REVENUE & EXPENSES
1	OPERATING REVENUES			
2	Base Revenue and Riders	$ 422,595,021	$ (111,667,606)	$ 310,927,415
3	Fuel Cost Revenue	0	0	0
4	Other Operating Revenue	5,565,499	1,218,407	6,783,906
5	Total Operating Revenues	428,160,520	(110,449,199)	317,711,321
6				
7	OPERATING EXPENSES			
8	Operation and Maintenance Expenses	209,077,132	(56,853,331)	152,223,801
9				
10	Depreciation Expense	41,902,054	7,029,396	48,931,450
11				
12	Taxes Other Than Income Taxes	135,680,325	(76,038,379)	59,641,946
13				
14	Income Taxes	6,988,388	3,108,169	10,096,557
15				
16	Total Operating Expenses and Taxes	393,647,899	(122,754,145)	270,893,754
17				
18	Net Operating Income	$ 34,512,621	$ 12,304,946	$ 46,817,567

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
SUMMARY OF JURISDICTIONAL ADJUSTMENTS
TO OPERATING INCOME
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

SCHEDULE C-3

WORK PAPER REFERENCE NO(S).: SEE BELOW

LINE NO.	SCHEDULE REFERENCE	TITLE OF ADJUSTMENT	STAFF	APPLICANT	VARIANCE
		OPERATING REVENUE			
1	C-3.1	Revenue Annualization	$ (12,182,993)	$ (12,182,993)	$ -
2	C-3.2	DSM/EE Elimination	(19,238,882)	(19,238,882)	0
3	C-3.7	DRI Rider	(7,072,470)	(7,072,470)	0
4	C-3.1	Other	1,218,407	1,218,407	0
5	C-3.11	Ohio Excise Tax Rider	(73,173,261)	(73,173,261)	0
6		Total Operating Revenue	(110,449,199)	(110,449,199)	0
		OPERATING EXPENSES			
		Operation and Maintenance Expenses			
7	C-3.2	DSM/EE Elimination	(10,552,012)	(10,552,012)	0
8	C-3.3	Rate Case	(90,475)	(90,475)	0
9	C-3.4	Wages	(9,545,700)	(5,409,871)	(4,135,829)
10	C-3.6	Interest on Customers' Deposits	177,590	177,590	0
11	C-3.7	DRI Rider	(7,072,470)	(7,072,470)	0
12	C-3.9	Service Company Allocations	(81,616)	(81,616)	0
13	C-3.10	EEI	(177,462)	(80,108)	(97,354)
14	C-3.12	Hartwell Recreation Center	(32,901)	(32,901)	0
15	C-3.13	Non-Jurisdictional	(95,962)	(95,962)	0
16	C-3.14	PUCO and OCC Assessments	(129,794)	(124,473)	(5,321)
17	C-3.15	Uncollectibles	(24,117,838)	(22,958,114)	(1,159,724)
18	C-3.16	Pensions and Benefits	(5,276,183)	(3,849,322)	(1,426,861)
19	C-3.17	Regulatory Asset Amortization	141,492	201,326	(59,834)
20		Merger Savings	0	6,836,400	(6,836,400)
21		Total Operation and Maintenance Expenses	(56,853,331)	(43,132,008)	(13,721,323)
22	C-3.5	Depreciation Expense	7,029,396	7,979,420	(950,024)
		Taxes Other Than Income Taxes			
23	C-3.9	Service Company Allocations FICA	(3,254)	(3,254)	0
24	C-3.8	Property	(1,337,074)	(567,398)	(769,676)
25	C-3.11	Ohio Excise Tax Rider	(73,128,969)	(73,128,969)	0
26	C-3.12	Hartwell Recreation Center Property	(10)	(10)	0
27	C-3.18	Commercial Activity Tax	(225,355)	0	(225,355)
28	C-3.19	FICA	(1,048,263)	(842,513)	(205,750)
29	C-3.20	Unemployment	(33,359)	(28,193)	(5,166)
30	C-3.21	Cincinnati Franchise	(262,095)	0	(262,095)
31		Total Taxes Other Than Income Taxes	(76,038,379)	(74,570,337)	(1,468,042)
32	C-3.22	Income Taxes	3,108,169	(1,113,819)	4,221,988
33		Total Operating Expenses	(122,754,145)	(110,836,744)	(11,917,401)
34		Net Operating Income	$ 12,304,946	$ 387,545	$ 11,917,401

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
ANNUALIZED REVENUE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

WORK PAPER REFERENCE NO(S).: APPLICANT'S SCHEDULE WPC-3.1a

PURPOSE and DESCRIPTION	TOTAL AMOUNT	ALLOCATION CODE	ALLOCATION PERCENT	JURISDICTIONAL AMOUNT
PURPOSE and DESCRIPTION: To eliminate unbilled revenue and Rider TCR revenue and to adjust test year base and other revenues to the amounts calculated on Schedule E-4.				
Rider TCR	$ (187,959)	DALL	100.000%	$ (187,959)
Retail Revenue Adjustments	(9,792,676)	DALL	100.000%	(9,792,676)
Unbilled Revenue	(2,202,358)	DALL	100.000%	(2,202,358)
Total Base Revenue	$ (12,182,993)			$ (12,182,993)
Special Projects	$ 12,000	DALL	100.000%	$ 12,000
Pole Attachment Revenue	1,206,407	DALL	100.000%	1,206,407
Other Revenue	$ 1,218,407			$ 1,218,407

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
ELIMINATE DSM / EE REVENUE & EXPENSE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

WORK PAPER REFERENCE NO(S).: APPLICANT'S SCHEDULES WPC-2a AND C-2.1

PURPOSE and DESCRIPTION	TOTAL AMOUNT	ALLOCATION CODE	ALLOCATION PERCENT	JURISDICTIONAL AMOUNT
PURPOSE and DESCRIPTION: To eliminate DSM / Energy Efficiency revenue and expense.				
Revenue	$ (19,238,882)	DALL	100.000%	$ (19,238,882)
Expense - Account 407907	$ (10,552,012)	DALL	100.000%	$ (10,552,012)
Total Expense	$ (10,552,012)			$ (10,552,012)

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
RATE CASE EXPENSE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

WORK PAPER REFERENCE NO(S).: APPLICANT'S SCHEDULES C-8 AND WPC-3.3a

PURPOSE and DESCRIPTION	TOTAL AMOUNT	ALLOCATION CODE	ALLOCATION PERCENT	JURISDICTIONAL AMOUNT
PURPOSE and DESCRIPTION: To reflect the estimated cost of presenting this case as reflected on Schedule C-8 and to eliminate the amortization of rate case expense included in the test year for Case No. 05-59-EL-AIR which will end in 2008.				
Total	$ (90,475)	DALL	100.000%	$ (90,475)

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
ANNUALIZE TEST YEAR WAGES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

WORK PAPER REFERENCE NO(S).: SCHEDULE WPC-3.4a

PURPOSE and DESCRIPTION	TOTAL AMOUNT	ALLOCATION	PERCENT	JURISDICTIONAL AMOUNT
PURPOSE and DESCRIPTION: To reflect base payroll costs for full-time, part-time and temporary employees as of November 30, 2008 using wage rates in effect at November 30, 2008.				
Total	$ (9,545,700)	DALL	100.000%	$ (9,545,700)

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
ANNUALIZED DEPRECIATION EXPENSE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

SCHEDULE C-3.5

WORK PAPER REFERENCE NO(S).: STAFF'S SCHEDULE WPC-3.5

PURPOSE and DESCRIPTION	TOTAL AMOUNT	ALLOCATION CODE	ALLOCATION PERCENT	JURISDICTIONAL AMOUNT
PURPOSE and DESCRIPTION: To reflect the adjustment to annualized depreciation expense as shown on Schedule B-3.2 based on plant at March 31, 2008.				
Distribution	$ 4,419,243	DALL	100.000%	$ 4,419,243
General	1,094,272	DALL	100.000%	1,094,272
Common	1,515,881	DALL	100.000%	1,515,881
Total	$ 7,029,396			$ 7,029,396

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
INTEREST ON CUSTOMER SERVICE DEPOSITS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

WORK PAPER REFERENCE NO(S).: STAFF'S WPC-3.6a

PURPOSE and DESCRIPTION	TOTAL AMOUNT	ALLOCATION CODE	ALLOCATION PERCENT	JURISDICTIONAL AMOUNT
PURPOSE and DESCRIPTION: To reflect the interest on Customer Service Deposits as an operating expense as calculated on WPB-5.1d.				
Customer Service Deposits - Retail	$ 607,562	D595	29.230%	$ 177,590
Customer Service Deposits - Transmission Service	37,231	DNON	0.000%	0
Total	$ 644,793			$ 177,590

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
ELIMINATE RIDER DRI
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

SCHEDULE C-3.7
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S).: APPLICANT'S SCHEDULES
WPC-3.7A AND WPC-2a

PURPOSE and DESCRIPTION	TOTAL AMOUNT	ALLOCATION CODE	ALLOCATION PERCENT	JURISDICTIONAL AMOUNT
PURPOSE and DESCRIPTION: To eliminate revenue and expense related to the Distribution Reliability Investment Rider.				
Revenue	$ (7,072,470)	DALL	100.000%	$ (7,072,470)
Expense	$ (7,072,470)	DALL	100.000%	$ (7,072,470)
Total Expense	$ (7,072,470)			$ (7,072,470)

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
PROPERTY TAX ADJUSTMENT
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

SCHEDULE C-3.8
PAGE 1 OF 1

WORK PAPER REFERENCE NO(S).: STAFF'S SCHEDULES WPC-3.8a and WPC-3.8b

PURPOSE and DESCRIPTION	TOTAL AMOUNT	ALLOCATION CODE	ALLOCATION PERCENT	JURISDICTIONAL AMOUNT
PURPOSE and DESCRIPTION: To reflect the change in expense if property taxes were calculated in accordance with S.B. 287 and based on plant in service as of March 31, 2008.				
Adjusted Ohio Personal Property Taxes	$ 54,392,267	DALL	100.000%	$ 54,392,267
Adjusted Ohio Real Property Taxes	656,205	DALL	100.000%	656,205
Total	$ 55,048,472			55,048,472
Test Year Property Taxes				56,385,546
Adjustment				$ (1,337,074)

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
SERVICE COMPANY ALLOCATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

WORK PAPER REFERENCE NO(S).: APPLICANT'S SCHEDULE WPC-3.9a

PURPOSE and DESCRIPTION	TOTAL AMOUNT	ALLOCATION CODE	ALLOCATION PERCENT	JURISDICTIONAL AMOUNT
PURPOSE and DESCRIPTION: To eliminate non jurisdictional costs allocated to DE-Ohio, Inc. from Duke Energy Shared Services, Inc.				
Distribution	$ (13,693)	DALL	100.000%	$ (13,693)
Customer Service & Information Expense	(4,124)	DALL	100.000%	(4,124)
Administrative & General Expense	(63,799)	DALL	100.000%	(63,799)
Taxes Other Than Income Taxes	(3,254)	DALL	100.000%	(3,254)
Total	$ (84,870)			$ (84,870)

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
EEI EXPENSE ADJUSTMENT
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

WORK PAPER REFERENCE NO(S).: STAFF'S SCHEDULE WPC-3.10a

PURPOSE and DESCRIPTION	TOTAL AMOUNT	ALLOCATION CODE	ALLOCATION PERCENT	JURISDICTIONAL AMOUNT
PURPOSE and DESCRIPTION: To eliminate a portion of Edison Electric Institute dues not recoverable in rates per Commission precedent.				
Elimination of Non-Jurisdictional EEI Dues	$ (177,462)	DALL	100.000%	$ (177,462)

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
OHIO EXCISE TAX RIDER
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

WORK PAPER REFERENCE NO(S).: APPLICANT'S SCHEDULES WPC-3.12a AND WPC-2a

PURPOSE and DESCRIPTION	TOTAL AMOUNT	ALLOCATION CODE	ALLOCATION PERCENT	JURISDICTIONAL AMOUNT
PURPOSE and DESCRIPTION: To adjust revenue and expense for the annualized Ohio Excise Tax revenue and expense.				
Revenue	$ (73,173,261)	DALL	100.000%	$ (73,173,261)
Taxes Other Than Income Taxes	$ (73,128,969)	DALL	100.000%	$ (73,128,969)
Total Expense	$ (73,128,969)			$ (73,128,969)

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
ELIMINATION OF HARTWELL EXPENSES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

WORK PAPER REFERENCE NO(S).: APPLICANT'S SCHEDULES WPC-3.13a AND B-2.5

PURPOSE and DESCRIPTION	TOTAL AMOUNT	ALLOCATION CODE	ALLOCATION PERCENT	JURISDICTIONAL AMOUNT
PURPOSE and DESCRIPTION: To reflect the elimination of non-business expenses related to Hartwell Recreation Center.				
Taxes Other Than Income Taxes	$ (10)	DALL	100.000%	$ (10)
Administrative & General Expenses	$ (32,901)	DALL	100.000%	$ (32,901)

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
ELIMINATE NON-JURISDICTIONAL EXPENSES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

WORK PAPER REFERENCE NO(S).: APPLICANT'S SCHEDULE WPC-3.14a

PURPOSE and DESCRIPTION	TOTAL AMOUNT	ALLOCATION CODE	ALLOCATION PERCENT	JURISDICTIONAL AMOUNT
PURPOSE and DESCRIPTION: To eliminate non-jurisdictional operating expenses.				
Customer Service and Information Expense	$ (46,954)	DALL	100.000%	$ (46,954)
Wholesale Merger Amortization	(49,008)	DALL	100.000%	(49,008)
Total Operating Expense Adjustment	$ (95,962)			$ (95,962)

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
ANNUALIZE PUCO AND OCC ASSESSMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

WORK PAPER REFERENCE NO(S).: STAFF'S SCHEDULE WPC-3.14a

PURPOSE and DESCRIPTION	TOTAL AMOUNT	ALLOCATION CODE	ALLOCATION PERCENT	JURISDICTIONAL AMOUNT
PURPOSE and DESCRIPTION: To annualize the level of PUCO and OCC assessments to the latest known level.				
Total	$ (129,794)	DALL	100.000%	$ (129,794)

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
ADJUST UNCOLLECTIBLE EXPENSE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

WORK PAPER REFERENCE NO(S).: STAFF'S SCHEDULE WPC-3.15a

PURPOSE and DESCRIPTION	TOTAL AMOUNT	ALLOCATION CODE	ALLOCATION PERCENT	JURISDICTIONAL AMOUNT
PURPOSE AND DESCRIPTION: To annualize uncollectible expense.				
Uncollectible Accounts Expense	$ (24,117,838)	DALL	100.000%	$ (24,117,838)

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
ANNUALIZE PENSION AND BENEFITS EXPENSE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

WORK PAPER REFERENCE NO(S).: STAFF'S SCHEDULE WPC-3.16a

PURPOSE and DESCRIPTION	TOTAL AMOUNT	ALLOCATION CODE	ALLOCATION PERCENT	JURISDICTIONAL AMOUNT
PURPOSE and DESCRIPTION: To annualize pension and benefits expense based on test year salaries and wages and budgeted loading rate.				
Pension and Benefits Adjustment	$ (5,276,183)	DALL	100.000%	$ (5,276,183)

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
ADJUST REGULATORY ASSET AMORTIZATION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

WORK PAPER REFERENCE NO(S).: APPLICANT'S SCHEDULE WPC-3.18a,
O&O WORKING PAPERS, CASE NO. 05-0059-EL-AIR. (A) Staff Data Request 55

PURPOSE and DESCRIPTION		TOTAL AMOUNT	ALLOCATION CODE	ALLOCATION PERCENT	JURISDICTIONAL AMOUNT
PURPOSE and DESCRIPTION: To adjust the test year operating expenses to eliminate amortization of regulatory assets that expire in 2008 and to adjust the amortization on the remaining gain to be credited to customers.					
Disconnection Moratorium Amortization		$ (291,387)	DALL	100.000%	$ (291,387)
Lattice Towers - Gain Amortization		1,478,124	DALL	100.000%	1,478,124
Lattice Towers - Adjust Amortization on Remaining Gain		(985,411)	DALL	100.000%	(985,411)
Tower Lease Expense Adjustment	(A)	(59,834)	DALL	100.000%	(59,834)
Total		$ 141,492			$ 141,492

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
ANNUALIZE COMMERCIAL ACTIVITY TAX (CAT)
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

WORK PAPER REFERENCE NO(S).:STAFF'S SCHEDULE WPC-3.18a

PURPOSE and DESCRIPTION	TOTAL AMOUNT	ALLOCATION CODE	ALLOCATION PERCENT	JURISDICTIONAL AMOUNT
PURPOSE and DESCRIPTION: To annualize commercial activity tax expenses to reflect tax law rate changes and adjustments to gross revenue.				
Commercial Activity Tax Adjustment	$ (225,355)	DALL	100.000%	$ (225,355)

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
ANNUALIZE FICA TAXES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

WORK PAPER REFERENCE NO(S).: STAFF'S SCHEDULE WPC-3.19a

PURPOSE and DESCRIPTION	TOTAL AMOUNT	ALLOCATION CODE	ALLOCATION PERCENT	JURISDICTIONAL AMOUNT
PURPOSE and DESCRIPTION: To annualize payroll taxes based on annualized wages as of November 30, 2008.				
Total	$ (1,048,263)	DALL	100.000%	$ (1,048,263)

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
ANNUALIZE UNEMPLOYMENT TAXES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

WORK PAPER REFERENCE NO(S).: STAFF'S SCHEDULE WPC-3.20a

PURPOSE and DESCRIPTION	TOTAL AMOUNT	ALLOCATION CODE	PERCENT	JURISDICTIONAL AMOUNT
PURPOSE and DESCRIPTION: To annualize unemployment taxes based on annualized wages as of November 30, 2008.				
Total	$ (33,359)	DALL	100.000%	$ (33,359)

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
ANNUALIZE CINCINNATI FRANCHISE TAXES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

WORK PAPER REFERENCE NO(S).: STAFF'S SCHEDULES WPC-3.21a &b

PURPOSE and DESCRIPTION	TOTAL AMOUNT	ALLOCATION CODE	ALLOCATION PERCENT	JURISDICTIONAL AMOUNT
PURPOSE and DESCRIPTION: To annualize Cincinnati franchise tax expenses to reflect tax law rate changes and adjustments to gross revenue.				
Total	$ (262,095)	DALL	100.000%	$ (262,095)

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
ADJUST INCOME TAXES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

WORK PAPER REFERENCE NO(S).: STAFF'S SCHEDULE C-4 & C-2

PURPOSE and DESCRIPTION	TOTAL AMOUNT	ALLOCATION CODE	ALLOCATION PERCENT	JURISDICTIONAL AMOUNT
PURPOSE and DESCRIPTION: To adjust federal, state, and municipal income taxes to reflect changes to revenues and expenses.				
Staff's Adjusted Income Tax Expense	$ 10,096,557	DALL	100.000%	$ 10,096,557
Test Year Income Tax Expense				6,988,388
Adjustment				$ 3,108,169

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
ADJUSTED JURISDICTIONAL FEDERAL AND STATE INCOME TAXES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

WORK PAPER REFERENCE NO(S).: SCHEDULE C-4.1, WPC-4.1a

LINE NO.	DESCRIPTION	AT CURRENT RATES UNADJUSTED DISTRIBUTION (1) ($)	SCHEDULE C-3 ADJUSTMENTS (2) ($)	ADJUSTED DISTRIBUTION (3) ($)	AT PROPOSED RATES PROFORMA ADJUSTMENTS (4) ($)	PROFORMA (5) ($)
1	Operating Income before Federal					
2	and State Income Taxes	$ 41,501,009	$ 15,413,115	$ 56,914,124	$ 84,195,150	$141,109,274
3						
4	Reconciling Items:					
5	Interest Charges	(24,383,997)	(5,984,284)	(30,368,281) (a)	0	(30,368,281)
6	Net Interest Charges	(24,383,997)	(5,984,284)	(30,368,281)	0	(30,368,281)
7						
8	Tax Depreciation	(53,653,942)		(53,653,942)	0	(53,653,942)
9	Book Depreciation	42,034,479	6,896,971 (b)	48,931,450	0	48,931,450
10	Excess of Tax over Book Depreciation	(11,619,463)	6,896,971	(4,722,492)	0	(4,722,492)
11						
12	Other Reconciling Items:					
13	Temporary Differences	4,907,801	10,195,506	15,103,307	0	15,103,307
14	Permanent Differences	193,588	0	193,588	0	193,588
15	Total Other Reconciling Items	5,101,389	10,195,506	15,296,895	0	15,296,895
16	Total Reconciling Items	(30,902,071)	11,108,193	(19,793,878)	0	(19,793,878)
17	Federal Taxable Income	10,598,938	26,521,308	37,120,246	84,195,150	121,315,396
18						
19	State Income Tax Adjustments:					
20	Unallowable Depreciation	(3,011,694)	0	(3,011,694)	0	(3,011,694)
21	Ohio Taxable Income Adj - OH Franchise	(824,337)	0	(824,337)	0	(824,337)
22	Total State Income Tax Adjustments	(3,836,031)	0	(3,836,031)	0	(3,836,031)
23						
24	State Taxable Income	6,762,907	26,521,308	33,284,215	84,195,150	117,479,365
25						
26	State Income Tax @ 1.67%	112,941	(112,941)	0	0	0
27	Municipal Income Tax @ 0.37%	25,023	98,129	123,152	311,522	434,674
28	State Income Tax	137,964	(14,812)	123,152	311,522	434,674
29						
30	Provision for Deferred State Income Taxes:					
31	Deferred Income Taxes (Deferrals)	176,146	(176,146)	0	0	0
32	Deferred Income Taxes (Writebacks)	0	0	0	0	0
33	Total State & Municipal Income Tax Expense	314,110	(190,958)	123,152	311,522	434,674
34						
35	Federal Taxable Income (Line 17)	10,598,938	26,521,308	37,120,246	84,195,150	121,315,396
36						
37	State Income Tax Deductible (Line 26)	112,941	(112,941)	0	0	0
38	Municipal Income Tax Deductible (Line 27)	25,023	98,129	123,152	311,522	434,674
39						
40	Federal Taxable Income	10,460,974	26,536,120	36,997,094	83,883,628	120,880,722
41						
42	Federal Income Taxes @ 35%	3,661,341	9,287,641	12,948,982	29,359,270	42,308,252
43	Federal Income Taxes - Current	3,661,341	9,287,641	12,948,982	29,359,270	42,308,252
44						
45	Provision Deferred Federal Income Taxes - Net					
46	Deferred Income Tax on Depreciation	4,075,005	(2,391,622)	1,683,383	0	1,683,383
47	Other Deferred Income Taxes - Net	(1,689,265)	(3,596,892)	(5,286,157)	0	(5,286,157)
48	Deferred Income Tax Adjustment - ARAM	(640,861)	0	(640,861)	0	(640,861)
49	Deferred Income Tax Adjustment - Flow-Through	2,063,958	0	2,063,958	0	2,063,958
50	Amortization of Investment Tax Credit	(795,900)	0	(795,900)	0	(795,900)
51	Total Deferred Income Taxes	3,012,937	(5,988,514)	(2,975,577)	0	(2,975,577)
52						
53	Total Income Taxes	$ 6,988,388	$ 3,108,169	$ 10,096,557	$ 29,670,792	$ 39,767,349

(a) Rate Base of $973,342,332 x Weighted Cost of Debt of 3.12%
(b) Book Depreciation Adjustment of $7,029,396 Less $132,425 of Book Depreciation - Trans. Equipment Subject to ADR

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
RATE OF RETURN SUMMARY

Schedule D-1

	% of Total	% Cost	Weighted Cost %
Long Term Debt	48.41%	6.45%	3.12%
Preferred Stock	0.00%	0.00%	0.00%
Common Equity	51.59%	10.12% -11.14%	5.22% -5.75%
Total Capital	100.00%		8.34% -8.87%

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
EQUITY ISSUANCE COST ADJUSTMENT
March 31, 2008

Schedule D-1.1

(1) Retained Earnings[1]	$1,186,641,118
(2) Total Common Equity[1]	$2,497,378,912
(3) Ratio of (1) to (2)	0.68833
(4) Generic Issuance Cost, f	3.50%
(5) External Equity Ratio, w [1.0 - (3)]	0.52485
(6) Net Adjustment Factor, (w/(1 - f)) + (1 - w)	1.01904
(7) Low End Equity Cost [9.93% x (6)]	10.12%
(8) High End Equity Cost [10.93% x (6)]	11.14%

Sources:
1 Applicant's Workpaper WPD-1a; Adjusted Balance as of March 31, 2008

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
CAPM COST OF EQUITY ESTIMATE

Date:	Closing 10Yr Yld (%)	Closing 30Yr Yld (%)
1-Oct-08	3.77	4.25
2-Oct-08	3.65	4.15
3-Oct-08	3.64	4.12
6-Oct-08	3.43	3.94
7-Oct-08	3.51	4.03
8-Oct-08	3.71	4.06
9-Oct-08	3.83	4.12
10-Oct-08	3.86	4.14
13-Oct-08	3.86	4.14
14-Oct-08	4.02	4.26
15-Oct-08	4.01	4.25
16-Oct-08	3.94	4.23
17-Oct-08	3.94	4.31
20-Oct-08	3.89	4.28
21-Oct-08	3.70	4.19
22-Oct-08	3.62	4.09
23-Oct-08	3.53	3.97
24-Oct-08	3.70	4.09
27-Oct-08	3.73	4.11
28-Oct-08	3.82	4.17
29-Oct-08	3.87	4.24
30-Oct-08	3.94	4.28
31-Oct-08	3.97	4.37
3-Nov-08	3.90	4.32
4-Nov-08	3.77	4.22
5-Nov-08	3.69	4.15
6-Nov-08	3.71	4.20
7-Nov-08	3.78	4.26
10-Nov-08	3.76	4.21
11-Nov-08	3.76	4.21
12-Nov-08	3.66	4.19
13-Nov-08	3.82	4.33
14-Nov-08	3.75	4.23
17-Nov-08	3.68	4.21

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
CAPM COST OF EQUITY ESTIMATE

Date:	Closing 10Yr Yld (%)	Closing 30Yr Yld (%)
18-Nov-08	3.54	4.14
19-Nov-08	3.39	3.97
20-Nov-08	3.14	3.70
21-Nov-08	3.17	3.66
24-Nov-08	3.34	3.76
25-Nov-08	3.09	3.63
26-Nov-08	3.00	3.56
28-Nov-08	2.96	3.49
1-Dec-08	2.72	3.24
2-Dec-08	2.69	3.20
Averages:		
Last 64days	3.6195	4.0607
Average of 10 and 30 Year Yields	3.8401	
CAPM Cost of Equity Estimate	8.2973	

Source: Yahoo.com

CAPM = risk free return + β(large company total return - risk free return)
= 3.84% + .685714(6.5%)

Value Line Betas:

0.7	D
0.6	DUK
0.8	FPL
0.8	PPL
0.6	PGN
0.55	SO
0.75	XEL
0.685714286	ave

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
DCF COST OF EQUITY ESTIMATE

Stock Prices1 ($):

	D	DUK	FPL	PPL	PGN	SO	XEL
10/01/08	43.6400	17.8100	50.1900	37.8400	43.8000	37.7800	20.0700
10/02/08	42.0900	17.5400	48.3400	36.1100	44.0000	37.4800	19.6600
10/03/08	41.8800	17.3600	48.4000	35.9000	44.4800	37.1500	19.3500
10/06/08	40.0800	17.1100	44.9000	33.6100	44.2000	36.1200	18.7100
10/07/08	38.3200	16.9700	43.4800	32.3500	43.0500	35.6800	18.6400
10/08/08	37.5500	16.9300	41.2500	31.4600	41.4600	35.4100	18.9500
10/09/08	35.0500	15.1500	39.1000	31.2900	38.0000	33.5200	17.6100
10/10/08	33.6700	14.4300	37.0800	30.0000	35.4200	32.2600	16.7300
10/13/08	37.2100	16.3500	42.2500	34.4400	39.2000	35.8300	18.0200
10/14/08	37.1100	15.7200	42.4800	33.7900	38.6900	34.4400	17.7000
10/15/08	34.3100	14.8100	37.4900	29.6900	35.9600	32.5900	16.5000
10/16/08	36.0700	15.5300	40.5700	30.3400	36.4000	33.7400	16.8300
10/17/08	35.9500	15.1500	41.8200	30.7000	36.0700	33.4900	16.6400
10/20/08	37.9600	16.6800	46.5300	32.9500	39.1500	35.7700	17.9000
10/21/08	36.0300	15.7000	43.6700	31.5300	37.8200	35.0600	17.5000
10/22/08	33.8600	15.4500	41.2800	29.2300	35.9000	33.5800	16.4400
10/23/08	35.7000	16.4000	44.9000	30.3800	38.4000	36.2300	17.0000
10/24/08	35.1400	15.6300	43.2000	29.3300	37.0300	34.6100	16.7100
10/27/08	33.9800	15.7200	40.6800	28.6900	36.5100	32.9400	16.2900
10/28/08	37.1200	16.6800	45.1400	32.1000	40.3000	35.9200	17.3200
10/29/08	35.2100	16.2400	45.2000	30.3500	39.3500	34.7900	16.6900
10/30/08	36.2700	16.8300	47.3000	32.2800	40.8800	35.2600	17.5600
10/31/08	36.2800	16.3800	47.2400	32.8300	39.3700	34.3400	17.4200
11/03/08	36.4600	16.6700	46.5800	32.4600	39.8700	34.8000	17.8200
11/04/08	36.6700	16.9200	47.3300	30.0000	40.5300	35.1800	18.2400
11/05/08	35.2300	15.6200	45.9800	30.0000	39.1100	34.6200	17.7300
11/06/08	34.3000	15.6600	43.6400	30.1600	37.4600	33.7700	17.0100
11/07/08	35.8300	16.2500	46.9200	32.2400	39.5500	34.8300	17.7700
11/10/08	35.1900	15.9200	45.4900	30.6200	39.0500	34.6100	17.4000
11/11/08	35.0200	15.8400	44.3800	30.9900	38.6200	34.7400	17.3000
11/12/08	34.3200	15.3000	43.2900	29.6500	37.5300	34.2000	17.0300
11/13/08	36.2900	16.1100	48.0400	32.0400	39.7200	35.1800	18.2800
11/14/08	36.3900	15.6400	47.3000	32.6200	38.8400	35.2100	17.9800
11/17/08	35.9800	15.3900	45.6300	32.7500	38.6600	35.4800	18.1500
11/18/08	36.0800	15.6800	46.6300	32.6700	38.7600	35.0000	17.9500
11/19/08	34.9500	14.9100	44.6700	31.5400	37.7900	34.4700	17.5300
11/20/08	33.5800	14.6300	43.0000	29.6500	35.9100	33.8200	16.7600
11/21/08	36.9300	15.0400	48.3700	31.9900	38.4400	35.5900	18.0400
11/24/08	37.2500	15.4500	48.3600	32.3700	38.5500	35.5000	18.5500
11/25/08	37.1000	15.3300	47.9700	33.5900	38.6500	35.7700	18.4600
11/26/08	36.3500	15.1400	48.4600	33.2500	38.2200	36.1100	18.3300
11/28/08	36.8200	15.5600	48.7600	33.8900	39.6900	36.3200	18.8100
12/01/08	34.8400	14.7400	45.3000	30.5500	37.7300	35.1700	17.6900
12/02/08	35.6000	14.5000	45.7900	31.3800	38.4800	35.3200	17.7700
AVERAGE ($)	36.4014	15.8834	44.8723	31.8545	39.0136	34.9927	17.7464
LAST QUARTERLY DIV.[2] ($)	0.3950	0.2300	0.4450	0.3350	0.6150	0.4200	0.2375
ANNUAL DIVIDEND ($)	1.5800	0.9200	1.7800	1.3400	2.4600	1.6800	0.9500
YIELD	4.34%	5.79%	3.97%	4.21%	6.31%	4.80%	5.35%
EARNINGS GROWTH ESTIMATES:							
MSN[3]	7.80%	4.60%	9.80%	16.30%	4.80%	0.00%	0.00%

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
DCF COST OF EQUITY ESTIMATE

YAHOO[4]	8.63%	4.39%	9.77%	12.33%	6.16%	0.00%	0.00%
VALUE LINE[5]:							
'08 EARNINGS ($)	3.10	1.05	3.95	2.15	2.95	0.00	0.00
'12 EARNINGS ($)	4.00	1.45	5.00	4.50	3.40	2.27	1.45
VALUE LINE CALCULATED	6.37%	8.07%	5.89%	18.47%	3.55%	6.97%	8.04%
VALUE LINE, "BOXED"	12.00%	4.00%	9.50%	12.00%	5.00%	5.50%	7.50%
VALUE LINE (AVERAGE)	9.19%	6.03%	7.70%	15.23%	4.27%	6.24%	7.77%
DCF GROWTH ESTIMATE	8.54%	5.01%	9.09%	14.62%	5.08%	5.58%	6.56%
DCF COST OF EQUITY ESTIMATE	12.24%	11.98%	12.06%	15.49%	12.51%	11.30%	12.35%
DCF AVERAGE				12.56%			
CAPM COST OF EQUITY ESTIMATE				8.30%			
COST OF EQUITY ESTIMATE				10.43%			

Sources:
1 MSN Investor
2 MSN Investor & Value Line Investment Guide
3 moneycentral.msn.com
4 finance.yahoo.com
5 Value Line Investment Guide

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
D NON-CONSTANT DCF CALCULATION

Schedule D-1.4

		non const		const	
g=	8.54%	dcf=	12.24%	dcf=	13.25%
D=	$1.58			g(e)=	4.93%
		P=	$36.40		

YEAR	GROWTH RATE	DIVIDEND
1	8.54%	$1.71
2	8.54%	$1.86
3	8.54%	$2.02
4	8.54%	$2.19
5	8.54%	$2.38
6	8.45%	$2.58
7	8.36%	$2.80
8	8.27%	$3.03
9	8.18%	$3.28
10	8.09%	$3.54
11	8.00%	$3.82
12	7.91%	$4.13
13	7.82%	$4.45
14	7.73%	$4.79
15	7.64%	$5.16
16	7.55%	$5.55
17	7.46%	$5.96
18	7.37%	$6.40
19	7.27%	$6.87
20	7.18%	$7.36
21	7.09%	$7.88
22	7.00%	$8.43
23	6.91%	$9.02
24	6.82%	$9.63
25	6.73%	$10.28
26	6.73%	$10.97
27	6.73%	$11.71
28	6.73%	$12.50
29	6.73%	$13.34
30	6.73%	$14.24

This schedule is truncated; the calculation extends to 400 years to ensure the stability of the calculation.

g, D, P are from Schedule D-1.3
g(e) is from Schedule D-1.11

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
DUK NON-CONSTANT DCF CALCULATION

Schedule D-1.5

		non const		const	
g=	5.01%	dcf=	11.98%	dcf=	11.09%
D=	$0.92			g(e)=	4.93%
		P=	$15.88		

YEAR	GROWTH RATE	DIVIDEND
1	5.01%	$0.97
2	5.01%	$1.01
3	5.01%	$1.07
4	5.01%	$1.12
5	5.01%	$1.17
6	5.09%	$1.23
7	5.18%	$1.30
8	5.27%	$1.37
9	5.35%	$1.44
10	5.44%	$1.52
11	5.53%	$1.60
12	5.61%	$1.69
13	5.70%	$1.79
14	5.78%	$1.89
15	5.87%	$2.00
16	5.96%	$2.12
17	6.04%	$2.25
18	6.13%	$2.39
19	6.22%	$2.54
20	6.30%	$2.70
21	6.39%	$2.87
22	6.47%	$3.06
23	6.56%	$3.26
24	6.65%	$3.47
25	6.73%	$3.71
26	6.73%	$3.96
27	6.73%	$4.22
28	6.73%	$4.51
29	6.73%	$4.81
30	6.73%	$5.13

This schedule is truncated; the calculation extends to 400 years to ensure the stability of the calculation.

g, D, P are from Schedule D-1.3
g(e) is from Schedule D-1.11

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
FPL NON-CONSTANT DCF CALCULATION

Schedule D-1.6

		non const		const	
g=	9.09%	dcf=	12.06%	dcf=	13.42%
D=	$1.78			g(e)=	4.93%
		P=	$44.87		

YEAR	GROWTH RATE	DIVIDEND
1	9.09%	$1.94
2	9.09%	$2.12
3	9.09%	$2.31
4	9.09%	$2.52
5	9.09%	$2.75
6	8.97%	$3.00
7	8.85%	$3.26
8	8.74%	$3.55
9	8.62%	$3.85
10	8.50%	$4.18
11	8.38%	$4.53
12	8.26%	$4.90
13	8.15%	$5.30
14	8.03%	$5.73
15	7.91%	$6.18
16	7.79%	$6.67
17	7.68%	$7.18
18	7.56%	$7.72
19	7.44%	$8.29
20	7.32%	$8.90
21	7.20%	$9.54
22	7.09%	$10.22
23	6.97%	$10.93
24	6.85%	$11.68
25	6.73%	$12.47
26	6.73%	$13.31
27	6.73%	$14.20
28	6.73%	$15.16
29	6.73%	$16.18
30	6.73%	$17.27

This schedule is truncated; the calculation extends to 400 years to ensure the stability of the calculation.

g, D, P are from Schedule D-1.3
g(e) is from Schedule D-1.11

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
PPL NON-CONSTANT DCF CALCULATION

Schedule D-1.7

		non const		const	
g=	14.62%	dcf=	15.49%	dcf=	19.44%
D=	$1.34			g(e)=	4.93%
		P=	$31.85		

YEAR	GROWTH RATE	DIVIDEND
1	14.62%	1.54
2	14.62%	1.76
3	14.62%	2.02
4	14.62%	2.31
5	14.62%	2.65
6	14.23%	3.03
7	13.83%	3.45
8	13.44%	3.91
9	13.04%	4.42
10	12.65%	4.98
11	12.25%	5.59
12	11.86%	6.25
13	11.47%	6.97
14	11.07%	7.74
15	10.68%	8.57
16	10.28%	9.45
17	9.89%	10.38
18	9.49%	11.37
19	9.10%	12.40
20	8.71%	13.48
21	8.31%	14.60
22	7.92%	15.76
23	7.52%	16.95
24	7.13%	18.15
25	6.73%	19.38
26	6.73%	20.68
27	6.73%	22.07
28	6.73%	23.56
29	6.73%	25.14
30	6.73%	26.84

This schedule is truncated; the calculation extends to 400 years to ensure the stability of the calculation.

g, D, P are from Schedule D-1.3
g(e) is from Schedule D-1.11

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
PGN NON-CONSTANT DCF CALCULATION

Schedule D-1.8

		non const		const	
g=	5.08%	dcf=	12.51%	dcf=	11.71%
D=	$2.46			g(e)=	4.93%
		P=	$39.01		

YEAR	GROWTH RATE	DIVIDEND
1	5.08%	$2.59
2	5.08%	$2.72
3	5.08%	$2.85
4	5.08%	$3.00
5	5.08%	$3.15
6	5.17%	$3.32
7	5.25%	$3.49
8	5.33%	$3.68
9	5.41%	$3.87
10	5.50%	$4.09
11	5.58%	$4.32
12	5.66%	$4.56
13	5.74%	$4.82
14	5.83%	$5.10
15	5.91%	$5.40
16	5.99%	$5.73
17	6.07%	$6.08
18	6.16%	$6.45
19	6.24%	$6.85
20	6.32%	$7.29
21	6.40%	$7.75
22	6.49%	$8.25
23	6.57%	$8.80
24	6.65%	$9.38
25	6.73%	$10.01
26	6.73%	$10.69
27	6.73%	$11.41
28	6.73%	$12.18
29	6.73%	$13.00
30	6.73%	$13.87

This schedule is truncated; the calculation extends to 400 years to ensure the stability of the calculation.

g, D, P are from Schedule D-1.3
g(e) is from Schedule D-1.11

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
SO NON-CONSTANT DCF CALCULATION

Schedule D-1.9

		non const		const	
g=	5.58%	dcf=	11.30%	dcf=	10.65%
D=	$1.68			g(e)=	6.73%
		P=	-$34.99		

YEAR	GROWTH RATE	DIVIDEND
1	5.58%	$1.77
2	5.58%	$1.87
3	5.58%	$1.98
4	5.58%	$2.09
5	5.58%	$2.20
6	5.64%	$2.33
7	5.69%	$2.46
8	5.75%	$2.60
9	5.81%	$2.75
10	5.87%	$2.91
11	5.92%	$3.09
12	5.98%	$3.27
13	6.04%	$3.47
14	6.10%	$3.68
15	6.16%	$3.91
16	6.21%	$4.15
17	6.27%	$4.41
18	6.33%	$4.69
19	6.39%	$4.99
20	6.44%	$5.31
21	6.50%	$5.66
22	6.56%	$6.03
23	6.62%	$6.43
24	6.68%	$6.86
25	6.73%	$7.32
26	6.73%	$7.81
27	6.73%	$8.34
28	6.73%	$8.90
29	6.73%	$9.50
30	6.73%	$10.14

This schedule is truncated; the calculation extends to 400 years to ensure the stability of the calculation.

g, D, P are from Schedule D-1.3
g(e) is from Schedule D-1.11

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
XEL NON-CONSTANT DCF CALCULATION

Schedule D-1.10

	non const	const
g= 0.065566	dcf= 0.1235258	dcf= 0.12261
D= 0.95		g(e)= 0.06733
	P= -17.74636	

YEAR	GROWTH RATE	DIVIDEND
1	0.065566	1.0122877
2	0.065566	1.0786593
3	0.065566	1.1493827
4	0.065566	1.2247431
5	0.065566	1.3050446
6	0.065654	1.3907264
7	0.065743	1.4821565
8	0.065831	1.5797283
9	0.065919	1.683863
10	0.066008	1.795011
11	0.066096	1.9136541
12	0.066184	2.0403082
13	0.066273	2.175525
14	0.066361	2.3198952
15	0.066449	2.4740509
16	0.066538	2.6386688
17	0.066626	2.814473
18	0.066714	3.0022391
19	0.066803	3.2027971
20	0.066891	3.4170359
21	0.066980	3.6459073
22	0.067068	3.8904304
23	0.067156	4.1516969
24	0.067245	4.4308759
25	0.067333	4.7292195
26	0.067333	5.0476515
27	0.067333	5.3875244
28	0.067333	5.7502819
29	0.067333	6.137465
30	0.067333	6.5507182

This schedule is truncated; the calculation extends to 400 years to ensure the stability of the calculation.

g, D, P are from Schedule D-1.3
g(e) is from Schedule D-1.11

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
GROWTH IN U.S. GROSS NATIONAL PRODUCT, 1929 TO 2005

Year	GNP ($billion)	Change ($billion)	Growth%
1929	104.4		
1930	91.90	-12.70	-12.32%
1931	77.00	-14.60	-16.15%
1932	59.10	-17.80	-23.48%
1933	56.70	-2.40	-4.14%
1934	66.30	9.50	17.09%
1935	73.60	7.10	10.91%
1936	84.00	10.30	14.27%
1937	92.20	7.90	9.58%
1938	86.50	-5.70	-6.31%
1939	92.50	6.60	7.79%
1940	101.70	9.10	9.97%
1941	127.20	25.10	25.00%
1942	162.30	33.50	26.69%
1943	198.90	33.70	21.19%
1944	220.10	18.70	9.70%
1945	223.40	2.00	0.95%
1946	222.90	-1.00	-0.47%
1947	245.30	22.80	10.73%
1948	270.60	26.40	11.22%
1949	268.60	-1.20	-0.46%
1950	295.20	27.90	10.71%
1951	341.20	45.10	15.64%
1952	360.30	18.20	5.46%
1953	381.30	20.00	5.69%
1954	382.50	0.90	0.24%
1955	417.20	33.40	8.97%
1956	440.30	22.30	5.49%
1957	464.10	22.80	5.32%
1958	469.80	5.80	1.29%
1959	509.30	53.50	11.71%
1960	529.50	20.30	3.98%
1961	548.20	18.70	3.52%
1962	589.70	41.40	7.54%
1963	622.20	32.50	5.50%
1964	668.50	46.20	7.41%

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
GROWTH IN U.S. GROSS NATIONAL PRODUCT, 1929 TO 2005

Year	GNP ($billion)	Change ($billion)	Growth%
1965	724.40	56.10	8.38%
1966	792.90	69.00	9.51%
1967	838.00	45.00	5.66%
1968	916.10	78.10	9.30%
1969	990.70	73.90	8.05%
1970	1,044.90	54.60	5.51%
1971	1,134.70	90.10	8.61%
1972	1,246.80	112.90	9.94%
1973	1,395.30	149.10	11.94%
1974	1,515.50	118.50	8.48%
1975	1,651.30	131.70	8.68%
1976	1,842.10	192.60	11.68%
1977	2,051.20	211.10	11.47%
1978	2,316.30	265.90	12.96%
1979	2,595.30	281.30	12.14%
1980	2,823.70	231.50	8.91%
1981	3,161.40	335.30	11.84%
1982	3,291.50	129.60	4.09%
1983	3,573.80	276.10	8.38%
1984	3,969.50	396.30	11.10%
1985	4,246.80	270.30	6.81%
1986	4,480.60	229.90	5.42%
1987	4,757.40	287.90	6.44%
1988	5,127.40	370.60	7.79%
1989	5,510.60	382.60	7.46%
1990	5,837.90	322.80	5.86%
1991	6,026.30	178.70	3.06%
1992	6,367.40	331.40	5.51%
1993	6,689.30	324.40	5.11%
1994	7,096.40	404.40	6.07%
1995	7,433.40	349.80	4.95%
1996	7,851.90	410.30	5.53%
1997	8,337.30	473.80	6.05%
1998	8,768.30	445.00	5.36%
1999	9,302.20	486.20	5.56%
2000	9,855.90	553.70	5.95%

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
GROWTH IN U.S. GROSS NATIONAL PRODUCT, 1929 TO 2005

Year	GNP ($billion)	Change ($billion)	Growth%
2001	10,171.60	315.70	3.20%
2002	10,500.20	328.60	3.23%
2003	11,017.60	517.40	4.93%
2004	11,762.10	744.50	6.76%
2005	12,514.90	752.80	6.40%
2006	13,256.60	741.70	5.93%
2007	13,910.00	653.40	4.93%
Average			6.73%

Sources: (1) National Income and Product Accounts (NIPA) from the U. S. Bureau of Economic Analysis and Econostats; BEA Data; NIPA Index; Section 1. Domestic Product and Income Table 1.7.5 Relation of Gross Domestic Product, Gross National Product, Ne

DUKE ENERGY OHIO, INC.
CASE NO. 08-709-EL-AIR
CAPITAL STRUCTURES FOR ELECTRIC UTILITIES, 2007

Schedule D-1.12

Primary SIC Code	Fiscal Year	Stock Symbol	Entity Abbrev	Holding Company Name	% LTD	% Equity	Long Term Debt $	Total Equity $	Total Capitalization $
4911	2007	HTM	HTM	US Geothermal Inc	0.00%	100.00%	0	18,683,020	18,683,020
4911	2007	MMCE	MMCE	MMC Energy Inc	3.69%	96.31%	1,962,936	51,293,196	53,256,132
4911	2007	MAM	MAM	Maine & Maritimes Corp	38.98%	61.02%	27,427,000	42,941,000	70,368,000
4911	2007	EGR	EGR	Commerce Energy Group	0.00%	100.00%	0	70,520,000	70,520,000
4911	2007	CESI	CESI	Catalytica Energy Systems Inc	66.22%	33.78%	50,942,000	25,988,000	76,930,000
4911	2007	EPG	EPG	Environmental Power Corp	64.61%	35.39%	60,453,983	33,115,440	93,569,423
4911	2007	EEE	EEE	Evergreen Energy Inc	67.72%	32.28%	97,971,000	46,699,000	144,670,000
4911	2007	CV	CV	Central Vermont Public Service	37.41%	62.59%	118,839,000	198,861,000	317,700,000
4911	2007	MGEE	MGEE	MGE Energy Inc	35.20%	64.80%	232,346,000	427,726,000	660,072,000
4911	2007	OTTR	OTTR	Otter Tail Corp	38.91%	61.09%	342,694,000	538,147,000	880,841,000
4911	2007	ORA	ORA	Ormat Technologies Inc	33.73%	66.27%	314,530,000	618,083,000	932,613,000
4911	2007	UIL	UIL	UIL Holdings Corp	50.80%	49.20%	479,317,000	464,291,000	943,608,000
4911	2007	EDE	EDE	Empire District Electric Co (The	50.13%	49.87%	541,880,000	539,176,000	1,081,056,000
4911	2007	EE	EE	El Paso Electric Co	49.57%	50.43%	655,111,000	666,459,000	1,321,570,000
4911	2007	BKH	BKH	Black Hills Corp	36.79%	63.21%	564,372,000	969,855,000	1,534,227,000
4911	2007	UNS	UNS	UniSource Energy Corp	59.02%	40.98%	993,870,000	690,075,000	1,683,945,000
4911	2007	CNL	CNL	Cleco Corp	43.20%	56.80%	769,103,000	1,011,369,000	1,780,472,000
4911	2007	IDA	IDA	IDACORP Inc	48.93%	51.07%	1,156,880,000	1,207,315,000	2,364,195,000
4911	2007	ILA	ILA	Aquila Inc	43.30%	56.70%	1,035,400,000	1,355,700,000	2,391,100,000
4911	2007	HE	HE	Hawaiian Electric Industries Inc	49.34%	50.66%	1,242,099,000	1,275,427,000	2,517,526,000
4911	2007	GXP	GXP	Great Plains Energy Inc	40.70%	59.30%	1,102,900,000	1,606,900,000	2,709,800,000
4911	2007	PNM	PNM	PNM Resources Inc	42.13%	57.87%	1,231,859,000	1,692,411,000	2,924,270,000
4911	2007	OGE	OGE	OGE Energy Corp	44.44%	55.56%	1,344,600,000	1,680,900,000	3,025,500,000
4911	2007	TAC	TAC	TransAlta Corp	42.60%	57.40%	1,718,000,000	2,315,000,000	4,033,000,000
4911	2007	NST	NST	NSTAR	59.48%	40.52%	2,501,400,000	1,703,815,000	4,205,215,000
4911	2007	TE	TE	TECO Energy Inc	61.03%	38.97%	3,158,400,000	2,017,000,000	5,175,400,000
4911	2007	PSD	PSD	Puget Energy Inc	51.49%	48.51%	2,678,860,000	2,523,843,000	5,202,703,000
4911	2007	AYE	AYE	Allegheny Energy Inc	60.87%	39.13%	3,943,947,000	2,535,352,000	6,479,299,000
4911	2007	PNW	PNW	Pinnacle West Capital Corp	46.96%	53.04%	3,127,125,000	3,531,611,000	6,658,736,000
4911	2007	RRI	RRI	Reliant Energy Inc	39.33%	60.67%	2,902,346,000	4,477,034,000	7,379,380,000
4911	2007	POM	POM	Pepco Holdings Inc	50.95%	49.05%	4,174,800,000	4,018,400,000	8,193,200,000
4911	2007	MIR	MIR	Mirant Corp	35.74%	64.26%	2,953,000,000	5,310,000,000	8,263,000,000
4911	2007	DYN	DYN	Dynegy Inc	56.02%	43.98%	5,739,000,000	4,506,000,000	10,245,000,000
4911	2007	PPL	PPL	PPL Corp	55.36%	44.64%	6,890,000,000	5,556,000,000	12,446,000,000
4911	2007	XEL	XEL	Xcel Energy Inc	49.75%	50.25%	6,342,160,000	6,405,982,000	12,748,142,000
4911	2007	DTE	DTE	DTE Energy Co	54.21%	45.79%	6,930,000,000	5,853,000,000	12,783,000,000
4911	2007	NRG	NRG	NRG Energy Inc	58.92%	41.08%	7,895,000,000	5,504,000,000	13,399,000,000
4911	2007	PEG	PEG	Public Service Enterprise Grou	54.27%	45.73%	8,662,000,000	7,299,000,000	15,961,000,000
4911	2007	PGN	PGN	Progress Energy Inc	50.92%	49.08%	8,737,000,000	8,422,000,000	17,159,000,000
4911	2007	FE	FE	FirstEnergy Corp	49.70%	50.30%	8,869,000,000	8,977,000,000	17,846,000,000
4911	2007	ETR	ETR	Entergy Corp	54.34%	45.66%	9,728,135,000	8,173,833,000	17,901,968,000
4911	2007	EIX	EIX	Edison International	49.07%	50.93%	9,016,000,000	9,359,000,000	18,375,000,000
4911	2007	AES	AES	AES Corp (The)	84.01%	15.99%	16,629,000,000	3,164,000,000	19,793,000,000
4911	2007	FPL	FPL	FPL Group	51.24%	48.76%	11,280,000,000	10,735,000,000	22,015,000,000
4911	2007	D	D	Dominion Resources Inc	58.46%	41.54%	13,235,000,000	9,406,000,000	22,641,000,000
4911	2007	AEP	AEP	American Electric Power Co Inc	58.49%	41.51%	14,202,000,000	10,079,000,000	24,281,000,000
4911	2007	SO	SO	Southern Co	53.31%	46.69%	14,143,000,000	12,385,000,000	26,528,000,000
4911	2007	DUK	DUK	Duke Energy Corp	30.94%	69.06%	9,498,000,000	21,199,000,000	30,697,000,000
				Average excluding HTM, EGR,	48.41%	51.59%			

Source: Global Energy's Energy Velocicty Suite, Fuels Dataset, SEC 10K; S.I.C. 4911; 2007

DUKE ENERGY OHIO, INC
CASE NOS. 08-709-EL-AIR, et. al.
TYPICAL BILL COMPARISON

Schedule E-5
Page 1 of 8

Rate RS – Residential Service

	Current	Applicant Proposed	Applicant Increase	Staff Proposed	Staff Increase
	$	$	%	$	%
Customer Charge:	$4.50	$10.00	122.0%	$5.71	26.9 %
Energy Charge:					
Summer					
First 1000 kWh	0.019949	.019217	(3.8%)		
Additional kWh	0.019949	.019217	(3.8%)		
Winter					
First 1000 kWh	0.019949	.019217	(3.8%)		
Additional kWh	0.019949	.019217	(3.8%)		
Energy Charge:					
All kWh				.024343	22.0%

	Level of Demand (kW)	Level of Use (kWh)	Current Bill ($)	Applicant Proposed Bill ($)	Staff Proposed Bill ($)	Dollar Increase Applicant ($)	Dollar Increase Staff ($)	Percent Increase Applicant (%)	Percent Increase Staff (%)
RS	Summer								
	NA	300	34.76	40.05	37.29	5.29	2.53	15.2	7.3
	NA	400	44.86	50.07	47.83	5.21	2.97	11.6	6.6
	NA	500	54.95	60.09	58.36	5.14	3.41	9.4	6.2
	NA	800	85.22	90.13	89.94	4.91	4.72	5.8	5.5
	NA	1000	105.39	110.17	110.99	4.78	5.60	4.5	5.3
	NA	1500	163.52	167.93	171.32	4.41	7.80	2.7	4.8
	NA	2000	221.65	225.70	231.64	4.05	9.99	1.8	4.5
	WINTER								
	NA	300	34.76	40.05	37.29	5.29	2.53	15.2	7.3
	NA	400	44.86	50.07	47.83	5.21	2.97	11.6	6.6
	NA	500	54.95	60.09	58.36	5.14	3.41	9.4	6.2
	NA	800	85.22	90.13	89.94	4.91	4.72	5.8	5.5
	NA	1000	105.39	110.17	110.99	4.78	5.60	4.5	5.3
	NA	1500	137.88	142.29	145.68	4.41	7.80	3.2	5.7
	NA	3000	235.34	238.65	249.73	3.31	14.39	1.4	6.1
	NA	6000	430.26	431.38	457.83	1.12	27.57	0.3	6.4

DUKE ENERGY OHIO, INC
CASE NOS. 08-709-EL-AIR, et. al.
TYPICAL BILL COMPARISON

Rate ORH – Optional Residential Service with Electric Space Heating

	Current	Applicant Proposed	Applicant Increase	Staff Proposed	Staff Increase
	$	$	%	$	%
Customer Charge:	4.50	$10.00	122.0%	$5.71	26.9%
Energy Charge:					
Summer					
First 1000 kWh	0.023426	0.022115	(5.6%)	0.028073	19.8 %
Additional kWh	0.027749	0.026196	(5.6%)	0.033254	19.8 %
Excess of 150 * Demand	0.027749	0.026196	(5.6%)	0.033254	19.8 %
Winter					
First 1000 kWh	0.023426	0.022115	(5.6%)	0.028073	19.8 %
Additional kWh	0.012939	0.012215	(5.6%)	0.015506	19.8 %
Excess of 150 * Demand	0.008723	0.008235	(5.6%)	0.010453	19.8 %

LEVEL of DEMAND (kW)	LEVEL of USE (kWh)	Current Bill ($)	Applicant Proposed Bill ($)	Staff Proposed Bill ($)	Dollar Increase Applicant ($)	Dollar Increase Staff ($)	Percent Increase Applicant (%)	Percent Increase Staff (%)
Summer								
NA	1000	104.41	108.61	110.26	4.20	5.85	4.0	5.6
NA	1500	161.91	165.33	170.55	3.42	8.64	2.1	5.3
NA	2000	219.41	222.05	230.84	2.64	11.43	1.2	5.2
NA	3000	334.40	335.49	351.40	1.09	17.00	0.3	5.1
Winter								
NA	1000	104.41	108.6	110.26	4.19	5.85	4.0	5.6
NA	2000	167.68	171.15	176.10	3.47	8.42	2.1	5.0
NA	3000	230.94	233.68	241.92	2.74	10.98	1.2	4.8
NA	6000	376.54	377.83	392.72	1.29	16.17	0.3	4.3

DUKE ENERGY OHIO, INC
CASE NOS. 08-709-EL-AIR, et. al.
TYPICAL BILL COMPARISON

Schedule E-5
Page 3 of 8

Rate TD – Optional Time-Of-Day Residential Service with Electric Space Heating

	Current	Applicant Proposed	Applicant Increase	Staff Proposed	Staff Increase
	$	$	%	$	%
Customer Charge:	13.00	$18.50	42.3%	$16.00	23.0%
Energy Charge:					
Summer					
On Peak kWh	0.037141	0.035777	(3.7%)	0.044528	19.9%
Off Peak kWh	0.006479	0.006241	(3.7%)	0.007768	19.9%
Winter					
On Peak kWh	0.029514	0.028430	(3.7%)	0.035384	19.9%
Off Peak kWh	0.006474	0.006236	(3.7%)	0.007762	19.9%

Rate TD - Residential Service

Level Off-Peak Use (kW)	Level On-Peak Use (kWh)	Current Bill ($)	Applicant Proposed Bill ($)	Staff Proposed Bill ($)	Dollar Increase Applicant ($)	Dollar Increase Staff ($)	Percent Increase Applicant (%)	Percent Increase Staff (%)
Summer								
1,000	400	133.43	138.13	140.67	4.70	7.24	3.5	5.4
1,500	500	175.26	179.72	183.88	4.46	8.62	2.5	4.9
1,460	540	180.74	185.15	189.61	4.41	8.87	2.4	4.9
2,500	500	222.21	226.43	232.12	4.22	9.91	1.9	4.5
2,700	600	249.96	254.01	260.88	4.05	10.92	1.6	4.4
2,700	700	268.34	272.24	279.99	3.90	11.65	1.5	4.3
2,800	700	273.04	276.91	284.82	3.87	11.78	1.4	4.3
3,700	800	333.65	337.18	347.33	3.53	13.68	1.1	4.1
4,500	1,000	407.95	411.01	424.14	3.06	16.19	0.8	4.0
Winter								
1,000	400	119.74	124.57	126.37	4.83	6.63	4.0	5.5
1,500	500	158.18	162.77	166.04	4.59	7.86	2.9	5.0
1,460	540	162.27	166.84	170.32	4.57	8.05	2.8	5.0
2,500	500	205.13	209.49	214.28	4.36	9.15	2.1	4.5
2,700	600	229.46	233.67	239.46	4.21	10.00	1.8	4.4
2,700	700	244.41	248.51	255.00	4.10	10.59	1.7	4.3
2,800	700	249.11	253.18	259.82	4.07	10.71	1.6	4.3
3,700	800	306.30	310.05	318.77	3.75	12.47	1.2	4.1
4,500	1,000	373.76	377.12	388.43	3.36	14.67	0.9	3.9

DUKE ENERGY OHIO, INC
CASE NOS. 08-709-EL-AIR, et. al.
TYPICAL BILL COMPARISON

Rate DS – Service at Distribution Secondary

	Current $	Applicant Proposed $	Applicant Increase %	Staff Proposed $	Staff Increase %
Customer Charge:					
Single Phase	7.50	20.00	167.0%	12.00	60.0%
Single/Three Phase	15.00	40.00	167.0	24.00	60.0
Demand Charge:					
All kilowatts	3.7908/kW	5.2145/kW	37.5 %	5.1600/kW	36.1%

LEVEL of Demand (kW)	LEVEL of Use (kWh)	Current Bill ($)	Applicant Proposed Bill ($)	Staff Proposed Bill ($)	Dollar Increase Applicant ($)	Dollar Increase Staff ($)	Percent Increase Applicant (%)	Percent Increase Staff (%)
30	6000	743.52	811.24	793.70	67.72	50.18	9.1	6.7
30	9000	881.63	949.35	931.81	67.72	50.18	7.7	5.7
30	12000	980.78	1,048.50	1,030.96	67.72	50.18	6.9	5.1
50	10000	1,229.22	1,325.41	1,306.85	96.19	77.63	7.8	6.3
50	15000	1,459.39	1,555.59	1,537.02	96.20	77.63	6.6	5.3
50	20000	1,624.65	1,720.85	1,702.28	96.20	77.63	5.9	4.8
75	15000	1,836.32	1,968.11	1,948.27	131.79	111.95	7.2	6.1
75	20000	2,066.49	2,198.27	2,178.44	131.78	111.95	6.4	5.4
75	30000	2,429.47	2,561.24	2,541.42	131.77	111.95	5.4	4.6
100	20000	2,443.43	2,610.80	2,589.69	167.37	146.26	6.8	6.0
100	30000	2,903.77	3,071.14	3,050.03	167.37	146.26	5.8	5.0
100	40000	3,234.29	3,401.66	3,380.55	167.37	146.26	5.2	4.5
300	60000	7,300.29	7,752.40	7,721.07	452.11	420.78	6.2	5.8
300	90000	8,681.31	9,133.42	9,102.09	452.11	420.78	5.2	4.8
300	120000	9,672.87	10,124.98	10,093.65	452.11	420.78	4.7	4.4
500	100000	12,157.15	12,894.00	12,852.45	736.85	695.30	6.1	5.7
500	200000	16,111.45	16,848.30	16,806.75	736.85	695.30	4.6	4.3
500	300000	19,416.65	20,153.50	20,111.95	736.85	695.30	3.8	3.6

DUKE ENERGY OHIO, INC
CASE NOS. 08-709-EL-AIR, et. al.
TYPICAL BILL COMPARISON

Schedule E-5
Page 5 of 8

Rate EH – Optional Rate for Electric Space Heating

	Current	Applicant Proposed	Applicant Increase	Staff Proposed	Staff Increase
	$	$	%	$	%
Customer Charge:					
Single Phase	7.50	20.00	167.0%	12.00	60.0%
Three Phase	15.00	40.00	167.0	24.00	60.0
Primary	150.00	200.00	33.0	200.00	33.0
Energy Charge:					
All kilowatt-hours	0.011356	0.016465	45.0%	0.015999	40.9%

LEVEL of Demand	LEVEL of Use	Current Bill	Applicant Proposed Bill	Staff Proposed Bill	Dollar Increase Applicant	Dollar Increase Staff	Percent Increase Applicant	Percent Increase Staff
(kW)	(kWh)	($)	($)	($)	($)	($)	(%)	(%)
Winter								
NA	9400	677.74	750.76	730.38	73.02	52.64	10.8	7.8
NA	23600	1,678.87	1,824.44	1,797.45	145.57	118.58	8.7	7.1
NA	37800	2,680.02	2,898.14	2,864.52	218.12	184.50	8.1	6.9

DUKE ENERGY OHIO, INC
CASE NOS. 08-709-EL-AIR, et. al.
TYPICAL BILL COMPARISON

Schedule E-5
Page 6 of 8

Rate DM – Secondary Distribution- Small

	Current	Applicant Proposed	Applicant Increase	Staff Proposed	Staff Increase
	$	$	%	$	%
Customer Charge:					
Single Phase	7.50	7.50	0.0%	8.00	6.7 %
Three Phase	15.00	15.00	0.0	16.00	6.7
Energy Charge:					
Summer					
First 2,800 kWh	0.035471	0.030185	(14.9%)	0.039372	11.0%
Next 3.200 kWh	0.002951	0.002511	(14.9%)	0.003275	11.0%
Additional kWh	0.001252	0.001065	(14.9%)	0.001389	11.0%
Winter					
First 2,800 kWh	0.025462	0.021668	(14.9%)	0.027328	11.0%
Next 3.200 kWh	0.002951	0.002511	(14.9%)	0.003275	11.0%
Additional kWh	0.001252	0.001065	(14.9%)	0.001389	11.0%

LEVEL of Demand	LEVEL of Use	Current Bill	Applicant Proposed Bill	Staff Proposed Bill	Dollar Increase Applicant	Dollar Increase Staff	Percent Increase Applicant	Percent Increase Staff
(kW)	(kWh)	($)	($)	($)	($)	($)	(%)	(%)
Summer								
1	72	17.42	17.05	18.20	(0.37)	0.78	(2.12)	4.5
1	144	27.37	26.6	28.43	(0.77)	1.06	(2.81)	3.9
1	288	47.22	45.69	48.84	(1.53)	1.62	(3.24)	3.4
5	360	57.15	55.25	59.05	(1.90)	1.90	(3.32)	3.3
5	720	106.80	102.99	110.11	(3.81)	3.31	(3.57)	3.1
5	1,440	206.10	198.49	212.22	(7.61)	6.12	(3.69)	3.0
10	720	106.80	102.99	110.11	(3.81)	3.31	(3.57)	3.1
10	1,440	206.10	198.49	212.22	(7.61)	6.12	(3.69)	3.0
10	2,880	397.21	382.37	408.65	(14.84)	11.44	(3.74)	2.9
15	1,080	156.46	150.75	161.17	(5.71)	4.71	(3.65)	3.0
15	2,160	305.40	293.98	314.32	(11.42)	8.92	(3.74)	2.9
15	4,320	460.94	445.47	472.85	(15.47)	11.91	(3.36)	2.6
15	6,480	550.49	534.20	563.02	(16.29)	12.53	(2.96)	2.3
Winter								
1	72	15.49	15.23	16.13	(0.26)	0.64	(1.68)	4.1
1	144	23.50	22.95	24.27	(0.55)	0.77	(2.34)	3.3
1	288	39.49	38.4	40.53	(1.09)	1.04	(2.76)	2.6
5	360	47.50	46.13	48.67	(1.37)	1.17	(2.88)	2.5
5	720	87.48	84.76	89.33	(2.72)	1.85	(3.11)	2.1
5	1,440	167.49	162.02	170.67	(5.47)	3.18	(3.27)	1.9
10	720	87.48	84.76	89.33	(2.72)	1.85	(3.11)	2.1
10	1,440	167.49	162.02	170.67	(5.47)	3.18	(3.27)	1.9
10	2,880	322.12	311.46	327.87	(10.66)	5.75	(3.31)	1.8
15	1,080	127.50	123.4	130.01	(4.10)	2.51	(3.22)	2.0
15	2,160	247.47	239.28	252.00	(8.19)	4.53	(3.31)	1.8
15	4,320	385.85	374.57	392.07	(11.28)	6.22	(2.92)	1.6
15	6,480	475.20	463.09	482.04	(12.11)	6.84	(2.55)	1.4

DUKE ENERGY OHIO, INC
CASE NOS. 08-709-EL-AIR, et. al.
TYPICAL BILL COMPARISON

Rate DP – Service at Primary Distribution Voltage

	Current	Applicant		Staff	
	Current $	Proposed $	Increase %	Proposed $	Increase %
Customer Charge:					
Pri Voltage Service	150.00	200.00	33.3%	200.00	33.3%
Demand Charge:					
All kilowatts	2.937/kW	5.6495/kW	92.3%	4.8828/kW	66.2%

LEVEL of Demand (kW)	LEVEL of Use (kWh)	Current Bill ($)	Applicant Proposed Bill ($)	Staff Proposed Bill ($)	Dollar Increase Applicant ($)	Dollar Increase Staff ($)	Percent Increase Applicant (%)	Percent Increase Staff (%)
100	14,400	2,204.10	2,525.35	2,448.69	321.25	244.59	14.58	11.1
100	28,800	2,877.44	3,198.69	3,122.03	321.25	244.59	11.16	8.5
100	43,200	3,390.58	3,711.83	3,635.17	321.25	244.59	9.47	7.2
200	28,800	4,258.19	4,850.69	4,697.37	592.50	439.18	13.91	10.3
200	57,600	5,604.87	6,197.37	6,044.05	592.50	439.18	10.57	7.8
200	86,400	6,631.15	7,223.65	7,070.33	592.50	439.18	8.94	6.6
300	43,200	6,312.28	7,176.04	6,946.04	863.76	633.76	13.68	10.0
300	86,400	8,332.32	9,196.07	8,966.08	863.75	633.76	10.37	7.6
300	129,600	9,871.72	10,735.47	10,505.48	863.75	633.76	8.75	6.4
500	72,000	10,420.47	11,826.72	11,443.41	1406.25	1,022.94	13.50	9.8
500	144,000	13,787.19	15,193.44	14,810.13	1406.25	1,022.94	10.20	7.4
500	216,000	16,352.87	17,759.12	17,375.81	1406.25	1,022.94	8.60	6.3
800	115,200	16,582.75	18,802.75	18,189.45	2220.00	1,606.70	13.39	9.7
800	230,400	21,969.51	24,189.50	23,576.21	2219.99	1,606.70	10.10	7.3
800	345,600	26,074.58	28,294.59	27,681.28	2220.01	1,606.70	8.51	6.2
1000	144,000	20,690.94	23,453.44	22,686.82	2762.50	1,995.88	13.35	9.6
1000	288,000	27,424.38	30,186.88	29,420.26	2762.50	1,995.88	10.07	7.3
1000	432,000	32,555.74	35,318.23	34,551.62	2762.49	1,995.88	8.49	6.1
1500	216,000	30,057.71	34,176.46	33,026.53	4118.75	2,968.82	13.70	9.9
1500	432,000	40,157.87	44,276.62	43,126.69	4118.75	2,968.82	10.26	7.4
1500	648,000	47,854.90	51,973.66	50,823.72	4118.76	2,968.82	8.61	6.2
3000	432,000	58,158.02	66,345.52	64,045.66	8187.50	5,887.64	14.08	10.1
3000	864,000	78,358.34	86,545.84	84,245.98	8187.50	5,887.64	10.45	7.5
3000	1,296,000	93,752.41	101,939.91	99,640.05	8187.50	5,887.64	8.73	6.3

DUKE ENERGY OHIO, INC
CASE NOS. 08-709-EL-AIR, et. al.
TYPICAL BILL COMPARISON

Schedule E-5
Page 8 of 8

Rate TS – Service at Transmission Voltage

	Current $	Applicant Proposed $	Applicant Increase %	Staff Proposed $	Staff Increase %
Customer Charge:	150.00	200.00	33.3%	200.00	33.3%
Demand Charge:					
All kilowatts	0.196/kVa	0.000/kVa	(100.0%)	0.000/kVa	(100.0%)

LEVEL of Demand (kW)	LEVEL of Use (kWh)	Current Bill ($)	Applicant Proposed Bill ($)	Staff Proposed Bill ($)	Dollar Increase Applicant ($)	Dollar Increase Staff ($)	Percent Increase Applicant (%)	Percent Increase Staff (%)
1,000	200,000	20,055	19,909	19,909	(146.00)	(146.00)	(0.7)	(0.7)
1,000	400,000	26,746	26,600	26,600	(146.00)	(146.00)	(0.5)	(0.5)
2,500	500,000	49,911	49,471	49,471	(440.00)	(440.00)	(0.9)	(0.9)
2,500	1,000,000	66,640	66,200	66,200	(440.00)	(440.00)	(0.7)	(0.7)
5,000	1,000,000	99,673	98,743	98,743	(930.00)	(930.00)	(0.9)	(0.9)
5,000	2,000,000	133,130	132,200	132,200	(930.00)	(930.00)	(0.7)	(0.7)
10,000	2,000,000	199,195	197,285	197,285	(1,910.00)	(1,910.00)	(1.0)	(1.0)
10,000	4,000,000	266,110	264,200	264,200	(1,910.00)	(1,910.00)	(0.7)	(0.7)
10,000	6,000,000	329,966	328,056	328,056	(1,910.00)	(1,910.00)	(0.6)	(0.6)
20,000	4,000,000	398,240	394,370	394,370	(3,870.00)	(3,870.00)	(1.0)	(1.0)
20,000	8,000,000	532,070	528,200	528,200	(3,870.00)	(3,870.00)	(0.7)	(0.7)
20,000	12,000,000	659,782	655,912	655,912	(3,870.00)	(3,870.00)	(0.6)	(0.6)
40,000	16,000,000	1,063,990	1,056,200	1,056,200	(7,790.00)	(7,790.00)	(0.7)	(0.7)
40,000	24,000,000	1,319,414	1,311,624	1,311,624	(7,790.00)	(7,790.00)	(0.6)	(0.6)
80,000	32,000,000	2,041,472	2,025,842	2,025,842	(15,630.00)	(15,630.00)	(0.8)	(0.8)
80,000	48,000,000	2,552,320	2,536,690	2,536,690	(15,630.00)	(15,630.00)	(0.6)	(0.6)
160,000	64,000,000	3,938,864	3,907,554	3,907,554	(31,310.00)	(31,310.00)	(0.8)	(0.8)
160,000	96,000,000	4,960,560	4,929,250	4,929,250	(31,310.00)	(31,310.00)	(0.6)	(0.6)

EXHIBIT 4

FILE

Duke Energy®

130

Duke Energy Corporation
139 East Fourth Street
P.O. Box 960
Cincinnati, Ohio 45201-0960

RECEIVED-DOCKETING DIV

2009 JUL 10 AM 10: 48

PUCO

July 10, 2009

The Public Utilities Commission of Ohio
Attention: Docketing Division
180 East Broad Street
13th Floor
Columbus, OH 43215-3793

RE: In the Matter of the Application of Duke Energy Ohio, Inc. for an Increase in Electric Distribution Rates	)))	Case No. 08-709-EL-AIR

Docketing Division:

Enclosed for filing in compliance with the Commission's Order dated July 8, 2009 in the above referenced cases are four (4) sets of revised tariffs. Also enclosed are copies of the updated Index.

One copy of the enclosed tariff is for filing with TRF Docket Number 89-6002-EL-TRF.

Please time-stamp the enclosed extra copy and return for our file. Thank you.

Very truly yours,

Donald L. Storck

Donald L. Storck
Director, Rate Services

Enclosures

INDEX TO APPLICABLE ELECTRIC TARIFF SCHEDULES AND COMMUNITIES SERVED

Filed pursuant to an Order dated July 8, 2009 in Case No. 08-709-EL-AIR before the Public Utilities Commission of Ohio.

INDEX TO APPLICABLE ELECTRIC TARIFF SCHEDULES AND COMMUNITIES SERVED

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INDEX TO APPLICABLE ELECTRIC TARIFF SCHEDULES AND COMMUNITIES SERVED

INDEX TO APPLICABLE ELECTRIC TARIFF SCHEDULES AND COMMUNITIES SERVED

Division and Town Names Division No. 1 (Cincinnati)	Town No.
Addyston	17
Amberley Village	33
Arlington Heights	03
Blue Ash	30
Cheviot	04
Cincinnati	01
Clermont County	96
Cleves	18
Columbia Township	55
Deer Park	05
Delhi Township	70
Elmwood Place	06
Evendale	40
Fairfax	41
Forest Park	20
Glendale	07
Golf Manor	38
Green Township	71
Greenhills	36
Hamilton County	91
Indian Hill	34
Lincoln Heights	37
Lockland	08
Madeira	21
Mariemont	09
Montgomery	24
Mt. Healthy	10
Newtown	42
North Bend	26
North College Hill	11
Norwood	02
Reading	12
St. Bernard	13
Sharonville	14
Silverton	15
Springdale	19
Springfield Township	73
Sycamore Township	74
Woodlawn	35
Wyoming	16
Division No. 2 (Middletown)	
Butler County	97
Carlisle	54
Franklin	43
Jacksonburg	46
Mason	06

Division No. 2 (Middletown) (Contd.)	Town No.
Preble County	93
Springboro	45
Trenton	52
Warren County	92
West Elkon	47
Division No. 3 (Batavia)	
Amelia	89
Batavia	78
Brown County	98
Chilo	90
Clermont County	96
Clinton County	95
Columbia Township	55
Fayetteville	84
Felicity	75
Hamilton County	91
Higginsport	79
Highland County	99
Midland	85
Milford (Clermont County)	69
Milford (Hamilton County)	68
Moscow	72
Mt. Orab	76
Neville	83
New Richmond	74
Newtonsville	81
Owensville	82
Russellville	77
St. Martin	88
Terrace Park	70
Warren County	92
Williamsburg	73
Division No. 4 (Oxford)	
Butler County	97
College Corner (Butler Co.)	65
College Corner (Preble Co.)	66
Oxford	60
Preble County	93
Division No. 5 (Fairfield)	
Butler County	97
Fairfield	09
Hamilton	03
Hamilton County	91
Millville	08
New Miami	01
Seven Mile	02

Filed pursuant to an Order dated July 8, 2009 in Case No. 08-709-EL-AIR before the Public Utilities Commission of Ohio.

INDEX TO APPLICABLE ELECTRIC TARIFF SCHEDULES AND COMMUNITIES SERVED

Division and Town Names	Town No.
Division No. 6 (Harrison)	
Middletown....................................	42
Monroe...	40
Montgomery County.........................	94
Hamilton County.............................	91
Harrison.......................................	01
Division No. 7 (Loveland)	
Butlerville......................................	04
Clermont County............................	96
Clinton County...............................	95
Hamilton County............................	91
Loveland (Clermont County).............	11
Loveland (Hamilton County).............	09
Loveland (Warren County)...............	10
Maineville......................................	08
Mason..	06
Morrow...	07
Pleasant Plain...............................	03
South Lebanon..............................	05
Warren County...............................	92

ELECTRIC SERVICE REGULATIONS

SECTION I - SERVICE AGREEMENTS

1. **Application for Service.**

When a customer desires electric service, application shall be made to the Company, specifying the date service is desired and the place where service is to be furnished. An oral application may be accepted by the Company, although a written application or agreement may be required at the option of the Company at the time of application or at any later time.

When a customer requests to be enrolled in the Customer Choice program he or she shall do so in accordance with the guidelines established in Section III, Customer Choice Enrollment and Participation Guidelines.

2. **Customer's Right to Cancel or Suspend Service.**

A customer may terminate electric service by giving the Company reasonable notice, but not less than three (3) business days prior to termination. The Company will accept such notice as a cancellation of service, except as may be provided in a signed service agreement, rate schedules, or elsewhere in these ELECTRIC SERVICE REGULATIONS.

3. **Company's Right to Refuse or to Disconnect Service**

The Company, in addition to all other legal remedies, may terminate the service agreement and refuse or discontinue service to an applicant, consumer or customer, for any of the following reasons:

(a) Upon the request of the customer for temporary disconnection of service for maintenance or other reasons. A residential customer residing in a single family home should contact the Company approximately four (4) hours in advance of the time of requested disconnection. All other residential and non-residential customers shall contact the Company at least three (3) business days in advance of date of the requested disconnections. Note: If any rewiring or change in electric service is being done during the disconnection period, other Company requirements must be met before electric service will be reconnected;

(b) When the customer has moved from the premises, neglected to request disconnection of service, and an investigation by the Company indicates that service is no longer required;

(c) When continued service would jeopardize the life or property of the customer, the Company, or the public, service may be disconnected without notice to the customer;

(d) When supplying electricity to any consumer or customer creates a dangerous condition on the consumer's or customer's premises or where, because of conditions beyond the consumer's or customer's premises, termination of the supply of electricity is reasonably necessary. Service will not be restored until such dangerous condition or conditions have been corrected;

SECTION I - SERVICE AGREEMENTS (Contd.)

(e) When providing service is in conflict or incompatible with any laws, regulations or orders of the Public Utilities Commission of Ohio, the State of Ohio or any political subdivision thereof, or of the Federal Government or any of its agencies;

(f) When a customer or applicant refuses to provide reasonable access to the premises or ignores repeated requests for access pursuant to Rule 4901:1-18-02 (G) of the Ohio Administrative Code.

(g) When in the sole opinion of the Company, the customer's equipment interferes with the electric service provided to other customers;

(h) For any violation of or refusal to comply with these ELECTRIC SERVICE REGULATIONS as filed with the Public Utilities Commission of Ohio;

(i) For any violation of or refusal to comply with the requirements as outlined in the Company's publications relating to electric service as set forth in Section II, Paragraph 9, Service Voltages and Regulations;

(j) For any violation of or refusal to comply with requirements contained in special agreements or contracts between the customer and the Company;

(k) Nonpayment of bills when due, for non-residential customers only, pursuant to Rule 4901:1-10-17 of the Ohio Administrative Code.

For the disconnection of service to residential customers for nonpayment of bills, the Company will follow the procedures as set forth in Section VII Paragraph 1, Disconnection for Nonpayment: Residential Customers, of these ELECTRIC SERVICE REGULATIONS; and

(l) In the event the consumer or customer resorts to theft or any fraudulent representation or practice in the obtaining of electric supplied, or is the beneficiary of any such fraudulent representation or practice, or the meter, metering equipment or other property used to supply the service has been damaged or tampered with by the consumer or customer, his servants or agents.

Service will not be restored until the consumer or customer has given satisfactory assurance that such fraudulent or damaging practice will be discontinued, and has paid to the Company an amount estimated by the Company to be reasonable compensation for service fraudulently obtained and not paid for and for any damage to property of the Company including any cost to repair the damage.

Failure of the Company to exercise any of its rights for the above reasons does not affect its right to resort thereafter to any such remedies for the same or any future default or breach by the customer. Refusal of or disconnection of service is not an exclusive remedy. The Company may exercise any other appropriate remedy provided.by law including civil suit and/or criminal prosecution.

SECTION I - SERVICE AGREEMENTS (Contd.)

4. **Change of Address of the Customer**

When the customer's address changes, the customer must give notice thereof to the Company prior to the date of change. The customer is responsible for all service supplied to the vacated premises until such notice has been received and the Company has had reasonable time, but not less than three (3) business days, to discontinue service.

If the customer moves to an address at which the customer requires electric service for any purpose specified in the service agreement, and at which address the Company has such service available under the same rate schedule, the notice is considered as the customer's request that the Company transfer such service to the new address. If the Company does not have such service available at the new address, the old service agreement is considered cancelled. If the Company does have service available at the new address to which a different rate schedule applies, a new service agreement, including the applicable rate schedule, is offered to the customer. The Company shall transfer service within a reasonable time after receipt of notice.

5. **Successors and Assigns**

The benefits and obligations of the application for service shall inure to and be binding upon the successors and assigns, survivors and executors or administrators, as the case may be, of the original parties thereto, for the full term thereof, to the extent permitted by applicable law, provided that no assignment hereof shall be made by the customer without first obtaining the Company's written consent.

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

SECTION IV - CUSTOMER'S AND COMPANY'S INSTALLATIONS

1. Nature and Use of Installation

All electric service entrance wiring and equipment furnished and installed by the customer for the purpose of connecting the premises with the Company's service, shall be suitable for the purposes thereof and shall be installed, owned and maintained by the customer at all times in conformity with the National Electrical Code, any other codes and regulations in effect in the area served and the standards contained in the latest revision of the Company's booklet entitled "Information & Requirements for Electric Service," copies of which are available at the Company's offices.

2. Installation of Meters

Electricity will be measured by a meter or meters to be owned and installed by the Company in the customer's meter base at a location approved by the Company. The Company will install upon the customer's premises one meter or one unified set of meters for each standard service connection. Meters for new single-family residences are to be located outside the residence.

3. Installation and Maintenance

Except as otherwise provided in these ELECTRIC SERVICE REGULATIONS, in service agreements or rate schedules, the Company will install and maintain its lines and equipment on its side of the point of delivery, but shall not be required to install or maintain any lines or equipment, except Company owned meters and metering equipment, on the customer's side of the point of delivery without cost to the customer. Only the Company's agents are authorized to connect the Company's service to the customer's service.

All meters and equipment furnished by and at the expense of the Company, which may at any time be on said premises, shall, unless otherwise expressly provided herein, be and remain the property of the Company, and the customer shall protect such property from loss or damage. No one except an agent of the Company shall be permitted to remove or handle same.

Subject to the rules, conditions and riders covering the installation of service connections and extensions, the Company will make one standard service connection to the customer's installation. If three phase service is required and an additional connection is necessary, both will be considered as one service connection.

The rates for each class of service provided for in the rate schedules contemplate the furnishing of service to one location or premises through one standard service connection. Where the customer is receiving service through more than one standard metering installation, the Company will calculate and render a separate bill for service furnished through each metering installation. If the Company elects to provide more than one standard service connection, the Company may, at its option, combine these connections and calculate and render one bill.

Filed pursuant to an Order dated July 8, 2009 in Case No. 08-709-EL-AIR before the Public Utilities Commission of Ohio.

Issued: July 10, 2009 Effective: July 13, 2009

Issued by Julie Janson, President

SECTION IV - CUSTOMER'S AND COMPANY'S INSTALLATIONS (Contd.)

When a customer or private party requests the Company to relocate the Company's facilities or a customer's service entrance wiring, such requesting party shall pay all expenses related to such relocation.

When the Company relocates its facilities or a customer's service entrance wiring at the request of a governmental entity (or Administrating Agency) and if the relocation was related to a project financed through transportation improvement district funding, joint economic development district funding, tax increment funding, or similar quasi-public funding, then the governmental entity (or Administrating Agency) shall pay for the cost of relocating Company's facilities in direct proportion to the contributions received from the other funding sources.

The Company shall not be required to construct general distribution lines underground unless the cost of such special construction for general distribution lines and/or the cost of any change of existing overhead general distribution lines to underground which is required or specified by a municipality or other public authority (to the extent that such cost exceeds the cost of construction of the Company's standard facilities) shall be paid for by that municipality or public authority.

4. Special Power Apparatus

In the case of hoists, elevators, welding machines or other installations, where the use of electricity is intermittent or subject to violent fluctuations, the Company reserves the right to use the input rating or the metered instantaneous demand of such equipment under maximum operating conditions for billing purposes, or to require the customer to provide at his own expense, suitable equipment to reasonably limit such intermittence or fluctuation that may affect the service provided to other customers.

5. Changes in Installations

As the Company's service drops, transformers, meters and other facilities used in supplying service to the customer have limited capacity, the customer should give notice to the Company, and obtain the Company's consent, before making any material changes or increases in the customer's installation. After receipt of such notice, the Company will give its written approval of the proposed change or increase, or it will inform the customer of the prerequisites to receipt of service for such change or increase. Any change affecting an estimated billing demand shall be reviewed by the Company's representative and shall become effective from the succeeding meter reading.

The customer shall be solely responsible for all damages sustained by the Company or any person due to the customer's failure to give reasonable advance notice to the Company of such change in the customer's installation.

SECTION VI - BILLING AND PAYMENT

1. Billing Periods - Time and Place for Payment of Bills

Bills ordinarily are rendered at monthly intervals. Non-receipt of bills by the customer does not release or diminish the obligation of the customer with respect to payment thereof.

The word "month" as it pertains to the supply of service shall mean the period of approximately thirty (30) days between meter readings, as fixed and made by the Company. Meters are ordinarily read monthly, however, meters may be read more or less frequently in such instances as, when special readings are required, at the customer's request, or when the Company has been unable to obtain readings. If the Company has been unable to obtain a meter reading for a period of twelve (12) consecutive months, the Company may, at its option, refuse or disconnect service to the premises in accordance with Section I Paragraph 3, Company's Right to Refuse or Disconnect Service, of these ELECTRIC SERVICE REGULATIONS. The Company shall have the right to establish billing districts for the purpose of reading meters and rendering bills to customers at various dates. A change or revision of any rate schedule shall be applicable to all bills on which the final monthly meter reading was taken on or after the effective date of such change or revision, except as otherwise ordered by the Public Utilities Commission of Ohio.

Where the Company is unable to obtain a meter reading, estimated bills, so identified, will be rendered for an estimated amount to permit normal monthly payment, such payments to be credited to the next bill rendered.

When the Company is requested by the customer to terminate service, or when the Company discovers a customer has terminated service by moving from the premises served, or when the Company disconnects service due to nonpayment of the account or for other reasons, the Company will render a final bill addressed to the customer's forwarding address, if known, or to the last known address, for the entire balance of the account, including a bill calculation from the last read date, pursuant to Rule 4901:1-10-05 (1) of the Ohio Administrative Code, with special meter readings taken for combination gas and electric and gas only accounts and identified estimated meter readings being used for non-heating electric only accounts. Unpaid balances of previously rendered final bills may be transferred to the new account and included on initial or subsequent bills.

When the customer begins use of service, an initial bill is normally rendered for the period from the initial date of service to the first regular meter reading date for the billing district in which the premises is located, this period normally being less than one month, except that the bill is suspended if the period is less than eight (8) days.

All of the Company's rate schedules are established on a monthly basis which would include monthly billing periods in accordance with the Company's meter reading schedule. A normal meter reading period consists of the number of days between scheduled reads, that is, between twenty-seven (27) and thirty-five (35) days, plus or minus three (3) working days. Where billing amounts reflects a period of more than one (1) month, those amounts shall be prorated based on the normal scheduled meter reading dates and divided into increments of one (1) month or less. If the increments represents less than one (1) month, the appropriate billing components will be billed as a prorated portion of the period defined by the normal scheduled meter reading dates.

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

SECTION VI - BILLING AND PAYMENT (Contd.)

Bills are due on the date indicated thereon as being the last day for payment of the net amount, and the due date shall not be less than twenty-one (21) days after the mailing of the bill. Bills are payable only at the Company's offices or authorized agencies for collection. If a partial payment is made, the amount will be applied to items of indebtedness in the same order as they have accrued, starting with regulated charges followed by non-regulated charges, pursuant to Rule 4901:1-10-33 (H) of the Ohio Administrative Code.

2. **Selection of Rate Schedule**

When a prospective customer makes application for service, the Company will, upon request, assist in the selection of the Rate Schedule most favorable to customer for the service requested. The selection will be based on the prospective customer's statement as to the class of service desired, the amount and manner of use, and any other pertinent information.

A customer being billed under one of two or more optional rate schedules applicable to the customer's class of service may elect to be billed on any other applicable rate schedule by notifying the Company in writing, and the Company will bill the customer under such elected schedule from and after the date of the next meter reading. However, a customer having made such a change of rate schedule may not make another such change within the next twelve months, or as otherwise provided elsewhere in the applicable rate schedules.

3. **Temporary Discontinuance of Service**

If any residential customer notifies the Company in writing to discontinue service, the Company will make no minimum charge for any full meter reading period during the period of discontinuance; provided however, that the Company may charge and collect a fee in accordance with paragraph B of Sheet No. 92 prior to reconnecting a service which was discontinued at the customer's request within the preceding twelve months.

4. **Availability of Budget Billing**

The Company has available to its customers a "Budget Billing Plan" which minimizes billing amount fluctuations over a twelve month period. The Company may exercise discretion, as permitted by Rule 4901:1-18-4 (C) of the Ohio Administrative Code, to restrict the availability of such a plan to customers who:

(a) Have no arrearages (other than amounts already incorporated in a previously agreed upon extended payment plan); and

(b) Are not in default on a previously agreed upon extended payment plan.

SECTION VI - BILLING AND PAYMENT (Contd.)

5. **Bill Adjustment**

Overcharges will be refunded to the customer for the entire period of inaccurate billing if that period is discernible. If the period of inaccurate billing is not discernible, the shortest period encompassing the elapsed time since the customer's "on" date, the installation date of the inaccurate meter, or 365 days will form the basis for determining the refund amount.

Undercharges may be billed and the customer shall pay the charges for the entire period of inaccurate billing when that period is discernible, except undercharges billed to residential customers shall be limited to a maximum of 365 days prior to the date the billing is corrected. There will be no maximum limit of time for cases involving tampering or theft of utility service, or where a physical act of a customer or its agent causes inaccurate or no recording of the meter reading, or inaccurate or no measurement of the electricity rendered.

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

RATE RS

RESIDENTIAL SERVICE

APPLICABILITY

Applicable to electric service other than three phase service, for all domestic purposes in private residences and single occupancy apartments and separately metered common use areas of multi-occupancy buildings in the entire territory of the Company where distribution lines are adjacent to the premises to be served.

Residences where not more than two rooms are used for rental purposes will also be included. Where all dwelling units in a multi-occupancy building are served through one meter and the common use area is metered separately, the kilowatt-hour rate will be applied on a "per residence" or "per apartment" basis, however, the customer charge will be based on the number of installed meters.

Where a portion of a residential service is used for purposes of a commercial or public character, the applicable general service rate is applicable to all service. However, if the wiring is so arranged that the service for residential purposes can be metered separately, this Rate will be applied to the residential service, if the service qualifies hereunder.

For customers taking service under any or all of the provisions of this tariff schedule, this same schedule shall constitute the Company's Standard Service Offer.

TYPE OF SERVICE

Alternating current 60 Hz, single phase at Company's standard secondary voltage.

NET MONTHLY BILL

Computed in accordance with the following charges:

1. Distribution Charges
   (a) Customer Charge $5.50 per month

   (b) Energy Charge $0.022126 per kWh

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

NET MONTHLY BILL (Contd.)

2. Applicable Riders

   The following riders are applicable pursuant to the specific terms contained within each rider:
   Sheet No. 51, Rider PTC-AAC, Annually Adjusted Component Rider
   Sheet No. 53, Rider PTC-FPP, Fuel and Economy Purchased Power Rider
   Sheet No. 54, Rider SRA-CD, Capacity Dedication Rider
   Sheet No. 56, Rider SRA-SRT, System Reliability Tracker
   Sheet No. 57, Rider TCR, Transmission Cost Recovery Rider
   Sheet No. 70, Rider DR, Storm Recovery Rider
   Sheet No. 81, Rider EER, Energy Efficiency Revolving Loan Program Rider
   Sheet No. 83, Rider OET, Ohio Excise Tax Rider
   Sheet No. 84, Rider RTC, Regulatory Transition Charge Rider
   Sheet No. 86, Rider USR, Universal Service Fund Rider
   Sheet No. 104, Rider DR-IM, Infrastructure Modernization Rider
   Sheet No. 105, Rider DR-ECF, Economic Competitiveness Fund Rider
   Sheet No. 106, Rider DR-SAWR, Energy Efficiency Recovery Rate
   Sheet No. 108, Rider UE-ED, Uncollectible Expense – Electric Distribution Rider

3. Price to Compare – Base Generation Charges (PTC-BG)

   The following generation charges are applicable to all customers except those customers who receive their energy from a Certified Supplier:

	JAN. 1, 2009 – DEC. 31, 2009	
	Summer Period	Winter Period
Energy Charge		
First 1,000 kilowatt-hours	\$0.040238 per kWh	\$0.040238 per kWh
Additional kilowatt-hours	\$0.053622 per kWh	\$0.008915 per kWh

	JAN. 1, 2010 – DEC 31, 2010	
	Summer Period	Winter Period
Energy Charge		
First 1,000 kilowatt-hours	\$0.042345 per kWh	\$0.042345 per kWh
Additional kilowatt-hours	\$0.056265 per kWh	\$0.009770 per kWh

	JAN. 1, 2011 – DEC. 31, 2011	
	Summer Period	Winter Period
Energy Charge		
First 1,000 kilowatt-hours	\$0.042345 per kWh	\$0.042345 per kWh
Additional kilowatt-hours	\$0.056265 per kWh	\$0.009770 per kWh

MINIMUM CHARGE

The minimum charge shall be the Customer Charge as stated above.

Filed pursuant to an Order dated July 8, 2009 in Case No. 08-709-EL-AIR before the Public Utilities Commission of Ohio.

AVOIDANCE OF SYSTEM RELIABILITY TRACKER CHARGE

Residential customers receiving generation service through a governmental aggregator will avoid (waive) Rider SRA-SRT if the governmental aggregator notifies the Company at least sixty (60) days prior to the start of the governmental aggregation of its intent to place all Residential End-Use Customers served by the governmental aggregation on the Rider SRA-SRT waiver program and to maintain the governmental aggregation through December 31, 2011. If the aggregated Residential End-Use Customer returns to the ESP-SSO prior to December 31, 2011, such Residential End-Use Customer will be billed a monthly early return premium based on 15% of the applicable generation charges and Riders in addition to the normal charges calculated per the ESP-SSO.

BILLING PERIODS

For purposes of administration of the above charges, the summer period is defined as that period represented by the Company's billing for the four (4) revenue months of June through September. The winter period is defined as that period represented by the Company's billing for the eight (8) revenue months of January through May and October through December.

LATE PAYMENT CHARGE

Payment of the total amount due must be received in the Company's office by the due date shown on the bill. When not so paid, an additional amount equal to one and one-half percent (1.5%) of the unpaid balance is due and payable.

The late payment charge is not applicable to:

- Unpaid account balances of customers enrolled in income payment plans pursuant to Section 4901:1-18-04(B), Ohio Administrative Code; and
- Unpaid account balances for services received from a Certified Supplier.

TERMS AND CONDITIONS

This rate is available upon application in accordance with the Company's Service Regulations.

The supplying and billing for service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to the Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio.

RATE ORH

OPTIONAL RESIDENTIAL SERVICE WITH ELECTRIC SPACE HEATING

APPLICABILITY

Applicable to electric service, other than three phase service, used for all domestic purposes in private residences and single occupancy apartments where permanently connected electric heating equipment is installed and in regular use as the primary source of qualified space heating in the entire territory of the Company where distribution lines are adjacent to the premises to be served. In addition, the customer will be required to pay an amount equal to the current installed cost of demand metering equipment in excess of the current installed cost of standard watt-hour metering equipment. All metering equipment shall remain the property of the Company. The Company shall be responsible for the installation, operation, maintenance, testing, replacement and removal of metering equipment.

This rate is only available as Company demand meters are installed on the customer's premises. Due to the limited availability of metering equipment and Company personnel, a demand meter will be installed as metering equipment and Company personnel are available.

Where a portion of a residential service is used for purposes of a commercial or public character, the applicable general service rate is applicable to all service. However, if the wiring is so arranged that the service for residential purposes can be metered separately, this Rate will be applied to the residential service, if the service qualifies hereunder.

For customers taking service under any or all of the provisions of this tariff schedule, this same schedule shall constitute the Company's Standard Service Offer.

TYPE OF SERVICE

Alternating current 60 Hz, single phase at Company's standard secondary voltage.

NET MONTHLY BILL

Computed in accordance with the following charges:

	Summer Period	Winter Period
1. Distribution Charges		
(a) Customer Charge	$5.50 per month	$5.50 per month
(b) Energy Charge		
First 1,000 kilowatt-hours	$0.025983 per kWh	$0.025983 per kWh
Additional kilowatt-hours	$0.030778 per kWh	$0.014351 per kWh
In excess of 150 times Customer's Monthly Demand	$0.030778 per kWh	$0.009675 per kWh

NET MONTHLY BILL (Contd.)

2. Applicable Riders

   The following riders are applicable pursuant to the specific terms contained within each rider:
   Sheet No. 51, Rider PTC-AAC, Annually Adjusted Component Rider
   Sheet No. 53, Rider PTC-FPP, Fuel and Economy Purchased Power Rider
   Sheet No. 54, Rider SRA-CD, Capacity Dedication Rider
   Sheet No. 56, Rider SRA-SRT, System Reliability Tracker
   Sheet No. 57, Rider TCR, Transmission Cost Recovery Rider
   Sheet No. 70, Rider DR, Storm Recovery Rider
   Sheet No. 81, Rider EER, Energy Efficiency Revolving Loan Program Rider
   Sheet No. 83, Rider OET, Ohio Excise Tax Rider
   Sheet No. 86, Rider USR, Universal Service Fund Rider
   Sheet No. 89, Rider AG, Optional Alternative Generation Rider
   Sheet No. 104, Rider DR-IM, Infrastructure Modernization Rider
   Sheet No. 105, Rider DR-ECF, Economic Competitiveness Fund Rider
   Sheet No. 106, Rider DR-SAWR, Energy Efficiency Recovery Rate
   Sheet No. 108, UE-ED, Uncollectible Expense – Electric Distribution Rider

3. Price to Compare – Base Generation Charges (PTC-BG)

   The following generation charges are applicable to all customers except those customers who receive their energy from a Certified Supplier:

	JAN. 1, 2009 – DEC. 31, 2009	
	Summer Period	Winter Period
Generation Charges		
Energy Charge		
First 1,000 kilowatt-hours	\$0.036637 per kWh	\$0.036635 per kWh
Additional kilowatt-hours	\$0.046109 per kWh	\$0.013606 per kWh
In excess of 150 times Customer's Monthly Demand	\$0.046109 per kWh	\$0.004349 per kWh

	JAN. 1, 2010 – DEC. 31, 2010	
	Summer Period	Winter Period
Generation Charges		
Energy Charge		
First 1,000 kilowatt-hours	\$0.038601 per kWh	\$0.038599 per kWh
Additional kilowatt-hours	\$0.048452 per kWh	\$0.014649 per kWh
In excess of 150 times Customer's Monthly Demand	\$0.048452 per kWh	\$0.005021 per kWh

NET MONTHLY BILL (Contd.)

3. Price to Compare – Base Generation Charges (PTC-BG) (Cont'd.)

	JAN. 1, 2011 – DEC. 31, 2011	
	Summer Period	Winter Period
Generation Charges		
Energy Charge		
First 1,000 kilowatt-hours	$0.038601 per kWh	$0.038599 per kWh
Additional kilowatt-hours	$0.048452 per kWh	$0.014649 per kWh
In excess of 150 times Customer's Monthly Demand	$ 0.048452 per kWh	$0.005021 per kWh

MINIMUM CHARGE

The minimum charge shall be the Customer Charge as stated above.

AVOIDANCE OF SYSTEM RELIABILITY TRACKER CHARGE

Residential customers receiving generation service through a governmental aggregator will avoid (waive) Rider SRA-SRT if the governmental aggregator notifies the Company at least sixty (60) days prior to the start of the governmental aggregation of its intent to place all Residential End-Use Customers served by the governmental aggregation on the Rider SRA-SRT waiver program and to maintain the governmental aggregation through December 31, 2011. If the aggregated Residential End-Use Customer returns to the ESP-SSO prior to December 31, 2011, such Residential End-Use Customer will be billed a monthly early return premium based on 15% of the applicable generation charges and Riders in addition to the normal charges calculated per the ESP-SSO.

BILLING PERIODS

For purposes of administration of the above charges, the summer period is defined as that period represented by the Company's billing for the four (4) revenue months of June through September. The winter period is defined as the period represented by the Company's billing for the eight (8) revenue months of January through May and October through December.

DEMAND

Customer's monthly demand will be the kilowatts as determined from the Company's demand metering equipment for the fifteen (15) minute period of customer's greatest use in each month during the winter period.

Minimum demand shall be ten (10) kilowatts.

QUALIFIED SPACE HEATING

"Qualified" space heating is the heating of residential living quarters primarily through the regular use of permanently connected electric heating equipment, the installation of which meets the Company's specifications.

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

LATE PAYMENT CHARGE

Payment of the total amount due must be received in the Company's office by the due date shown on the bill. When not so paid, an additional amount equal to one and one-half percent (1.5%) of the unpaid balance is due and payable.

The late payment charge is not applicable to:

- Unpaid account balances of customers enrolled in income payment plans pursuant to Section 4901:1-18-04(B), Ohio Administrative Code; and
- Unpaid account balances for services received from a Certified Supplier.

TERMS AND CONDITIONS

This rate is available upon application in accordance with the Company's Service Regulations and the minimum contract period shall be one (1) year terminable thereafter on thirty (30) days written notice by either the customer or the Company.

The supplying and billing for service and all conditions applying thereto are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio.

RATE HEC

HOME ENERGY CHECK-UP SERVICE PROGRAM

THIS TARIFF IS HEREBY CANCELLED AND WITHDRAWN

RATE TD

OPTIONAL TIME-OF-DAY RATE FOR RESIDENTIAL SERVICE

APPLICABILITY

Applicable to electric service other than three phase service for all domestic purposes in private residences and single occupancy apartments in the entire territory of the Company where distribution lines are adjacent to the premises to be served. This rate is available only as Company demand meters with programmable time-of-day registers are installed on the customer's premises.

For customers taking service under any or all of the provisions of this tariff schedule, this same schedule shall constitute the Company's Standard Service Offer.

NET MONTHLY BILL

Computed in accordance with the following charges:

	Summer Period	Winter Period
1. Distribution Charges		
(a) Customer Charge	$16.00 per month	$16.00 per month
(b) Energy Charge		
On Peak kilowatt-hours	$0.041195 per kWh	$0.032735 per kWh
Off Peak kilowatt-hours	$0.007186 per kWh	$0.007181 per kWh

2. Applicable Riders

The following riders are applicable pursuant to the specific terms contained within each rider:
Sheet No. 51, Rider PTC-AAC, Annually Adjusted Component Rider
Sheet No. 53, Rider PTC-FPP, Fuel and Economy Purchased Power Rider
Sheet No. 54, Rider SRA-CD, Capacity Dedication Rider
Sheet No. 56, Rider SRA-SRT, System Reliability Tracker
Sheet No. 57, Rider TCR, Transmission Cost Recovery Rider
Sheet No. 70, Rider DR, Storm Recovery Rider
Sheet No. 81, Rider EER, Energy Efficiency Revolving Loan Program Rider
Sheet No. 83, Rider OET, Ohio Excise Tax Rider
Sheet No. 84, Rider RTC, Regulatory Transition Charge Rider
Sheet No. 86, Rider USR, Universal Service Fund Rider
Sheet No. 104, Rider DR-IM, Infrastructure Modernization Rider
Sheet No. 105, Rider DR-ECF, Economic Competitiveness Fund Rider
Sheet No. 106, Rider DR-SAWR, Energy Efficiency Recovery Rate
Sheet No. 108, Rider UE-ED, Uncollectible Expense – Electric Distribution Rider

NET MONTHLY BILL (Contd.)

3. Price to Compare – Base Generation Charges (PTC-BG)

The following generation charges are applicable to all customers except those customers who receive their energy from a Certified Supplier:

	JAN. 1, 2009 – DEC. 31, 2009	
	Summer Period	Winter Period
Energy Charge		
On Peak kilowatt-hours	$0.098380 per kWh	$0.074982 per kWh
Off Peak kilowatt-hours	$0.004950 per kWh	$0.004956 per kWh

	JAN 1, 2010 – DEC. 31, 2010	
	Summer Period	Winter Period
Energy Charge		
On Peak kilowatt-hours	$0.102813 per kWh	$0.078479 per kWh
Off Peak kilowatt-hours	$0.005646 per kWh	$0.005652 per kWh

	JAN. 1, 2011 – DEC. 31, 2011	
	Summer Period	Winter Period
Energy Charge		
On Peak kilowatt-hours	$0.102813 per kWh	$0.078479 per kWh
Off Peak kilowatt-hours	$0.005646 per kWh	$0.005652 per kWh

MINIMUM CHARGE

The minimum charge shall be the Customer Charge as stated above.

AVOIDANCE OF SYSTEM RELIABILITY TRACKER CHARGE

Residential customers receiving generation service through a governmental aggregator will avoid (waive) Rider SRA-SRT if the governmental aggregator notifies the Company at least sixty (60) days prior to the start of the governmental aggregation of its intent to place all Residential End-Use Customers served by the governmental aggregation on the Rider SRA-SRT waiver program and to maintain the governmental aggregation through December 31, 2011. If the aggregated Residential End-Use Customer returns to the ESP-SSO prior to December 31, 2011, such Residential End-Use Customer will be billed a monthly early return premium based on 15% of the applicable generation charges and Riders in addition to the normal charges calculated per the ESP-SSO.

BILLING PERIODS

For purposes of administration of the above charges, the summer period is defined as that period represented by the Company's billing for the four (4) revenue months of June through September. The winter period is defined as that period represented by the Company's billing for the eight (8) revenue months of January through May and October through December.

RATING PERIODS

The rating periods applicable to the above kilowatt-hour charges are as follows:

a) Summer On Peak Period - 11:00 a.m. to 8:00 p.m. Monday through Friday, excluding holidays.

b) Winter On Peak Period - 9:00 a.m. to 2:00 p.m. and 5:00 p.m. to 9:00 p.m. Monday through Friday, excluding holidays.

c) Off Peak Period - All hours Monday through Friday not included above plus all day Saturday and Sunday as well as New Year's Day, President's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veteran's Day, Thanksgiving Day and Christmas Day or on the day nationally designated to be celebrated as such with the exception that if the foregoing holidays occur on a Sunday, the following Monday is considered a holiday.

LATE PAYMENT CHARGE

Payment of the total amount due must be received in the Company's office by the due date shown on the bill. When not so paid, an additional amount equal to one and one-half percent (1.5%) of the unpaid balance is due and payable. The late payment charge is not applicable to unpaid account balances for services received from a Certified Supplier.

TERMS AND CONDITIONS

This rate is available upon application in accordance with the Company's Service Regulations.

The initial term of service under this rate is three (3) years. If the customer desires to cancel service under this tariff within three (3) years, a termination fee may be charged by the Company. The termination fee will be determined by applying the above Customer Charge times the remaining months of the initial service agreement.

Where the Company is denied access to read the customer's time-of-day meter for more than two (2) consecutive months, the Company may, after notifying the customer, place the customer on the Company's standard residential rate. If the Company moves the customer to the standard rate, the customer shall not be billed for the termination fee.

The supplying and billing for service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio.

RATE CUR

COMMON USE RESIDENTIAL SERVICE

APPLICABILITY

Applicable to electric service other than three phase service for separately metered common use areas of multi-occupancy buildings in the entire territory of the Company where distribution lines are adjacent to the premises to be served.

For customers taking service under any or all of the provisions of this tariff schedule, this same schedule shall constitute the Company's Standard Service Offer.

TYPE OF SERVICE

Alternating current 60 Hz, single phase at Company's standard secondary voltage.

NET MONTHLY BILL

Computed in accordance with the following charges:

1. Distribution Charges
   (a) Customer Charge — $5.50 per month

   (b) Energy Charge — $0.022126 per kWh

2. Applicable Riders
   The following riders are applicable pursuant to the specific terms contained within each rider:
   Sheet No. 51, Rider PTC-AAC, Annually Adjusted Component Rider
   Sheet No. 53, Rider PTC-FPP, Fuel and Economy Purchased Power Rider
   Sheet No. 54, Rider SRA-CD, Capacity Dedication Rider
   Sheet No. 56, Rider SRA-SRT, System Reliability Tracker
   Sheet No. 57, Rider TCR, Transmission Cost Recovery Rider
   Sheet No. 58, Rider DRI, Distribution Reliability Investment Rider
   Sheet No. 70, Rider DR, Storm Recovery Rider
   Sheet No. 81, Rider EER, Energy Efficiency Revolving Loan Program Rider
   Sheet No. 83, Rider OET, Ohio Excise Tax Rider
   Sheet No. 84, Rider RTC, Regulatory Transition Charge Rider
   Sheet No. 85, Rider SC, Shopping Credit Rider
   Sheet No. 86, Rider USR, Universal Service Fund Rider
   Sheet No. 104, Rider DR-IM, Infrastructure Modernization Rider
   Sheet No. 105, Rider DR-ECF, Economic Competitiveness Rider
   Sheet No. 106, Rider DR-SAWR, Energy Efficiency Recovery Rate
   Sheet No. 108, Rider UE-ED, Uncollectible Expense – Electric Distribution Rider

NET MONTHLY BILL (Contd.)

3. Price to Compare – Base Generation Charges (PTC-BG)

The Generation Charges listed below are applicable to all customers except those customers that switch to a Certified Supplier for their generation service.

	JAN. 1, 2009 – DEC. 31, 2009	
	Summer Period	Winter Period
Energy Charge		
First 1,000 kilowatt-hours	$0.033754 per kWh	$0.033754 per kWh
Additional kilowatt-hours	$0.046066 per kWh	$0.005038 per kWh

	JAN. 1, 2010 - DEC. 31, 2010	
	Summer Period	Winter Period
Energy Charge		
First 1,000 kilowatt-hours	$0.035861 per kWh	$0.035861 per kWh
Additional kilowatt-hours	$0.048709 per kWh	$0.005893 per kWh

	JAN. 1, 2011 – DEC. 31, 2011	
	Summer Period	Winter Period
Energy Charge		
First 1,000 kilowatt-hours	$0.044537 per kWh	$0.044537 per kWh
Additional kilowatt-hours	$0.059014 per kWh	$0.010658 per kWh

MINIMUM CHARGE

The minimum charge shall be the Customer Charge as stated above.

AVOIDANCE OF SYSTEM RELIABILITY TRACKER CHARGE

Residential customers receiving generation service through a governmental aggregator will avoid (waive) Rider SRA-SRT if the governmental aggregator notifies the Company at least sixty (60) days prior to the start of the governmental aggregation of its intent to place all Residential End-Use Customers served by the governmental aggregation on the Rider SRA-SRT waiver program and to maintain the governmental aggregation through December 31, 2011. If the aggregated Residential End-Use Customer returns to the ESP-SSO prior to December 31, 2011, such Residential End-Use Customer will be billed a monthly early return premium based on 15% of the applicable generation charges and Riders in addition to the normal charges calculated per the ESP-SSO.

BILLING PERIODS

For purposes of administration of the above charges, the summer period is defined as that period represented by the Company's billing for the four (4) revenue months of June through September. The winter period is defined as that period represented by the Company's billing for the eight (8) revenue months of January through May and October through December.

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

LATE PAYMENT CHARGE

Payment of the total amount due must be received in the Company's office by the due date shown on the bill. When not so paid, an additional amount equal to one and one-half percent (1.5%) of the unpaid balance is due and payable.

The late payment charge is not applicable to unpaid account balances for services received from a Certified Supplier.

TERMS AND CONDITIONS

This rate is available upon application in accordance with the Company's Service Regulations.

The supplying and billing for service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to the Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio.

RATE RS3P

RESIDENTIAL THREE-PHASE SERVICE

APPLICABILITY

Applicable to three phase electric service, for all domestic purposes in private residences and single occupancy apartments and separately metered common use areas of multi-occupancy buildings in the entire territory of the Company where (1) distribution lines are adjacent to the premises to be served, (2) the building load requires three phase service, and (3) building load exceeds the Company's standard single-phase equipment or the building is a multi-use facility requiring three-phase service for the commercial space, and (4) additional distribution line extensions are not required. In all other instances, the Company will make three-phase service available to residential customers at the customer's sole expense and pursuant to a three-year service agreement.

Residences where not more than two rooms are used for rental purposes will also be included. Where all dwelling units in a multi-occupancy building are served through one meter and the common use area is metered separately, the kilowatt-hour rate will be applied on a "per residence" or "per apartment" basis, however, the customer charge will be based on the number of installed meters.

Where a portion of a residential service is used for purposes of a commercial or public character, the applicable general service rate is applicable to all service. However, if the wiring is so arranged that the service for residential purposes can be metered separately, this Rate will be applied to the residential service, if the service qualifies hereunder.

For customers taking service under any or all of the provisions of this tariff schedule, this same schedule shall constitute the Company's Standard Service Offer.

TYPE OF SERVICE

Alternating current 60 Hz, three phase at Company's standard secondary voltage.

NET MONTHLY BILL

Computed in accordance with the following charges:

1. Distribution Charges
   (a) Customer Charge $8.00 per month

   (b) Energy Charge $0.022126 per kWh

NET MONTHLY BILL (Contd.)

2. Applicable Riders

   The following riders are applicable pursuant to the specific terms contained within each rider:
   Sheet No. 51, Rider PTC-AAC, Annually Adjusted Component Rider
   Sheet No. 53, Rider PTC-FPP, Fuel and Economy Purchased Power Rider
   Sheet No. 54, Rider SRA-CD, Capacity Dedication Rider
   Sheet No. 56, Rider SRA-SRT, System Reliability Tracker
   Sheet No. 57, Rider TCR, Transmission Cost Recovery Rider
   Sheet No. 70, Rider DR, Storm Recovery Rider
   Sheet No. 81, Rider EER, Energy Efficiency Revolving Loan Program Rider
   Sheet No. 83, Rider OET, Ohio Excise Tax Rider
   Sheet No. 84, Rider RTC, Regulatory Transition Charge Rider
   Sheet No. 86, Rider USR, Universal Service Fund Rider
   Sheet No. 104, Rider DR-IM, Infrastructure Modernization Rider
   Sheet No. 105, Rider DR-ECF, Economic Competitiveness Fund Rider
   Sheet No. 106, Rider DR-SAWR, Energy Efficiency Recovery Rate
   Sheet No. 108, Rider UE-ED, Uncollectible Expense – Electric Distribution Rider

3. Price to Compare Base Generation Charges (PTC-BG)

   The following generation charges are applicable to all customers except those customers who receive their energy from a certified supplier.

	JAN. 1, 2009 – DEC. 31, 2009	
	Summer Period	Winter Period
Energy Charge		
First 1,000 kilowatt-hours	\$0.040238 per kWh	\$0.040238 per kWh
Additional kilowatt-hours	\$0.053622 per kWh	\$0.008915 per kWh

	JAN. 1, 2010 – DEC. 31, 2010	
	Summer Period	Winter Period
Energy Charge		
First 1,000 kilowatt-hours	\$0.042345per kWh	\$0.042345per kWh
Additional kilowatt-hours	\$0.056265per kWh	\$0.009770per kWh

	JAN. 1, 2011 – DEC. 31, 2011	
	Summer Period	Winter Period
Energy Charge		
First 1,000 kilowatt-hours	\$0.042345per kWh	\$0.042345per kWh
Additional kilowatt-hours	\$0.056265per kWh	\$0.009770per kWh

MINIMUM CHARGE

The minimum charge shall be the Customer Charge as stated above.

AVOIDANCE OF SYSTEM RELIABILITY TRACKER CHARGE

Residential customers receiving generation service through a governmental aggregator will avoid (waive) Rider SRA-SRT if the governmental aggregator notifies the Company at least sixty (60) days prior to the start of the governmental aggregation of its intent to place all Residential End-Use Customers served by the governmental aggregation on the Rider SRA-SRT waiver program and to maintain the governmental aggregation through December 31, 2011. If the aggregated Residential End-Use Customer returns to the ESP-SSO prior to December 31, 2011, such Residential End-Use Customer will be billed a monthly early return premium based on 15% of the applicable generation charges and Riders in addition to the normal charges calculated per the ESP-SSO.

BILLING PERIODS

For purposes of administration of the above charges, the summer period is defined as that period represented by the Company's billing for the four (4) revenue months of June through September. The winter period is defined as that period represented by the Company's billing for the eight (8) revenue months of January through May and October through December.

LATE PAYMENT CHARGE

Payment of the total amount due must be received in the Company's office by the due date shown on the bill. When not so paid, an additional amount equal to one and one-half percent (1.5%) of the unpaid balance is due and payable.

The late payment charge is not applicable to:

- Unpaid account balances of customers enrolled in income payment plans pursuant to Section 4901:1-18-04(B), Ohio Administrative Code; and
- Unpaid account balances for services received from a Certified Supplier.

TERMS AND CONDITIONS

This rate is available upon application in accordance with the Company's Service Regulations.

The Company is not obligated to extend, expand or rearrange its distribution system if it determines that existing distribution facilities are adequate to serve the customer's load.

The supplying and billing for service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to the Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio.

RATE RSLI

RESIDENTIAL SERVICE – LOW INCOME

APPLICABILITY

Applicable to up to 10,000 electric customers who are at or below 200% of the Federal poverty level and who do not participate in the Percentage of Income Payment Plan ("PIPP"). Applicable to electric service other than three phase service, for all domestic purposes in private residences and single occupancy apartments and separately metered common use areas of multi-occupancy buildings in the entire territory of the Company where distribution lines are adjacent to the premises to be served.

Residences where not more than two rooms are used for rental purposes will also be included. Where all dwelling units in a multi-occupancy building are served through one meter and the common use area is metered separately, the kilowatt-hour rate will be applied on a "per residence" or "per apartment" basis, however, the customer charge will be based on the number of installed meters.

Where a portion of a residential service is used for purposes of a commercial or public character, the applicable general service rate is applicable to all service. However, if the wiring is so arranged that the service for residential purposes can be metered separately, this Rate will be applied to the residential service, if the service qualifies hereunder.

For customers taking service under any or all of the provisions of this tariff schedule, this same schedule shall constitute the Company's Standard Service Offer.

TYPE OF SERVICE

Alternating current 60 Hz, single phase at Company's standard secondary voltage.

NET MONTHLY BILL

Computed in accordance with the following charges:

1. Distribution Charges
   (a) Customer Charge $1.50 per month

   (b) Energy Charge $0.022126 per kWh

NET MONTHLY BILL (Contd.)

2. Applicable Riders

The following riders are applicable pursuant to the specific terms contained within each rider:
Sheet No. 51, Rider PTC-AAC, Annually Adjusted Component Rider
Sheet No. 53, Rider PTC-FPP, Fuel and Economy Purchased Power Rider
Sheet No. 54, Rider SRA-CD, Capacity Dedication Rider
Sheet No. 56, Rider SRA-SRT, System Reliability Tracker
Sheet No. 57, Rider TCR, Transmission Cost Recovery Rider
Sheet No. 70, Rider DR, Storm Recovery Rider
Sheet No. 81, Rider EER, Energy Efficiency Revolving Loan Program Rider
Sheet No. 83, Rider OET, Ohio Excise Tax Rider
Sheet No. 84, Rider RTC, Regulatory Transition Charge Rider
Sheet No. 86, Rider USR, Universal Service Fund Rider
Sheet No. 104, Rider DR-IM, Infrastructure Modernization Rider
Sheet No. 105, Rider DR-ECF, Economic Competitiveness Fund Rider
Sheet No. 106, Rider DR-SAWR, Energy Efficiency Recovery Rate
Sheet No. 108, Rider UE-ED, Uncollectible Expense – Electric Distribution Rider

3. Price to Compare – Base Generation Charges (PTC-BG)

The following generation charges are applicable to all customers except those customers who receive their energy from a Certified Supplier:

	JAN. 1, 2009 – DEC. 31, 2009	
	Summer Period	Winter Period
Energy Charge		
First 1,000 kilowatt-hours	$0.040238 per kWh	$0.040238 per kWh
Additional kilowatt-hours	$0.053622 per kWh	$0.008915 per kWh

	JAN. 1, 2010 – DEC 31, 2010	
	Summer Period	Winter Period
Energy Charge		
First 1,000 kilowatt-hours	$0.042345 per kWh	$0.042345 per kWh
Additional kilowatt-hours	$0.056265 per kWh	$0.009770 per kWh

	JAN. 1, 2011 – DEC. 31, 2011	
	Summer Period	Winter Period
Energy Charge		
First 1,000 kilowatt-hours	$0.042345 per kWh	$0.042345 per kWh
Additional kilowatt-hours	$0.056265 per kWh	$0.009770 per kWh

MINIMUM CHARGE

The minimum charge shall be the Customer Charge as stated above.

AVOIDANCE OF SYSTEM RELIABILITY TRACKER CHARGE

Residential customers receiving generation service through a governmental aggregator will avoid (waive) Rider SRA-SRT if the governmental aggregator notifies the Company at least sixty (60) days prior to the start of the governmental aggregation of its intent to place all Residential End-Use Customers served by the governmental aggregation on the Rider SRA-SRT waiver program and to maintain the governmental aggregation through December 31, 2011. If the aggregated Residential End-Use Customer returns to the ESP-SSO prior to December 31, 2011, such Residential End-Use Customer will be billed a monthly early return premium based on 15% of the applicable generation charges and Riders in addition to the normal charges calculated per the ESP-SSO.

BILLING PERIODS

For purposes of administration of the above charges, the summer period is defined as that period represented by the Company's billing for the four (4) revenue months of June through September. The winter period is defined as that period represented by the Company's billing for the eight (8) revenue months of January through May and October through December.

LATE PAYMENT CHARGE

Payment of the total amount due must be received in the Company's office by the due date shown on the bill. When not so paid, an additional amount equal to one and one-half percent (1.5%) of the unpaid balance is due and payable.

The late payment charge is not applicable to:

- Unpaid account balances of customers enrolled in income payment plans pursuant to Section 4901:1-18-04(B), Ohio Administrative Code; and
- Unpaid account balances for services received from a Certified Supplier.

TERMS AND CONDITIONS

This rate is available upon application in accordance with the Company's Service Regulations.

The supplying and billing for service and all conditions applying thereto are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to the Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio.

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

RATE DS

SERVICE AT SECONDARY DISTRIBUTION VOLTAGE

APPLICABILITY

Applicable to electric service for usual customer load requirements where the Company specifies service at the standard secondary system voltage and where the Company determines that facilities of adequate capacity are available and adjacent to the premises to be served and the Company determines that the customers average monthly demand is greater than 15 kilowatts. Electric service must be supplied at one point of delivery.

For customers taking service under any or all of the provisions of this tariff schedule, this same schedule shall constitute the Company's Standard Service Offer.

TYPE OF SERVICE

Alternating current 60 Hz, single phase or three phase, at Company's standard distribution voltage.

NET MONTHLY BILL

Computed in accordance with the following charges provided, however, that the minimum monthly load factor, expressed as hours-use per month, shall not be less than 71 kWh per kW. When applicable, the minimum monthly load factor shall be achieved by calculating the billing demand as the monthly kWh usage divided by 71 (kilowatt of demand is abbreviated as kW and kilowatt-hours are abbreviated as kWh):

1. Distribution Charges
   (a) Customer Charge per month

Single Phase Service	$20.00
Single and/or Three Phase Service	$40.00

   (b) Demand Charge

All kilowatts	$ 4.6848 per kW

2. Applicable Riders
   The following riders are applicable pursuant to the specific terms contained within each rider:
   Sheet No. 51, Rider PTC-AAC, Annually Adjusted Component Rider
   Sheet No. 53, Rider PTC-FPP, Fuel and Economy Purchased Power Rider
   Sheet No. 54, Rider SRA-CD, Capacity Dedication Rider
   Sheet No. 56, Rider SRA-SRT, System Reliability Tracker
   Sheet No. 57, Rider TCR, Transmission Cost Recovery Rider
   Sheet No. 58, Rider DRI, Distribution Reliability Investment Rider
   Sheet No. 70, Rider DR, Storm Recovery Rider
   Sheet No. 81, Rider EER, Energy Efficiency Revolving Loan Program Rider
   Sheet No. 83, Rider OET, Ohio Excise Tax Rider
   Sheet No. 84, Rider RTC, Regulatory Transition Charge Rider
   Sheet No. 85, Rider SC, Shopping Credit Rider
   Sheet No. 86, Rider USR, Universal Service Fund Rider
   Sheet No. 104, Rider DR-IM, Infrastructure Modernization Rider
   Sheet No. 105, Rider DR-ECF, Economic Competitiveness Fund Rider
   Sheet No. 106, Rider DR-SAWR, Energy Efficiency Recovery Rate
   Sheet No. 108, Rider UE-ED, Uncollectible Expense – Electric Distribution Rider

NET MONTHLY BILL (Contd.)

3. Price to Compare – Base Generation Charges (PTC-BG)

JAN. 1, 2009 – DEC. 31, 2009

(a) Demand Charge	
First 1,000 kilowatts	$ 7.9637 per kW
Additional kilowatts	$ 6.2997per kW
(b) Energy Charge	
Billing Demand times 300	$0.008266 per kWh
Additional kWh	$0.004468 per kWh

JAN. 1, 2010 – DEC. 31, 2010

(a) Demand Charge	
First 1,000 kilowatts	$8.2822 per kW
Additional kilowatts	$6.5517 per kW
(b) Energy Charge	
Billing Demand times 300	$0.009454 per kWh
Additional kWh	$0.005148 per kWh

JAN. 1, 2011 – DEC. 31, 2011

(a) Demand Charge	
First 1,000 kilowatts	$8.6135 per kW
Additional kilowatts	$6.8138 per kW
(b) Energy Charge	
Billing Demand times 300	$0.019682 per kWh
Additional kWh	$0.005957 per kWh

The Generation Charges listed above are applicable to all customers except those customers that switch to a Certified Supplier for their generation service.

AVOIDANCE OF SYSTEM RELIABILITY TRACKER CHARGE AND RECEIPT OF SHOPPING CREDIT

Non-residential customers who have signed or will sign a contract with DE-Ohio, or provide a CRES contract to DE-Ohio, or provide a release in the form approved by the Commission in Case No. 03-93-EL-ATA indicating that the customer will remain off of ESP-SSO service through December 31, 2011, may avoid Rider SRA-SRT charges and receive a shopping credit. More specifically, to avoid Rider SRA-SRT charges and receive the shopping credit, the customer must be willing to return to DE-Ohio's ESP-SSO service at 115% of DE-Ohio's ESP-SSO price, including all riders except for distribution riders.

When both single and three phase secondary voltage services are required by a Distribution customer, the monthly kilowatt-hour usage and kilowatt demands shall be the respective arithmetical sums of both services.

MINIMUM BILL PROVISION

The minimum bill shall be 85% of the highest monthly kilowatt demand as established in the summer period and effective for the next succeeding eleven (11) months plus the Customer Charge.

In no case, however, shall the minimum bill be less than the Customer Charge.

METERING

The Company may meter at secondary or primary voltage as circumstances warrant. If the Company elects to meter at primary voltage, the kilowatt-hours registered on the Company's meter will be reduced one and one-half (1.5) percent for billing purposes.

DEMAND

The demand shall be the kilowatts derived from the Company's demand meter for the fifteen-minute period of customer's greatest use during the billing period, as determined by the Company, adjusted for power factor, as provided herein. At the Company's option, a demand meter may not be installed if the nature of the load clearly indicates the load will have a constant demand, in which case the demand will be the calculated demand.

In no event will the billing demand be taken as less than the higher of the following:

a) 85% of the highest monthly kilowatt demand as established in the summer period and effective for the next succeeding eleven (11) months; or

b) One (1) kilowatt for each single phase meter and five (5) kilowatts for each three phase meter.

The Company may re-determine customer's billing demand at any time in recognition of a permanent change in load due to such occurrences as the installation of load control equipment or a temporary change due to malfunctions of such equipment.

If a customer requests reconnection of an account within twelve (12) months of a disconnection order, the customer's demand record for the period of disconnection will be re-established for purposes of billing and administration of the preceding clause.

For purposes of administration of the above clause, the summer period is defined as that period represented by the Company's billing for the four (4) revenue months of June through September. The winter period is defined as that period represented by the Company's billing for the eight (8) revenue months of January through May and October through December.

POWER FACTOR ADJUSTMENT

The power factor to be maintained shall be not less than 90% lagging. If the Company determines customer's power factor to be less than 90%, the billing demand will be the number of kilowatts equal to the kilovolt amperes multiplied by 0.90.

Power factor may be determined by the following methods, at the Company's option:

a) Continuous measurement
   - the power factor, as determined during the interval in which the maximum kW demand is established, will be used for billing purposes; or

POWER FACTOR ADJUSTMENT (Cont'd)

b) Testing
- the power factor, as determined during a period in which the customer's measured kW demand is not less than 90% of the measured maximum kW demand of the preceding billing period, will be used for billing purposes until superseded by a power factor determined by a subsequent test made at the direction of Company or request of customer.

LATE PAYMENT CHARGE

Payment of the total amount due must be received in the Company's office by the due date shown on the bill. When not so paid, an additional amount equal to one and one-half percent (1.5%) of the unpaid balance is due and payable. The late payment charge is not applicable to unpaid account balances for services received from a Certified Supplier.

TERMS AND CONDITIONS

The initial term of contract shall be for a minimum period of three (3) years terminable thereafter by a minimum notice of either the customer or the Company as prescribed by the Company's Service Regulations.

The Company is not obligated to extend, expand or rearrange its transmission system voltage if it determines that existing distribution and/or transmission facilities are of adequate capacity to serve the customer's load.

If the Company offers to provide the necessary facilities for transmission service, in accordance with its Service Regulations, an annual facilities charge, applicable to such additional facilities, is established at twenty (20) percent of actual cost. The annual facilities charge shall be billed in twelve monthly installments to be added to the demand charge.

SERVICE REGULATIONS

The supplying and billing for service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to the Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio.

RATE GS-FL

OPTIONAL UNMETERED GENERAL SERVICE RATE FOR SMALL FIXED LOADS

APPLICABILITY

Applicable to electric service in the Company's entire territory where secondary distribution lines exist for any fixed electric load that can be served by a standard service drop from the Company's existing secondary distribution system.

For customers taking service under any or all of the provisions of this tariff schedule, this same schedule shall constitute the Company's Standard Service Offer.

TYPE OF SERVICE

Alternating current 60 Hz, at nominal voltages of 120, 120/240 or 120/208 volts, single phase, unmetered. Service of other characteristics, where available, may be furnished at the option of the Company.

NET MONTHLY BILL

Computed in accordance with the following charges:

1. Distribution Charges
   (a) For loads based on a range of 540 to 720 hours use per month of the rated capacity of the connected equipment — $0.018362per kWh

   (b) For loads of less than 540 hours use per month of the rated capacity of the connected equipment — $0.021067per kWh

2. Applicable Riders
   The following riders are applicable pursuant to the specific terms contained within each rider:
   Sheet No. 51, Rider PTC-AAC, Annually Adjusted Component Rider
   Sheet No. 53, Rider PTC-FPP, Fuel and Economy Purchased Power Rider
   Sheet No. 54, Rider SRA-CD, Capacity Dedication Rider
   Sheet No. 56, Rider SRA-SRT, System Reliability Tracker
   Sheet No. 57, Rider TCR, Transmission Cost Recovery Rider
   Sheet No. 58, Rider DRI, Distribution Reliability Investment Rider
   Sheet No. 70, Rider DR, Storm Recovery Rider
   Sheet No. 81, Rider EER, Energy Efficiency Revolving Loan Program Rider
   Sheet No. 83, Rider OET, Ohio Excise Tax Rider
   Sheet No. 84, Rider RTC, Regulatory Transition Charge Rider
   Sheet No. 85, Rider SC, Shopping Credit Rider
   Sheet No. 86, Rider USR, Universal Service Fund Rider
   Sheet No. 105, Rider DR-ECF, Economic Competitiveness Fund Rider
   Sheet No. 106, Rider DR-SAWR, Energy Efficiency Recovery Rate
   Sheet No. 108, Rider UE-ED, Uncollectible Expense – Electric Distribution Rider

NET MONTHLY BILL (Contd.)

3. Price to Compare – Base Generation Charges (PTC-BG)

JAN. 1, 2009 – DEC. 31, 2009

For loads based on a range of 540 to 720 hours use per month of the rated capacity of the connected equipment	$0.055458 per kWh
For loads of less than 540 hours use per month of the rated capacity of the connected equipment	$0.065571 per kWh

JAN. 1, 2010 – DEC. 31, 2010

For loads based on a range of 540 to 720 hours use per month of the rated capacity of the connected equipment	$0.058444 per kWh
For loads of less than 540 hours use per month of the rated capacity of the connected equipment	$0.068961 per kWh

JAN. 1, 2011 – DEC. 31, 2011

For loads based on a range of 540 to 720 hours use per month of the rated capacity of the connected equipment	$0.068267 per kWh
For loads of less than 540 hours use per month of the rated capacity of the connected equipment	$0.079205 per kWh

AVOIDANCE OF SYSTEM RELIABILITY TRACKER CHARGE AND RECEIPT OF SHOPPING CREDIT

Non-residential customers who have signed or will sign a contract with DE-Ohio, or provide a CRES contract to DE-Ohio, or provide a release in the form approved by the Commission in Case No. 03-93-EL-ATA indicating that the customer will remain off of ESP-SSO service through December 31, 2011, may avoid Rider SRA-SRT charges and receive a shopping credit. More specifically, to avoid Rider SRA-SRT charges and receive the shopping credit, the customer must be willing to return to DE-Ohio's ESP-SSO service at 115% of DE-Ohio's ESP-SSO price, including all riders except for distribution riders.

MINIMUM CHARGE

The minimum charge shall be $5.00 per Fixed Load Location per month.

LATE PAYMENT CHARGE

Payment of the total amount due must be received in the Company's office by the due date shown on the bill. When not so paid, an additional amount equal to one and one-half percent (1.5%) of the unpaid balance is due and payable. The late payment charge is not applicable to unpaid account balances for services received from a Certified Supplier.

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

SERVICE PROVISIONS

1. Each separate point of delivery of service shall be considered a Fixed Load Location.
2. Only one supply service will be provided to a customer under this Schedule as one Fixed Load Location.
3. The customer shall furnish switching equipment satisfactory to the Company.
4. The customer shall notify the Company in advance of every change in connected load, and the Company reserves the right to inspect the customer's equipment at any time to verify the actual load. In the event of the customer's failure to notify the Company of an increase in load, the Company reserves the right to refuse to serve the Fixed Load thereafter under this Schedule, and shall be entitled to bill the customer retroactively on the basis of the increased load for the full period such load was connected.

TERM OF SERVICE

One (1) year, terminable thereafter on thirty (30) days written notice by either customer or Company.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to the Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio.

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

RATE EH

OPTIONAL RATE FOR ELECTRIC SPACE HEATING

APPLICABILITY

Applicable to electric service for heating when customer's wiring is so arranged that heating service can be furnished at one point of delivery and can be metered separately from all other types of service or to any public school, parochial school, private school, or church when supplied at one point of delivery, provided permanently connected and regularly used electrical equipment is installed in compliance with the Company specifications as the primary source of heating or heating and cooling the atmosphere to temperatures of human comfort; and provided all other electrical energy requirements are purchased from the Company. For the purpose of the administration of this tariff schedule, primary source is defined as at least 90 percent. No single water-heating unit shall be wired that the demand established by it can exceed 5.5 kilowatts unless approved by the Company.

For customers taking service under any or all of the provisions of this tariff schedule, this same schedule shall constitute the Company's Standard Service Offer.

TYPE OF SERVICE

Alternating current 60 Hz, single or three phase at Company's standard secondary voltage.

NET MONTHLY BILL

Computed in accordance with the following charges:

Winter Period:

1. Distribution Charges
   (a) Customer Charge per month

Single Phase Service	$ 20.00
Three Phase Service	$ 40.00
Primary Voltage Service	$200.00

   (b) Energy Charge

All kilowatt-hours	$0.014329per kWh

NET MONTHLY BILL (Contd.)

2. Applicable Riders

   The following riders are applicable pursuant to the specific terms contained within each rider:
   Sheet No. 51, Rider PTC-AAC, Annually Adjusted Component Rider
   Sheet No. 53, Rider PTC-FPP, Fuel and Economy Purchased Power Rider
   Sheet No. 54, Rider SRA-CD, Capacity Dedication Rider
   Sheet No. 56, Rider SRA-SRT, System Reliability Tracker
   Sheet No. 57, Rider TCR, Transmission Cost Recovery Rider
   Sheet No. 58, Rider DRI, Distribution Reliability Investment Rider
   Sheet No. 70, Rider DR, Storm Recovery Rider
   Sheet No. 81, Rider EER, Energy Efficiency Revolving Loan Program Rider
   Sheet No. 83, Rider OET, Ohio Excise Tax Rider
   Sheet No. 84, Rider RTC, Regulatory Transition Charge Rider
   Sheet No. 85, Rider SC, Shopping Credit Rider
   Sheet No. 86, Rider USR, Universal Service Fund Rider
   Sheet No. 104, Rider DR-IM, Infrastructure Modernization Rider
   Sheet No. 105, Rider DR-ECF, Economic Competitiveness Fund Rider
   Sheet No. 106, Rider DR-SAWR, Energy Efficiency Recovery Rate
   Sheet No. 108, Rider UE-ED, Uncollectible Expense – Electric Distribution Rider

3. Price to Compare – Base Generation Charges (PTC-BG)

JAN. 1, 2009 – DEC. 31, 2009	
All kilowatt-hours	\$0.015569 per kWh
JAN. 1, 2010 – DEC. 31, 2010	
All kilowatt-hours	\$0.016959 per kWh
JAN. 1, 2011 – DEC. 31, 2011	
All kilowatt-hours	\$0.025123 per kWh

The Generation Charges listed above are applicable to all customers except those customers that switch to a Certified Supplier for their generation service.

AVOIDANCE OF SYSTEM RELIABILITY TRACKER CHARGE AND RECEIPT OF SHOPPING CREDIT

Non-residential customers who have signed or will sign a contract with DE-Ohio, or provide a CRES contract to DE-Ohio, or provide a release in the form approved by the Commission in Case No. 03-93-EL-ATA indicating that the customer will remain off of ESP-SSO service through December 31, 2011, may avoid Rider SRA-SRT charges and receive a shopping credit. More specifically, to avoid Rider SRA-SRT charges and receive the shopping credit, the customer must be willing to return to DE-Ohio's ESP-SSO service at 115% of DE-Ohio's ESP-SSO price, including all riders except for distribution riders.

Summer Period:

All usage during the summer period shall be billed in accordance with the provisions of the applicable distribution voltage service rate.

MINIMUM CHARGE

The minimum charge shall be the Customer Charge as stated above.

BILLING PERIODS

For purposes of administration of the above charges, the summer period is defined as that period represented by the Company's billing for the four (4) revenue months of June through September. The winter period is defined as that period represented by the Company's billing for the eight (8) revenue months of January through May and October through December.

LATE PAYMENT CHARGE

Payment of the total amount due must be received in the Company's office by the due date shown on the bill. When not so paid, an additional amount equal to one and one-half percent (1.5%) of the unpaid balance is due and payable. The late payment charge is not applicable to unpaid account balances for services received from a Certified Supplier.

TERMS AND CONDITIONS

The term of contract shall be for a minimum period of one (1) year terminable thereafter on thirty (30) days written notice by either the customer or the Company.

The supplying and billing for service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to the Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio.

RATE DM

SECONDARY DISTRIBUTION SERVICE - SMALL

APPLICABILITY

Applicable to electric service for usual customer load requirements where the Company specifies service at the standard secondary system voltage and the Company determines that facilities of adequate capacity are available and adjacent to the premises to be served and the Company determines that the customer's average monthly demand is 15 kilowatts or less. This tariff schedule is also applicable to electric service to recreation facilities that are promoted, operated and maintained by non-profit organizations where such service is separately metered. Electric service must be supplied at one point of delivery.

For customers taking service under any or all of the provisions of this tariff schedule, this same schedule shall constitute the Company's Standard Service Offer.

TYPE OF SERVICE

Alternating current, 60 Hz, single phase or three phase at Company's standard secondary distribution voltage.

NET MONTHLY BILL

Computed in accordance with the following charges:

	Summer Period	Winter Period
1. Distribution Charges		
(a) Customer Charge		
Single Phase	$ 7.50 per month	$ 7.50 per month
Three Phase	$15.00 per month	$15.00 per month
(b) Energy Charge		
First 2,800 kWh	$0.039017 per kWh	$0.028008 per kWh
Next 3,200 kWh	$0.003246 per kWh	$0.003246 per kWh
Additional kWh	$0.001377 per kWh	$0.001377 per kWh

2. Applicable Riders

The following riders are applicable pursuant to the specific terms contained within each rider:
Sheet No. 51, Rider PTC-AAC, Annually Adjusted Component Rider
Sheet No. 53, Rider PTC-FPP, Fuel and Economy Purchased Power Rider
Sheet No. 54, Rider SRA-CD Capacity Dedication Rider
Sheet No. 56, Rider SRA-SRT, System Reliability Tracker
Sheet No. 57, Rider TCR, Transmission Cost Recovery Rider
Sheet No. 58, Rider DRI, Distribution Reliability Investment Rider
Sheet No. 70, Rider DR, Storm Recovery Rider
Sheet No. 81, Rider EER, Energy Efficiency Revolving Loan Program Rider
Sheet No. 83, Rider OET, Ohio Excise Tax Rider
Sheet No. 84, Rider RTC, Regulatory Transition Charge Rider
Sheet No. 85, Rider SC, Shopping Credit Rider
Sheet No. 86, Rider USR, Universal Service Fund Rider
Sheet No. 104, Rider DR-IM, Infrastructure Modernization Rider
Sheet No. 105, Rider DR-ECF, Economic Competitiveness Fund Rider

NET MONTHLY BILL (Contd.)

Sheet No. 106, Rider DR-SAWR, Energy Efficiency Recovery Rate
Sheet No. 108, Rider UE-ED, Uncollectible Expense – Electric Distribution Rider

3. Price to Compare – Base Generation Charges (PTC-BG)

JAN. 1, 2009 – DEC. 31, 2009

	Summer Period	Winter Period
First 2,800 kWh	$ 0.048938 per kWh	$ 0.036279 per kWh
Next 3,200 kWh	$ 0.003226 per kWh	$ 0.003243 per kWh
Additional kWh	$(0.005573) per kWh	$ (0.005917) per kWh

JAN. 1, 2010 – DEC. 31, 2010

	Summer Period	Winter Period
First 2,800 kWh	$ 0.051880 per kWh	$ 0.038621 per kWh
Next 3,200 kWh	$ 0.003982 per kWh	$ 0.003999 per kWh
Additional kWh	$(0.005198) per kWh	$(0.005558) per kWh

JAN. 1, 2011 – DEC. 31, 2011

	Summer Period	Winter Period
First 2,800 kWh	$ 0.067106 per kWh	$ 0.050879 per kWh
Next 3,200 kWh	$ 0.007989 per kWh	$ 0.007988 per kWh
Additional kWh	$(0.002325) per kWh	$(0.002742) per kWh

The Generation Charges listed above are applicable to all customers except those customers that switch to a Certified Supplier for their generation service.

AVOIDANCE OF SYSTEM RELIABILITY TRACKER CHARGE AND RECEIPT OF SHOPPING CREDIT

Non-residential customers who have signed or will sign a contract with DE-Ohio, or provide a CRES contract to DE-Ohio, or provide a release in the form approved by the Commission in Case No. 03-93-EL-ATA indicating that the customer will remain off of ESP-SSO service through December 31, 2011, may avoid Rider SRA-SRT charges and receive a shopping credit. More specifically, to avoid Rider SRA-SRT charges and receive the shopping credit, the customer must be eligible to return to DE-Ohio's ESP-SSO service at 115% of DE-Ohio's ESP-SSO price, including all riders except for distribution riders.

MINIMUM CHARGE

The minimum charge shall be the Customer Charge as stated above.

When both single and three phase service are required by the customer, the monthly kilowatt-hour usage shall be the arithmetical sum of both services.

BILLING PERIODS

For purposes of administration of the above charges, the summer period is defined as that period represented by the Company's billing for the four (4) revenue months of June through September. The winter period is defined as that period represented by the Company's billing for the eight (8) revenue months of January through May and October through December.

LATE PAYMENT CHARGE

Payment of the total amount due must be received in the Company's office by the due date shown on the bill. When not so paid, an additional amount equal to one and one-half percent (1.5%) of the unpaid balance is due and payable. The late payment charge is not applicable to unpaid account balances for services received from a Certified Supplier.

TERMS AND CONDITIONS

The initial term of contract shall be for a minimum period of one (1) year terminable thereafter by a minimum notice either of the customer or the Company as prescribed by the Company's Service Regulations.

For purposes of the administration of this rate, the Company will determine the customer's average monthly demand based upon customer's most recent twelve month usage each year after the initial term of service has been fulfilled by the customer. If the customer's average demand exceeds 15 kW or if the customer's monthly demand exceeds 30 kW in two (2) or more months in any twelve month period, the Company may require the customer to be billed under the provisions of Rate DS.

The supplying and billing for service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio and to the Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio.

RATE DP

SERVICE AT PRIMARY DISTRIBUTION VOLTAGE

APPLICABILITY

Applicable to electric service for usual customer load requirements where the Company specifies service at nominal primary distribution system voltages of 12,500 volts or 34,500 volts, and the Company determines that facilities of adequate capacity are available and adjacent to the premises to be served. Electric service must be supplied at one point of delivery.

For customers taking service under any or all of the provisions of this tariff schedule, this same schedule shall constitute the Company's Standard Service Offer.

TYPE OF SERVICE

Alternating current 60 Hz, single phase or three phase at Company's standard distribution voltage of 34,500 volts or lower.

NET MONTHLY BILL

Computed in accordance with the following charges. (Kilowatt of demand is abbreviated as kW and kilowatt-hours are abbreviated as kWh):

1. Distribution Charges
   (a) Customer Charge per month
   Primary Voltage Service (12.5 or 34.5 kV) — $200.00 per month

   (b) Demand Charge
   All kilowatts — $3.7700 per kW

2. Applicable Riders
   The following riders are applicable pursuant to the specific terms contained within each rider:
   Sheet No. 51, Rider PTC-AAC, Annually Adjusted Component Rider
   Sheet No. 53, Rider PTC-FPP, Fuel and Economy Purchased Power Rider
   Sheet No. 54, Rider SRA-CD, Capacity Dedication Rider
   Sheet No. 56, Rider SRA-SRT, System Reliability Tracker
   Sheet No. 57, Rider TCR, Transmission Cost Recovery Rider
   Sheet No. 58, Rider DRI, Distribution Reliability Investment Rider
   Sheet No. 70, Rider DR, Storm Recovery Rider
   Sheet No. 81, Rider EER, Energy Efficiency Revolving Loan Program Rider
   Sheet No. 83, Rider OET, Ohio Excise Tax Rider
   Sheet No. 84, Rider RTC, Regulatory Transition Charge Rider
   Sheet No. 85, Rider SC, Shopping Credit Rider
   Sheet No. 86, Rider USR, Universal Service Fund Rider
   Sheet No. 104, Rider DR-IM, Infrastructure Modernization Rider
   Sheet No. 105, Rider DR-ECF, Economic Competitiveness Fund Rider

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

NET MONTHLY BILL (Cont'd.)

Sheet No. 106, Rider DR-SAWR, Energy Efficiency Recovery Rate
Sheet No. 108, Rider UE-ED, Uncollectible Expense – Electric Distribution Rider

3. Price to Compare – Base Generation Charges (PTC-BG)

JAN. 1, 2009 – DEC. 31, 2009

(a) Demand Charge	
First 1,000 kilowatts	$7.1916 per kW
Additional kilowatts	$5.6732 per kW
(b) Energy Charge	
Billing Demand times 300	$0.010751 per kWh
Additional kWh	$0.005940 per kWh

JAN. 1, 2010 – DEC. 31, 2010

(a) Demand Charge	
First 1,000 kilowatts	$7.4793 per kW
Additional kilowatts	$5.9001 per kW
(b) Energy Charge	
Billing Demand times 300	$0.011953 per kWh
Additional kilowatts	$0.006680 per kWh

JAN. 1, 2011 – DEC. 31, 2011

(a) Demand Charge	
First 1,000 kilowatts	$7.7784 per kW
Additional kilowatts	$6.1361 per kW
(b) Energy Charge	
Billing Demand times 300	$0.020053 per kWh
Additional kilowatts	$0.007549 per kWh

The Generation Charges listed above are applicable to all customers except those customers that switch to a Certified Supplier for their generation service.

AVOIDANCE OF SYSTEM RELIABILITY TRACKER CHARGE AND RECEIPT OF SHOPPING CREDIT

Non-residential customers who have signed or will sign a contract with DE-Ohio, or provide a CRES contract to DE-Ohio, or provide a release in the form approved by the Commission in Case No. 03-93-EL-ATA indicating that the customer will remain off of ESP-SSO service through December 31, 2011, may avoid Rider SRA-SRT charges and receive the shopping credit. More specifically, to avoid Rider SRA-SRT charges and receive the shopping credit, the customer must be willing to return to DE-Ohio's ESP-SSO service at 115% of DE-Ohio's ESP-SSO price, including all riders except for distribution riders.

AVOIDANCE OF SYSTEM RELIABILITY TRACKER CHARGE AND RECEIPT OF SHOPPING CREDIT (Cont'd.)

When both single and three phase secondary voltage services are required by a customer, the monthly kilowatt-hour usage and kilowatt demands shall be the respective arithmetical sums of both services.

MINIMUM BILL PROVISION

The minimum bill shall be: 85% of the highest monthly kilowatt demand as established in the summer period and effective for the next succeeding eleven (11) months plus the Customer Charge.

In no case, however, shall the minimum bill be less than the Customer Charge.

PRIMARY VOLTAGE METERING DISCOUNT

The Company may meter at secondary or primary voltage as circumstances warrant. If the Company elects to meter at primary voltage, the kilowatt-hours registered on the Company's meter will be reduced one and one-half percent (1.5%) for billing purposes.

DEMAND

The demand shall be the kilowatts derived from the Company's demand meter for the fifteen-minute period of customer's greatest use during the billing period, as determined by the Company, adjusted for power factor, as provided herein. At its option, the Company may not install a demand meter if the nature of the load clearly indicates the load will have a constant demand, in which case the demand will be the calculated demand.

In no event will the billing demand be taken as less than the higher of the following:

a) 85% of the highest monthly kilowatt demand as established in the summer period and effective for the next succeeding eleven (11) months; or

b) Five (5) kilowatts.

The Company may re-determine customer's billing demand at any time in recognition of a permanent change in load due to such occurrences as the installation of load control equipment or a temporary change due to malfunctions of such equipment.

If a customer requests reconnection of an account within twelve (12) months of a disconnection order, the customer's demand record for the period of disconnection will be re-established for purposes of billing and administration of the preceding clause.

For purposes of administration of the above clause, the summer period is defined as that period represented by the Company's billing for the four (4) revenue months of June through September. The winter period is defined as that period represented by the Company's billing for the eight (8) revenue months of January through May and October through December.

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

POWER FACTOR ADJUSTMENT

The power factor to be maintained shall be not less than 90% lagging. If the Company determines customer's power factor to be less than 90%, the billing demand will be the number of kilowatts equal to the kilovolt amperes multiplied by 0.90.

At the Company's option, power factor may be determined by the following methods:

a) Continuous measurement
   - the power factor, as determined during the interval in which the maximum kW demand is established, will be used for billing purposes; or
b) Testing
   - the power factor, as determined during a period in which the customer's measured kW demand is not less than 90% of the measured maximum kW demand of the preceding billing period, will be used for billing purposes until superseded by a power factor determined by a subsequent test made at the direction of Company or request of customer.

LATE PAYMENT CHARGE

Payment of the total amount due must be received in the Company's office by the due date shown on the bill. When not so paid, an additional amount equal to one and one-half percent (1.5%) of the unpaid balance is due and payable. The late payment charge is not applicable to unpaid account balances for services received from a Certified Supplier.

TERMS AND CONDITIONS

The initial term of contract shall be for a minimum period of three (3) years terminable thereafter by a minimum notice of either the customer or the Company as follows:

(1) For customers with a most recent twelve month average demand of less than 10,000 kVA, thirty (30) days written notice.

(2) For customers with a most recent twelve month average demand of greater than 10,000 kVA, twelve (12) months written notice.

The Company is not obligated to extend, expand or rearrange its transmission system voltage if it determines that existing distribution and/or transmission facilities are of adequate capacity to serve the customer's load.

If the Company offers to provide the necessary facilities for transmission service, in accordance with its Service Regulations, an annual facilities charge, applicable to such additional facilities, is established at twenty (20) percent of actual cost. The annual facilities charge shall be billed in twelve monthly installments to be added to the demand charge.

SERVICE REGULATIONS

The supplying and billing for service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to the Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio.

Filed pursuant to an Order dated July 8, 2009 in Case No. 08-709-EL-AIR before the Public Utilities Commission of Ohio.

Issued: July 10, 2009 Effective: July 13, 2009

Issued by Julie Janson, President

RATE SFL - ADPL

OPTIONAL UNMETERED RATE FOR SMALL FIXED LOADS ATTACHED DIRECTLY TO COMPANY'S POWER LINES

APPLICABILITY

Applicable to electric service in the Company's entire territory where secondary and/or primary distribution lines exist for any bulk, small, unmetered, fixed-load electric devices that can be connected directly to the Company's power lines within the power zone of Company's poles and which do not require service drops.

For customers taking service under any or all of the provisions of this tariff schedule, this same schedule shall constitute the Company's Standard Service Offer.

TYPE OF SERVICE

Alternating current 60 Hz, at nominal voltages of 120, 120/240 or 120/208, 12,500 or 34,500 volts, single phase, unmetered. Service of other characteristics, where available, may be furnished at the option of the Company.

NET MONTHLY BILL

Computed in accordance with the following charges:

1. Distribution Charges $0.018362 per kWh

2. Applicable Riders

   The following riders are applicable pursuant to the specific terms contained within each rider:
   Sheet No. 51, Rider PTC-AAC, Annually Adjusted Component Rider
   Sheet No. 53, Rider PTC-FPP, Fuel and Economy Purchased Power Rider
   Sheet No. 54, Rider SRA-CD, Capacity Dedication Rider
   Sheet No. 56, Rider SRA-SRT, System Reliability Tracker
   Sheet No. 57, Rider TCR, Transmission Cost Recovery Rider
   Sheet No. 58, Rider DRI, Distribution Reliability Investment Rider
   Sheet No. 70, Rider DR, Storm Recovery Rider
   Sheet No. 81, Rider EER, Energy Efficiency Revolving Loan Program Rider
   Sheet No. 83, Rider OET, Ohio Excise Tax Rider
   Sheet No. 84, Rider RTC, Regulatory Transition Charge Rider
   Sheet No. 85, Rider SC, Shopping Credit Rider
   Sheet No. 86, Rider USR, Universal Service Fund Rider
   Sheet No. 105, Rider DR-ECF, Economic Competitiveness Fund Rider
   Sheet No. 106, Rider DR-SAWR, Energy Efficiency Recovery Rate
   Sheet No. 108, Rider UE-ED, Uncollectible Expense – Electric Distribution Rider

NET MONTHLY BILL (Contd.)

3. Price to Compare – Base Generation Charges (PTC-BG)

JAN. 1, 2009 – DEC. 31, 2009	
All kWh	$0.055458 per kWh
JAN. 1, 2010 – DEC. 31, 2010	
All kWh	$0.058444 per kWh
JAN. 1, 2011 – DEC. 31, 2011	
All kWh	$0.068267 per kWh

The Generation Charges listed above are applicable to all customers except those customers that switch to a Certified Supplier for their generation service.

AVOIDANCE OF SYSTEM RELIABILITY TRACKER CHARGE AND RECEIPT OF SHOPPING CREDIT

Non-residential customers who have signed or will sign a contract with DE-Ohio, or provide a CRES contract to DE-Ohio, or provide a release in the form approved by the Commission in Case No. 03-93-EL-ATA indicating that the customer will remain off of ESP-SSO service through December 31, 2011, may avoid Rider SRA-SRT charges and receive a shopping credit. More specifically, to avoid Rider SRA-SRT charges and receive the shopping credit, the customer must be willing to return to DE-Ohio's ESP-SSO service at 115% of DE-Ohio's ESP-SSO price, including all riders except for distribution riders.

LATE PAYMENT CHARGE

Payment of the total amount due must be received in the Company's office by the due date shown on the bill. When not so paid, an additional amount equal to one and one-half percent (1.5%) of the unpaid balance is due and payable. Company and customer may agree to different late payment terms in the Service Agreement. The late payment charge is not applicable to unpaid account balances for services received from a Certified Supplier.

SERVICE PROVISIONS

1. Each separate point of delivery of service shall be considered a Fixed Load Location.
2. The Company shall determine the monthly kWhs associated with each Fixed Load Location.
3. The customer shall enter into a Service Agreement with the Company setting forth the terms and conditions under which the customer may connect devices to the Company's power lines.
4. The customer shall be responsible for all costs associated with connecting the device to the power lines.
5. The customer shall notify the Company in advance of the connection of any device to Company's power lines, and in advance of every change in connected load, and the Company reserves the right to inspect the customer's equipment at any time to verify the actual load. In the event of the customer's failure to notify the Company of an increase in load, the Company reserves the right to refuse to serve the Fixed Load thereafter under this Schedule, and shall be entitled to bill the customer retroactively on the basis of the increased load for the full period such load was connected.

SERVICE PROVISIONS (Contd.)

6. The Company may, at its sole discretion, refuse to attach devices that it reasonably believes may impede the operation, maintenance, reliability, or safety of the electric distribution lines or pose a danger to Company personnel or other persons.
7. To the extent it is commercially feasible to do so, the Company will combine all fixed load locations for a given customer onto a single monthly bill. Billing calculations will be performed for each Fixed Load Location, but the results of the individual calculations will be summarized on the monthly bill.

TERM OF SERVICE

Minimum one (1) year, terminable thereafter on thirty (30) days written notice by either customer or Company. Company and customer may agree to a different term in the Service Agreement.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to the Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio.

RIDER NM

NET METERING RIDER

AVAILABILITY

Net Metering is available to qualifying customer generators, upon request, and on a first-come, first-served basis. A qualifying customer generator is one whose generating facilities are:

a. Fueled by solar, wind, biomass, landfill gas, or hydropower, or use a microturbine or a fuel cell;
b. Located on the Customer's premises;
c. Operated in parallel with the Company's transmission and distribution facilities;
d. Intended primarily to offset part or all of the Customer's requirements for electricity.

DEFINITION

"Net Metering" means measuring the difference in an applicable billing period between the amount of electricity supplied by Company and the amount of electricity generated by such respective Customer that is delivered to Company.

BILLING

The measurement of net electricity supplied by Company and delivered to Company shall be calculated in the following manner. Company shall measure the difference between the amount of electricity delivered by Company to Customer and the amount of electricity generated by the Customer and delivered to Company during the billing period, in accordance with normal metering practices. If the kWh delivered by Company to the Customer exceeds the kWh delivered by the Customer to Company during the billing period, the Customer shall be billed for the kWh difference. If the kWh generated by the Customer and the delivered to Company exceeds the kWh supplied by the Company to Customer during the billing period, the Customer shall be credited the kWh difference. The credit shall be only for the generation component of the applicable rate tariff. The Customer may request in writing a refund that amounts to, but is not greater than, an annual true-up of accumulated credits over a twelve month period.

Bill charges and credits will be in accordance with the standard tariff that would apply if the Customer did not participate in this rider.

METERING

Net metering shall be accomplished using a single meter capable of registering the amount (flow) of electricity which flowed in each direction during a billing period. If the existing electrical meter is not capable of measuring the flow of electricity in two directions, the customer-generator shall be responsible for all expenses involved in purchasing and installing a meter that is capable of measuring electricity flow in two directions. The Company, at its own expense and with the written consent of the customer-generator, may install one or more additional meters to monitor the flow of electricity in each direction.

TERMS AND CONDITIONS

Customer shall maintain reasonable amounts of insurance sufficient to meets its construction, operating and liability responsibilities associated with the generator installation. Customer shall agree to provide Company from time to time with proof of such insurance upon Company's request.

Company and Customer, to the extent permitted by law, shall indemnify and hold the other party harmless from and against all claims, liability, damages, and expenses, including attorney's fees, based on any injury to any persons, including loss of life or damage to any property, including loss of use thereof, arising out of, resulting from, or connected with, or that may be alleged to have arisen out of, resulted from, or connected with an act or omission by such other party, its employees, agents, representatives, successors, or assigns in the construction, ownership, operation, or maintenance of such party's facilities used in net metering.

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Public Utility Commission of Ohio and the Company's Service Regulations, as filed with the Public Utility Commission of Ohio.

INTERCONNECTION

Customer shall make an application for Interconnection Service and execute an Interconnection Agreement as outlined in Rate IS – Interconnection Service.

Customer shall comply with all applicable requirements of Rate IS – Interconnection Service.

Conformance with these requirements does not convey any liability to the Company for damages or injuries arising from the installation or operation of the generator system.

RATE TS

SERVICE AT TRANSMISSION VOLTAGE

APPLICABILITY

Applicable to electric service for usual customer load requirements where the Company specifies service at a nominal transmission system voltage of 69,000 volts or higher, and the Company determines that facilities of adequate capacity are available and adjacent to the premises to be served. Electric service must be supplied at one point of delivery and the customer furnishes and maintains all transformation equipment and appurtenances necessary to utilize the service.

For customers taking service under any or all of the provisions of this tariff schedule, this same schedule shall constitute the Company's Standard Service Offer.

TYPE OF SERVICE

Alternating current 60 Hz, three phase at Company's standard transmission voltage of 69,000 volts or higher.

NET MONTHLY BILL

Computed in accordance with the following charges (kilovolt amperes are abbreviated as kVA; kilowatt-hours are abbreviated as kWh):

1. Distribution Charges

(a) Customer Charge per month	$200.00
(b) Demand Charge	
All kVA	$ 0.000 per kVA

2. Applicable Riders

The following riders are applicable pursuant to the specific terms contained within each rider:
Sheet No. 51, Rider PTC-AAC, Annually Adjusted Component Rider
Sheet No. 53, Rider PTC-FPP, Fuel and Economy Purchased Power Rider
Sheet No. 54, Rider SRA-CD, Capacity Dedication Rider
Sheet No. 56, Rider SRA-SRT, System Reliability Tracker
Sheet No. 57, Rider TCR, Transmission Cost Recovery Rider
Sheet No. 58, Rider DRI, Distribution Reliability Investment Rider
Sheet No. 70, Rider DR, Storm Recovery Rider
Sheet No. 81, Rider EER, Energy Efficiency Revolving Loan Program Rider
Sheet No. 83, Rider OET, Ohio Excise Tax Rider
Sheet No. 84, Rider RTC, Regulatory Transition Charge Rider
Sheet No. 85, Rider SC, Shopping Credit Rider
Sheet No. 86, Rider USR, Universal Service Fund Rider
Sheet No. 105, Rider DR-ECF, Economic Competitiveness Fund Rider
Sheet No. 106, Rider DR-SAWR, Energy Efficiency Recovery Rate
Sheet No. 108, Rider UE-ED, Uncollectible Expense – Electric Distribution Rider

NET MONTHLY BILL (Contd.)

3. Price to Compare – Base Generation Charges (PTC-BG)

JAN. 1, 2009 – DEC. 31, 2009		
(a) Demand Charge		
First 50,000 kVA	$8.7183	per kVA
Additional kVA	$6.2847	per kVA
(b) Energy Charge		
Billing Demand times 300	$0.002751	per kWh
Additional kWh	$0.004587	per kWh
JAN. 1, 2010 – DEC. 31, 2010		
(a) Demand Charge		
First 50,000 kVA	$ 9.0671	per kVA
Additional kVA	$ 6.5361	per kVA
(b) Energy Charge		
Billing Demand times 300	$0.003583	per kWh
Additional kWh	$0.005273	per kWh
JAN. 1, 2011 – DEC. 31, 2011		
(a) Demand Charge		
First 50,000 kVA	$9.4297	per kVA
Additional kVA	$6.7976	per kVA
(b) Energy Charge		
Billing Demand times 300	$0.010038	per kWh
Additional kWh	$0.006086	per kWh

The Generation Charges listed above are applicable to all customers except those customers that switch to a Certified Supplier for their generation service.

AVOIDANCE OF SYSTEM RELIABILITY TRACKER CHARGE AND RECEIPT OF SHOPPING CREDIT

Non-residential customers who have signed or will sign a contract with DE-Ohio, or provide a CRES contract to DE-Ohio, or provide a release in the form approved by the Commission in Case No. 03-93-EL-ATA indicating that the customer will remain off of ESP-SSO service through December 31, 2011, may avoid Rider SRA-SRT charges and receive a shopping credit. More specifically, to avoid Rider SRA-SRT charges and receive the shopping credit, the customer must be willing to return to DE-Ohio's ESP-SSO service at 115% of DE-Ohio's ESP-SSO price, including all riders except for distribution riders.

MINIMUM CHARGE

The minimum charge shall be not less than fifty (50) percent of the highest demand charge established during the preceding eleven (11) months or the billing of 1,000 kVA, whichever is higher.

METERING

The Company may meter at secondary or primary voltage as circumstances warrant. If the Company elects to meter at secondary voltage, the kilowatt-hours registered on the Company's meter will be increased one and one-half (1.5) percent for billing purposes.

DEMAND

The demand shall be the kilovolt amperes derived from the Company's demand meter for the fifteen-minute period of the customer's greatest use during the month, but not less than the higher of the following:

a) 85% of the highest monthly kilovolt amperes similarly established during the summer period for the next succeeding eleven (11) months; or

b) 1,000 kilovolt amperes.

For purposes of administration of the above clause, the summer period is defined as that period represented by the Company's billing for the four (4) revenue months of June through September. The winter period is defined as the period represented by the Company's billing for the eight (8) revenue months of January through May and October through December.

The Company may re-determine customer's billing demand at any time in recognition of a permanent change in load due to such occurrences as the installation of load control equipment or a temporary change due to malfunctions of such equipment.

LATE PAYMENT CHARGE

Payment of the total amount due must be received in the Company's office by the due date shown on the bill. When not so paid, an additional amount equal to one and one-half percent (1.5%) of the unpaid balance is due and payable. The late payment charge is not applicable to unpaid account balances for services received from a Certified Supplier.

TERMS AND CONDITIONS

The initial term of contract shall be for a minimum period of five (5) years terminable thereafter by either the customer or the Company as follows:

(1) Thirty (30) days after receipt of written notice for customers with a most recent twelve (12) month average demand of less than 10,000 kVA.

(2) Twelve (12) months after receipt of written notice for customers with a most recent twelve (12) month average demand of 10,000 kVA or greater.

The Company is not obligated to extend, expand or rearrange its transmission system voltage if it determines that existing distribution and/or transmission facilities are of adequate capacity to serve the customer's load.

If the Company offers to provide the necessary facilities for transmission voltage, in accordance with its Service Regulations, an annual facilities charge, applicable to such additional facilities, is established at twenty (20) percent of actual cost. The annual facilities charge shall be billed in twelve monthly installments to be added to the demand charge.

SERVICE REGULATIONS

The supplying and billing for service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to the Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio.

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

RIDER RSS

RATE STABILIZATION SURCREDIT RIDER

THIS TARIFF IS HEREBY CANCELLED AND WITHDRAWN

RATE SL

STREET LIGHTING SERVICE

APPLICABILITY

Applicable to municipal, county, state and Federal governments, including divisions thereof, and incorporated homeowners associations for the lighting of public streets and roads with Company-owned lighting fixtures.

For customers taking service under any or all of the provisions of this tariff schedule, this same schedule shall constitute the Company's Standard Service Offer.

Mercury Vapor lighting fixtures will not be installed by the Company after June 1, 2003. As currently installed Mercury Vapor fixtures are retired and/or replaced, they may be replaced with either Metal Halide or Sodium Vapor fixtures as the customer chooses.

This service will no longer be available for units installed after December 31, 2004.

TYPE OF SERVICE

All equipment owned by the Company will be installed and maintained by the Company. All lamps will burn from dusk to dawn, approximately 4,160 hours per annum. The Company will endeavor to replace burned-out lamps within 48 hours after notification by the customer. The Company does not guarantee continuous lighting or electric service and shall not be liable to the customer or anyone else for any damage, loss or injury due to any cause.

NET MONTHLY BILL

The following monthly charge for each unit with lamp and luminaire, controlled automatically, will be assessed:

	Lamp Watts	KW/Unit	Annual kWh	Distribution Energy & Equipment $/Unit	2009 PTC-BG Generation Charge $/Unit	2010 PTC-BG Generation Charge $/Unit	2011 PTC-BG Generation Charge $/Unit
1. Base Rate							
OVERHEAD DISTRIBUTION AREA							
Fixture Description							
Standard Fixture (Cobra Head)							
Mercury Vapor							
7,000 lumen	175	0.193	803	3.225	1.177	1.264	1.507
7,000 lumen (Open Refractor)	175	0.205	853	3.162	1.251	1.343	1.601
10,000 lumen	250	0.275	1,144	3.278	1.677	1.801	2.147
21,000 lumen	400	0.430	1,789	3.318	2.623	2.816	3.358

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

NET MONTHLY BILL (Contd.)

	Lamp Watts	KW/Unit	Annual kWh	Distribution Energy & Equipment $/Unit	2009 PTC-BG Generation Charge $/Unit	2010 PTC-BG Generation Charge $/Unit	2011 PTC-BG Generation Charge $/Unit
Metal Halide							
14,000 lumen	175	0.193	803	3.225	1.177	1.264	1.507
20,500 lumen	250	0.275	1,144	3.278	1.677	1.801	2.147
Sodium Vapor							
9,500 lumen	100	0.117	487	5.704	0.714	0.767	0.914
9,500 lumen (Open Refractor)	100	0.117	487	5.485	0.714	0.767	0.914
16,000 lumen	150	0.171	711	6.187	1.043	1.119	1.335
22,000 lumen	200	0.228	948	6.144	1.390	1.492	1.779
27,500 lumen	200	0.228	948	6.144	1.390	1.492	1.779
50,000 lumen	400	0.471	1,959	7.518	2.872	3.083	3.677
Decorative Fixtures							
Sodium Vapor							
9,500 lumen (Rectilinear)	100	0.117	487	9.898	0.714	0.767	0.914
22,000 lumen (Rectilinear)	200	0.246	1,023	10.009	1.500	1.610	1.920
50,000 lumen (Rectilinear)	400	0.471	1,959	10.011	2.872	3.083	3.677
50,000 lumen (Setback)	400	0.471	1,959	13.744	2.872	3.083	3.677

Where a street lighting fixture served overhead is to be installed on another utility's pole on which the Company does not have a contact, a monthly pole charge will be assessed.

Spans of Secondary Wiring:

For each increment of 50 feet of secondary wiring beyond the first 150 feet from the pole, the following price per month shall be added to the price per month per street lighting unit: $0.41.

	Lamp Watts	KW/Unit	Annual kWh	Distribution Energy & Equipment $/Unit	2009 PTC-BG Generation Charge $/Unit	2010 PTC-BG Generation Charge $/Unit	2011 PTC-BG Generation Charge $/Unit
UNDERGROUND DISTRIBUTION AREA							
Fixture Description							
Standard Fixture (Cobra Head)							
Mercury Vapor							
7,000 lumen	175	0.210	874	2.728	1.282	1.376	1.640
7,000 lumen (Open Refractor)	175	0.205	853	3.327	1.251	1.343	1.601
10,000 lumen	250	0.292	1,215	2.726	1.781	1.912	2.281
21,000 lumen	400	0.460	1,914	2.805	2.806	3.013	3.593

NET MONTHLY BILL (Contd.)

	Lamp Watts	KW/Unit	Annual kWh	Distribution Energy & Equipment $/Unit	2009 PTC-BG Generation Charge $/Unit	2010 PTC-BG Generation Charge $/Unit	2011 PTC-BG Generation Charge $/Unit
Sodium Vapor							
9,500 lumen	100	0.117	487	5.704	0.714	0.767	0.914
22,000 lumen	200	0.228	948	6.144	1.390	1.492	1.779
27,500 lumen	200	0.228	948	6.144	1.390	1.492	1.779
50,000 lumen	400	0.471	1,959	7.518	2.872	3.083	3.677
Decorative Fixtures							
Mercury Vapor							
7,000 lumen (Town & Country)	175	0.205	853	5.830	1.251	1.343	1.601
7,000 lumen (Holophane)	175	0.210	874	6.220	1.282	1.376	1.640
7,000 lumen (Gas Replica)	175	0.210	874	15.520	1.282	1.376	1.640
7,000 lumen (Aspen)	175	0.210	874	8.493	1.282	1.376	1.640
Metal Halide							
14,000 lumen (Granville)	175	0.210	874	8.493	1.282	1.376	1.640
14,000 lumen (Town & Country)	175	0.205	853	5.830	1.251	1.343	1.601
14,500 lumen (Gas Replica)	175	0.210	874	15.520	1.282	1.376	1.640
Sodium Vapor							
9,500 lumen (Town & Country)	100	0.117	487	9.635	0.714	0.767	0.914
9,500 lumen (Holophane)	100	0.128	532	9.969	0.780	0.837	0.999
9,500 lumen (Rectilinear)	100	0.117	487	10.118	0.714	0.767	0.914
9,500 lumen (Gas Replica)	100	0.128	532	18.258	0.780	0.837	0.999
9,500 lumen (Aspen)	100	0.128	532	10.507	0.780	0.837	0.999
16,000 lumen (Aspen)	150	0.171	711	6.187	1.043	1.119	1.335
22,000 lumen (Rectilinear)	200	0.246	1,023	10.009	1.500	1.610	1.920
50,000 lumen (Rectilinear)	400	0.471	1,959	9.572	2.872	3.083	3.677
50,000 lumen (Setback)	400	0.471	1,959	13.744	2.872	3.083	3.677

POLE CHARGES

Pole Description	Pole Type	$/Pole
Wood		
17 foot (Wood Laminated) (a)	W17	4.34
30 foot	W30	4.74
35 foot	W35	5.01
40 foot	W40	5.79
Aluminum		
12 foot	A12	12.70
28 foot	A28	7.05
28 foot (heavy duty)	A28H	7.15
30 foot (anchor base)	A30	21.18

NET MONTHLY BILL (Contd.)

Pole Description (Contd.)	Pole Type	$/Pole
Fiberglass		
17 foot	F17	4.35
30 foot (bronze)	F30	9.41
35 foot (bronze)	F35	9.52
40 foot	F40	5.78
Steel		
27 foot (11 gauge)	S27	17.37
27 foot (3 gauge)	S27H	23.51

Spans of Secondary Wiring:

For each increment of 25 feet of secondary wiring beyond the first 25 feet from the pole, the following price per month shall be added to the price per month per street lighting unit: $0.87.

Additional facilities, other than specified above, if required, will be billed at the time of installation.

(a) Note: New or replacement poles no longer available.

2. Applicable Riders

The following riders are applicable pursuant to the specific terms contained within each rider:
Sheet No. 51, Rider PTC-AAC, Annually Adjusted Component Rider
Sheet No. 53, Rider PTC-FPP, Fuel and Economy Purchased Power Rider
Sheet No. 54, Rider SRA-CD, Capacity Dedication Rider
Sheet No. 56, Rider SRA-SRT, System Reliability Tracker
Sheet No. 57, Rider TCR, Transmission Cost Recovery Rider
Sheet No. 58, Rider DRI, Distribution Reliability Investment Rider
Sheet No. 70, Rider DR, Storm Recovery Rider
Sheet No. 81, Rider EER, Energy-Efficiency Revolving Loan Program Rider
Sheet No. 83, Rider OET, Ohio Excise Tax Rider
Sheet No. 84, Rider RTC, Regulatory Transition Charge Rider
Sheet No. 85, Rider SC, Shopping Credit Rider
Sheet No. 86, Rider USR, Universal Service Fund Rider
Sheet No. 105, Rider DR-ECF, Economic Competitiveness Fund
Sheet No. 108, Rider UE-ED, Uncollectible Expense – Electric Distribution Rider

PRICE TO COMPARE BASE GENERATION CHARGES (PTC-BG)

The Generation Charges listed above are applicable to all customers except those customers that switch to a Certified Supplier for their generation service.

AVOIDANCE OF SYSTEM RELIABILITY TRACKER CHARGE AND RECEIPT OF SHOPPING CREDIT

Non-residential customers who have signed or will sign a contract with DE-Ohio, or provide a CRES contract to DE-Ohio, or provide a release in the form approved by the Commission in Case No. 03-93-EL-ATA indicating that the customer will remain off of ESP-SSO service through December 31, 2011, may avoid Rider SRA-SRT charges and receive a shopping credit. More specifically, to avoid Rider SRA-SRT charges and receive a shopping credit, the customer must be willing to return to DE-Ohio's ESP-SSO service at 115% of DE-Ohio's ESP-SSO price, including all riders except for distribution riders.

LATE PAYMENT CHARGE

Payment of the total amount due must be received in the Company's office by the due date shown on the bill. When not so paid, an additional amount equal to one and one-half percent (1.5%) of the unpaid balance is due and payable. The late payment charge is not applicable to unpaid account balances for services received from a Certified Supplier.

TERM OF SERVICE

The street lighting units are installed for the life of the unit, and then its terminable on one hundred twenty (120) days written notice by either customer or Company subject to Paragraph 4 or 6 under General Conditions.

GENERAL CONDITIONS

(1) If the customer requires the installation of a unit at a location which requires the extension, relocation, or rearrangement of the Company's distribution system, the customer shall, in addition to the monthly charge, pay the Company on a time and material basis, plus overhead charges, the cost of such extension, relocation, or rearrangement, unless in the judgment of the Company no charge should be made. An estimate of the cost will be submitted for approval before work is carried out.

(2) Installation of street lighting units will be predicated on the ability of the Company to obtain, without cost to itself or the payment or consideration, all easements and rights-of-way which, in the opinion of the Company, are necessary for the construction, maintenance and operation of the street lights, standards, anchors and/or service wires. If such easements and rights-of-way cannot be so obtained, the Company shall have no obligation hereunder to install such units.

(3) The time within which the Company will be able to commence or to complete the services to be performed is dependent on the Company's ability to secure the materials required, and the Company shall not be responsible for failure to install these street light units for such reason.

(4) If an installed street lighting unit is required to be relocated, removed, or replaced with another unit of the same or less rated lamp wattage, the ordering Authority shall pay the Company the sacrifice value of the unit, plus labor and overhead charges, unless in the judgment of the Company no charge should be made. An estimate of the cost will be submitted for approval before work is carried out.

(5) Lamps and refractors which are maintained by the Company shall be kept in good operating condition by and at the expense of the Company.

GENERAL CONDITIONS (Cont'd)

In cases of vandalism, the Company will repair the damaged property and the customer shall pay for such repair on a time and material basis, plus overhead charges, unless in the judgment of the Company no charge should be made. An estimate of the cost will be submitted for approval before work is carried out.

(6) When a street lighting unit reaches end of life or becomes obsolete and parts cannot be reasonably obtained, the Company can remove the unit at no expense to the customer after notifying the customer. The customer shall be given the opportunity to arrange for another type lighting unit provided by the Company.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to the Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio.

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

RATE TL

TRAFFIC LIGHTING SERVICE

APPLICABILITY

Applicable to the supplying of energy for traffic signals or other traffic control lighting on public streets and roads. After January 1, 1992, this tariff schedule shall only be applicable to municipal, county, state and local governments. In the application of this tariff, each point of delivery shall be considered as a separate customer.

For customers taking service under any or all of the provisions of this tariff schedule, this same schedule shall constitute the Company's Standard Service Offer.

TYPE OF SERVICE

Alternating current 60 Hz, single phase at the Company's standard secondary voltage.

NET MONTHLY BILL

Computed in accordance with the following charges:

1. Base Rate
   (a) Where the Company supplies energy only all kilowatt-hours shall be billed as follows:

Distribution Energy and Equipment Charge	\$0.003931per kWh
Price to Compare Base Generation Charge	
2009	\$0.005171 per kWh
2010	\$0.005967 per kWh
2011	\$0.009086 per kWh

   (b) Where the Company supplies energy from a separately metered source and the Company has agreed to provide limited maintenance for traffic signal equipment all kilowatt-hours shall be billed at \$0.026291 per kWh

   (c) Where the Company supplies energy and has agreed to provide limited maintenance for traffic signal equipment all kilowatt-hours shall be billed as follows:

Distribution Energy and Equipment Charge	\$0.027506 per kWh
Price to Compare Base Generation Charge	
2009	\$0.005171 per kWh
2010	\$0.005967 per kWh
2011	\$0.009086 per kWh

NET MONTHLY BILL (Contd.)

2. Applicable Riders

   The following riders are applicable pursuant to the specific terms contained within each rider:
   Sheet No. 51, Rider PTC-AAC, Annually Adjusted Component Rider
   Sheet No. 53, Rider PTC-FPP, Fuel and Economy Purchased Power Rider
   Sheet No. 54, Rider SRA-CD, Capacity Dedication Rider
   Sheet No. 56, Rider SRA-SRT, System Reliability Tracker
   Sheet No. 57, Rider TCR, Transmission Cost Recovery Rider
   Sheet No. 58, Rider DRI, Distribution Reliability Investment Rider
   Sheet No. 70, Rider DR, Storm Recovery Rider
   Sheet No. 81, Rider EER, Energy-Efficiency Revolving Loan Program Rider
   Sheet No. 83, Rider OET, Ohio Excise Tax Rider
   Sheet No. 84, Rider RTC, Regulatory Transition Charge Rider
   Sheet No. 85, Rider SC, Shopping Credit Rider
   Sheet No. 86, Rider USR, Universal Service Fund Rider
   Sheet No. 105, Rider DR-ECF, Economic Competitiveness Fund Rider
   Sheet No. 108, Rider UE-ED, Uncollectible Expense – Electric Distribution Rider

PRICE TO COMPARE BASE GENERATION CHARGES (PTC-BG)

The Generation Charges listed above are applicable to all customers except those customers that switch to a Certified Supplier for their generation service.

AVOIDANCE OF SYSTEM RELIABILITY TRACKER CHARGE AND RECEIPT OF SHOPPING CREDIT

Non-residential customers who have signed or will sign a contract with DE-Ohio, or provide a CRES contract to DE-Ohio, or provide a release in the form approved by the Commission in Case No. 03-93-EL-ATA indicating that the customer will remain off of ESP-SSO service through December 31, 2011, may avoid Rider SRA-SRT charges and receive a shopping credit. More specifically, to avoid Rider SRA-SRT charges and receive a shopping credit, the customer must be willing to return to DE-Ohio's ESP-SSO service at 115% of DE-Ohio's ESP-SSO price, including all riders except for distribution riders.

LATE PAYMENT CHARGE

Payment of the total amount due must be received in the Company's office by the due date shown on the bill. When not so paid, an additional amount equal to one and one-half percent (1.5%) of the unpaid balance is due and payable. The late payment charge is not applicable to unpaid account balances for services received from a Certified Supplier.

TERM OF SERVICE

One year, terminable thereafter on thirty (30) days written notice by either customer or Company.

GENERAL CONDITIONS

(1) Billing will be based on the calculated kilowatt-hour consumption taking into consideration the size and characteristics of the load.

(2) Where the average monthly usage is less than 110 kWh per point of delivery, the customer shall pay the Company, in addition to the monthly charge, the cost of providing the electric service on the basis of time and material plus overhead charges. An estimate of the cost will be submitted for approval before the work is carried out.

(3) The location of each point of delivery shall be mutually agreed upon by the Company and the customer. In overhead distribution areas, the point of delivery shall be within 150 feet of existing secondary wiring. In underground distribution areas, the point of delivery shall be at an existing secondary wiring service point.

(4) If the customer needs a point of delivery which requires the extension, relocation, or rearrangement of Company's distribution system, the customer shall pay the Company, in addition to the monthly charge, the cost of such extension, relocation, or rearrangement on the basis of time and material plus overhead charges, unless such extension, relocation or rearrangement is performed in the course of the Company's routine system upgrade, or where a municipality requires such work when acting in its governmental capacity; then, no payment will be made. An estimate of the cost will be submitted for approval before work is carried out.

LIMITED MAINTENANCE

Limited maintenance for traffic signals is defined as cleaning and replacing lamps, and repairing connections in wiring which are of a minor nature. Limited maintenance for traffic controllers is defined as cleaning, oiling, adjusting and replacing contacts which are provided by customer, time-setting when requested, and minor repairs to defective wiring.

SERVICE REGULATIONS

The supplying and billing for service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to the Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio.

RATE OL

OUTDOOR LIGHTING SERVICE

APPLICABILITY

Applicable for outdoor lighting services on private property with Company owned fixtures in the Company's entire service area where secondary distribution lines are adjacent to the premises to be served. Not applicable for lighting public roadways which are dedicated, or anticipated to be dedicated, except to meet the occasional singular need of a customer who has obtained written approval from the proper governmental authority.

For customers taking service under any or all of the provisions of this tariff schedule, this same schedule shall constitute the Company's Standard Service Offer.

Mercury Vapor lighting fixtures will not be installed by the Company after June 1, 2003. As currently installed Mercury Vapor fixtures are retired and/or replaced, they may be replaced with either Metal Halide or Sodium Vapor fixtures as the customer chooses.

This service will no longer be available for units installed after December 31, 2004.

TYPE OF SERVICE

All equipment will be installed, owned and maintained by the Company on rights-of-way provided by the customer. The Company will perform maintenance only during regularly scheduled working hours and will endeavor to replace burned-out lamps within 48 hours after notification by the customer. The Company does not guarantee continuous lighting and shall not be liable to the customer or anyone else for damage, loss or injury resulting from any interruption in such lighting due to any cause. All lamps will burn from dusk to dawn, approximately 4,160 hours per annum.

NET MONTHLY BILL

1. Base Rate

A. Private outdoor lighting units:

The following monthly charge for each fixture, which includes lamp and luminaire, controlled automatically, mounted on a utility pole, as specified by the Company, with a maximum mast arm of 16 feet for overhead units will be assessed:

	Lamp Watts	KW/Unit	Annual kWh	Distribution Energy & Equipment $/Unit	2009 PTC-BG Generation Charge $/Unit	2010 PTC-BG Generation Charge $/Unit	2011 PTC-BG Generation Charge $/Unit
Standard Fixtures (Cobra Head)							
Mercury Vapor							
7,000 lumen (Open Refractor)	175	0.205	853	5.885	1.251	1.343	1.601
7,000 lumen	175	0.210	874	9.997	1.282	1.376	1.640
10,000 lumen	250	0.292	1,215	10.203	1.781	1.912	2.281
21,000 lumen	400	0.460	1,914	11.237	2.806	3.013	3.593

NET MONTHLY BILL (Contd.)

	Lamp Watts	KW/Unit	Annual kWh	Distribution Energy & Equipment $/Unit	2009 PTC-BG Generation Charge $/Unit	2010 PTC-BG Generation Charge $/Unit	2011 PTC-BG Generation Charge $/Unit
Metal Halide							
14,000 lumen	175	0.210	874	9.997	1.282	1.376	1.640
20,500 lumen	250	0.292	1,215	10.203	1.781	1.912	2.281
36,000 lumen	400	0.460	1,914	11.237	2.806	3.013	3.593
Sodium Vapor							
9,500 lumen (Open Refractor)	100	0.117	487	6.012	0.714	0.767	0.914
9,500 lumen	100	0.117	487	7.812	0.714	0.767	0.914
16,000 lumen	150	0.171	711	9.218	1.043	1.119	1.335
22,000 lumen	200	0.228	948	8.802	1.390	1.492	1.779
27,500 lumen	100	0.117	487	7.812	0.714	0.767	0.914
27,500 lumen	200	0.228	948	8.802	1.390	1.492	1.779
50,000 lumen	400	0.471	1,959	7.825	2.872	3.083	3.677
Decorative Fixtures (a)							
Mercury Vapor							
7,000 lumen (Town & Country)	175	0.205	853	13.385	1.251	1.343	1.601
7,000 lumen (Aspen)	175	0.210	874	19.045	1.282	1.376	1.640
Sodium Vapor							
9,500 lumen (Town & Country)	100	0.117	487	20.417	0.714	0.767	0.914
9,500 lumen (Holophane)	100	0.128	532	21.191	0.780	0.837	0.999
9,500 lumen (Gas Replica)	100	0.128	532	37.770	0.780	0.837	0.999
22,000 lumen (Rectilinear)	200	0.246	1,023	22.427	1.500	1.610	1.920

(a) When requesting installation of a decorative unit, the customer may elect to make an additional contribution to obtain the monthly rate per unit charge for the same size standard (cobra head) outdoor lighting fixture.

B. Flood lighting units served in overhead distribution areas (FL):

The following monthly charge for each fixture, which includes lamp and luminaire, controlled automatically, mounted on a utility pole, as specified by the Company, will be assessed:

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

NET MONTHLY BILL (Contd.)

	Lamp Watts	KW/Unit	Annual kWh	Distribution Energy & Equipment $/Unit	2009 PTC-BG Generation Charge $/Unit	2010 PTC-BG Generation Charge $/Unit	2011 PTC-BG Generation Charge $/Unit
Mercury Vapor							
21,000 lumen	400	0.460	1,914	10.391	2.806	3.013	3.593
Metal Halide							
20,500 lumen	250	0.246	1,023	7.680	1.500	1.610	1.920
36,000 lumen	400	0.460	1,914	10.391	2.806	3.013	3.593
Sodium Vapor							
9,500 lumen	100	0.117	487	7.253	0.714	0.767	0.914
22,000 lumen	200	0.246	1,023	7.680	1.500	1.610	1.920
30,000 lumen	200	0.246	1,023	7.680	1.500	1.610	1.920
50,000 lumen	400	0.480	1,997	8.450	2.928	3.143	3.748

Additional facilities, if needed will be billed at the time of installation.

2. Applicable Riders

The following riders are applicable pursuant to the specific terms contained within each rider:

Sheet No. 51, Rider PTC-AAC, Annually Adjusted Component Rider
Sheet No. 53, Rider PTC-FPP, Fuel and Economy Purchased Power Rider
Sheet No. 54, Rider SRA-CD, Capacity Dedication Rider
Sheet No. 56, Rider SRA-SRT, System Reliability Tracker
Sheet No. 57, Rider TCR, Transmission Cost Recovery Rider
Sheet No. 58, Rider DRI, Distribution Reliability Investment Rider
Sheet No. 70, Rider DR, Storm Recovery Rider
Sheet No. 81, Rider EER, Energy-Efficiency Revolving Loan Program Rider
Sheet No. 83, Rider OET, Ohio Excise Tax Rider
Sheet No. 84, Rider RTC, Regulatory Transition Charge Rider
Sheet No. 85, Rider SC, Shopping Credit Rider
Sheet No. 86, Rider USR, Universal Service Fund Rider
Sheet No. 105, Rider DR-ECF, Economic Competitiveness Fund
Sheet No. 108, Rider UE-ED, Uncollectible Expense – Electric Distribution Rider

PRICE TO COMPARE BASE GENERATION CHARGES (PTC-BG)

The Generation Charges listed above are applicable to all customers except those customers that switch to a Certified Supplier for their generation service.

Filed pursuant to an Order dated July 8, 2009 in Case No. 08-709-EL-AIR before the Public Utilities Commission of Ohio.

Issued: July 10, 2009 Effective: July 13, 2009

Issued by Julie Janson, President

AVOIDANCE OF SYSTEM RELIABILITY TRACKER CHARGE AND RECEIPT OF SHOPPING CREDIT

Non-residential customers who have signed or will sign a contract with DE-Ohio, or provide a CRES contract to DE-Ohio, or provide a release in the form approved by the Commission in Case No. 03-93-EL-ATA indicating that the customer will remain off of ESP-SSO service through December 31, 2011, may avoid Rider SRA-SRT charges and receive a shopping credit. More specifically, to avoid Rider SRA-SRT charges and receive the shopping credit, the customer must be willing to return to DE-Ohio's ESP-SSO service at 115% of DE-Ohio's ESP-SSO price, including all riders except for distribution riders.

LATE PAYMENT CHARGE

Payment of the total amount due must be received in the Company's office by the due date shown on the bill. When not so paid, an additional amount equal to one and one-half percent (1.5%) of the unpaid balance is due and payable. The late payment charge is not applicable to unpaid account balances for services received from a Certified Supplier.

TERM OF SERVICE

Three (3) years for a new and/or succeeding customer until the initial period is fulfilled. The service is terminable thereafter on ten (10) days written notice by the customer or the Company.

At the Company's option, a longer contract may be required for large installations.

GENERAL CONDITIONS

1. In cases of repeated vandalism, the Company at its option will repair or remove its damaged equipment and the customer shall pay for repairs on a time and material basis, plus overhead charges. If the equipment is removed the customer will be billed for the unexpired term of the contract.
2. If the customer requires the extension, relocation or rearrangement of the Company's system, the customer will pay, in addition to the monthly charge, the Company on a time and materials basis, plus overhead charges, for such extension, relocation or rearrangement unless in the judgment of the Company no charge should be made. An estimate of the cost will be submitted for customer approval before work is carried out.
3. If any Company owned lighting unit is required to be relocated, removed or replaced with another unit of the same or lower lamp wattage, the customer ordering this shall pay the Company the sacrifice value of the unit, plus labor and overhead charges, unless in the judgment of the Company no charges should be made. An estimate of the cost will be submitted for customer approval before work is carried out.
4. Installation of lighting units will be predicated on the ability of the Company to obtain, without cost to itself or the payment or consideration, all easements and rights-of-way which, in the opinion of the Company, are necessary for the construction, maintenance and operation of the lights, standards, anchors and/or service wires. If such easements and rights-of-way cannot be so obtained, the Company shall have no obligation hereunder to install such units.
5. The time within which the Company will be able to commence or to complete the services to be performed is dependent on the Company's ability to secure the materials required, and the Company shall not be responsible for failure to install these light units for such reason.
6. When a lighting unit reaches end of life or becomes obsolete and parts cannot be reasonably obtained, the Company can remove the unit at no expense to the customer after notifying the customer. The customer shall be given the opportunity to arrange for another type lighting unit provided by the Company.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to the Company's Service Regulations, currently in effect, as filed with the Public Utilities Commission of Ohio.

RATE NSU

**STREET LIGHTING SERVICE
FOR NON-STANDARD UNITS**

APPLICABILITY

Applicable to municipal, county, state and Federal governments, including divisions thereof, hereafter referred to as Customer, for the lighting of public streets and roads with existing Company and Customer owned lighting fixtures. This service is not available for units installed after December 2, 1983.

For customers taking service under any or all of the provisions of this tariff schedule, this same schedule shall constitute the Company's Standard Service Offer.

TYPE OF SERVICE

All equipment owned by the Company will be maintained by the Company. All lamps will burn from dusk to dawn, approximately 4,160 hours per annum. The Company will endeavor to replace burned-out lamps maintained by the Company within 48 hours after notification by the customer. The Company does not guarantee continuous lighting or electric service and shall not be liable to the customer or anyone else for any damage, loss or injury due to any cause.

NET MONTHLY BILL

The following monthly charge for each unit with lamp and luminaire, controlled automatically, will be assessed.

	Lamp Watts	KW/Unit	Annual kWh	Distribution Energy & Equipment $/Unit	2009 PTC-BG Generation Charge $/Unit	2010 PTC-BG Generation Charge $/Unit	2011 PTC-BG Generation Charge $/Unit
1. Base Rate							
A. Company Owned							
1) Steel boulevard units and 15 and 30 ft. steel poles served underground							
a. 1,000 lumen incandescent	65	0.065	270	6.557	0.396	0.425	0.507
b. 4,000 lumen incandescent	295	0.295	1,227	13.744	1.799	1.931	2.303
c. 6,000 lumen incandescent	405	0.405	1,685	13.281	2.471	2.652	3.163
d. 50,000 lumen sodium vapor	400	0.471	1,959	12.284	2.872	3.083	3.677
2) Street light units served overhead on Company owned pole							
a. 2,500 lumen incandescent	148	0.148	616	4.060	0.903	0.970	1.156
b. 6,000 lumen incandescent	405	0.405	1,685	1.542	2.471	2.652	3.163
c. 2,500 lumen mercury vapor	100	0.115	478	4.386	0.701	0.752	0.897

NET MONTHLY BILL (Cont'd.)

	Lamp Watts	KW/Unit	Annual kWh	Distribution Energy & Equipment $/Unit	2009 PTC-BG Generation Charge $/Unit	2010 PTC-BG Generation Charge $/Unit	2011 PTC-BG Generation Charge $/Unit
B. Customer owned							
1) Lighting system on steel poles served either overhead or underground with limited maintenance by Company							
a. 21,000 lumen mercury vapor	400	0.460	1,914	0.136	2.806	3.013	3.593
2) Fixtures mounted on Company owned pole served underground in conduit with limited maintenance by Company							
a. 21,000 lumen mercury vapor (Two fixtures per pole)	400	0.460	1,914	10.677	2.806	3.013	3.593

2. Applicable Riders

The following riders are applicable pursuant to the specific terms contained within each rider:
Sheet No. 51, Rider PTC-AAC, Annually Adjusted Component Rider
Sheet No. 53, Rider PTC-FPP, Fuel and Economy Purchased Power Rider
Sheet No. 54, Rider SRA-CD, Capacity Dedication Rider
Sheet No. 56, Rider SRA-SRT, System Reliability Tracker
Sheet No. 57, Rider TCR, Transmission Cost Recovery Rider
Sheet No. 58, Rider DRI, Distribution Reliability Investment Tracker
Sheet No. 70, Rider DR, Storm Recovery Rider
Sheet No. 81, Rider EER, Energy-Efficiency Revolving Loan Program Rider
Sheet No. 83, Rider OET, Ohio Excise Tax Rider
Sheet No. 84, Rider RTC, Regulatory Transition Charge Rider
Sheet No. 85, Rider SC, Shopping Credit Rider
Sheet No. 86, Rider USR, Universal Service Fund Rider
Sheet No. 105, Rider DR-ECF, Economic Competitiveness Fund Rider
Sheet No. 108, Rider UE-ED, Uncollectible Expense – Electric Distribution Rider

PRICE TO COMPARE BASE GENERATION CHARGE (PTC-BG)

The Generation Charges listed above are applicable to all customers except those customers that switch to a Certified Supplier for their generation service.

AVOIDANCE OF SYSTEM RELIABILITY TRACKER CHARGE AND RECEIPT OF SHOPPING CREDIT

Non-residential customers who have signed or will sign a contract with DE-Ohio, or provide a CRES contract to DE-Ohio, or provide a release in the form approved by the Commission in Case No. 03-93-EL-ATA indicating that the customer will remain off of ESP-SSO service through December 31, 2011, may avoid Rider SRA-SRT charges and receive a shopping credit. More specifically, to avoid Rider SRA-SRT charges and receive a shopping credit, the customer must be willing to return to DE-Ohio's ESP-SSO service at 115% of DE-Ohio's ESP-SSO price, including all riders except for distribution riders.

LATE PAYMENT CHARGE

Payment of the total amount due must be received in the Company's office by the due date shown on the bill. When not so paid, an additional amount equal to one and one-half percent (1.5%) of the unpaid balance is due and payable. The late payment charge is not applicable to unpaid account balances for services received from a Certified Supplier.

TERM OF SERVICE

The street lighting units are installed for the life of the unit, terminable on one hundred twenty (120) days written notice by either customer or Company subject to Paragraph 1 or 3 under General Conditions.

GENERAL CONDITIONS

(1) If an installed street lighting unit is required to be relocated, removed, or replaced with another unit of the same or less rated lamp wattage, the ordering Authority shall pay the Company the sacrifice value of the unit, plus labor and overhead charges, unless in the judgment of the Company no charge should be made. An estimate of the cost will be submitted for approval before work is carried out.

(2) Lamps and refractors which are maintained by the Company shall be kept in good operating condition by, and at the expense of, the Company.

In case of vandalism, the Company will repair the damaged property and the customer shall pay for such repair on a time and material basis, plus overhead charges, unless in the judgment of the Company no charge should be made. An estimate of the cost will be submitted for approval before work is carried out.

(3) When a Company owned street lighting unit reaches end of life or becomes obsolete and parts cannot be reasonably obtained, the Company can remove the unit at no expense to the customer after notifying the customer. The customer shall be given the opportunity to arrange for another type lighting unit provided by the Company.

(4) When a customer owned lighting unit becomes inoperative, the cost of repair or replacement of the unit will be at the customer's expense. The replacement unit shall be an approved Company fixture.

(5) Limited maintenance by the Company includes only fixture cleaning, relamping, and glassware and photo cell replacement.

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to the Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio.

RATE NSP

PRIVATE OUTDOOR LIGHTING FOR NON-STANDARD UNITS

APPLICABILITY

Applicable to service for outdoor lighting on private property with Company owned overhead lighting fixtures in the Company's entire territory where secondary distribution lines are adjacent to the premise to be served. Not applicable to service for lighting of dedicated or undedicated public thoroughfares.

For customers taking service under any or all of the provisions of this tariff schedule, this same schedule shall constitute the Company's Standard Service Offer.

TYPE OF SERVICE

All equipment will be installed, owned and maintained by the Company on rights-of-way provided by the customer. The Company will perform maintenance only during regularly scheduled working hours and will endeavor to replace burned-out lamps within 48 hours after notification by the customer. The Company does not guarantee continuous lighting and shall not be liable to the customer or anyone else for damage, loss or injury resulting from any interruption in such lighting due to any cause. All lamps will burn from dusk to dawn, approximately 4,160 hours per annum.

NET MONTHLY BILL

1. Private outdoor lighting units:

   The following monthly charge for Town and Country fixtures installed, or for which customer has contracted with Company to install, prior to March 1, 1991 will be assessed:

	Lamp Watts	KW/Unit	Annual kWh	Distribution Energy & Equipment $/Unit	2009 PTC-BG Generation Charge $/Unit	2010 PTC-BG Generation Charge $/Unit	2011 PTC-BG Generation Charge $/Unit
9,500 lumen Sodium Vapor	100	0.117	487	9.240	0.714	0.767	0.914

   The following monthly charge will be assessed for existing facilities, but this unit will not be available to new customers after March 2, 1972:

	Lamp Watts	KW/Unit	Annual kWh	Distribution Energy & Equipment $/Unit	2009 PTC-BG Generation Charge $/Unit	2010 PTC-BG Generation Charge $/Unit	2011 PTC-BG Generation Charge $/Unit
2,500 lumen Mercury, Open Refractor	100	0.115	478	7.273	0.701	0.752	0.897
2,500 lumen Mercury, Encl. Refractor	100	0.115	478	10.282	0.701	0.752	0.897

NET MONTHLY BILL (Contd.)

2. Outdoor lighting units served in underground residential distribution areas:

The following monthly charge will be assessed for existing fixtures which include lamp and luminaire, controlled automatically, with an underground service wire not to exceed 35 feet from the service point, but these units will not be available to new customers after March 1, 1991:

	Lamp Watts	KW/Unit	Annual kWh	Distribution Energy & Equipment $/Unit	2009 PTC-BG Generation Charge $/Unit	2010 PTC-BG Generation Charge $/Unit	2011 PTC-BG Generation Charge $/Unit
7,000 lumen Mercury, Mounted on a 17-foot Fiberglass Pole	175	0.205	853	13.122	1.251	1.343	1.601
7,000 lumen Mercury, Mounted on a 30-foot Wood Pole	175	0.205	853	11.815	1.251	1.343	1.601

3. Flood lighting units served in overhead distribution areas:

The following monthly charge will be assessed for each existing fixture, which includes lamp and luminaire, controlled automatically, mounted on a utility pole, as specified by the Company, with a span of wire not to exceed 120 feet, but these units will not be available to new customers after June 1, 1982:

	Lamp Watts	KW/Unit	Annual kWh	Distribution Energy & Equipment $/Unit	2009 PTC-BG Generation Charge $/Unit	2010 PTC-BG Generation Charge $/Unit	2011 PTC-BG Generation Charge $/Unit
52,000 lumen Mercury (35-foot Wood Pole)	1,000	1.102	4,584	10.085	6.721	7.215	8.604

4. Applicable Riders

The following riders are applicable pursuant to the specific terms contained within each rider:

Sheet No. 51, Rider PTC-AAC, Annually Adjusted Component Rider
Sheet No. 53, Rider PTC-FPP, Fuel and Economy Purchased Power Rider
Sheet No. 54, Rider SRA-CD, Capacity Dedication Rider
Sheet No. 56, Rider SRA-SRT, System Reliability Tracker
Sheet No. 57, Rider TCR, Transmission Cost Recovery Rider
Sheet No. 58, Rider DRI, Distribution Reliability Investment Tracker
Sheet No. 70, Rider DR, Storm Recovery Rider
Sheet No. 81, Rider EER, Energy-Efficiency Revolving Loan Program Rider
Sheet No. 83, Rider OET, Ohio Excise Tax Rider

NET MONTHLY BILL (Contd.)

Sheet No. 84, Rider RTC, Regulatory Transition Charge Rider
Sheet No. 85, Rider SC, Shopping Credit Rider
Sheet No. 86, Rider USR, Universal Service Fund Rider
Sheet No. 105, Rider DR-ECF, Economic Competitiveness Fund Rider
Sheet No. 108, Rider UE-ED, Uncollectible Expense – Electric Distribution Rider

PRICE TO COMPARE BASE GENERATION CHARGES (PTC-BG)

The Generation Charges listed above are applicable to all customers except those customers that switch to a Certified Supplier for their generation service.

AVOIDANCE OF SYSTEM RELIABILITY TRACKER CHARGE AND RECEIPT OF SHOPPING CREDIT

Non-residential customers who have signed or will sign a contract with DE-Ohio, or provide a CRES contract to DE-Ohio, or provide a release in the form approved by the Commission in Case No. 03-93-EL-ATA indicating that the customer will remain off of ESP-SSO service through December 31, 2011, may avoid Rider SRA-SRT charges and receive a shopping credit. More specifically, to avoid Rider SRA-SRT charges and receive a shopping credit, the customer must be willing to return to DE-Ohio's ESP-SSO service at 115% of DE-Ohio's ESP-SSO price, including all riders except for distribution riders.

LATE PAYMENT CHARGE

Payment of the total amount due must be received in the Company's office by the due date shown on the bill. When not so paid, an additional amount equal to one and one-half percent (1.5%) of the unpaid balance is due and payable. The late payment charge is not applicable to unpaid account balances for services received from a Certified Supplier.

TERM OF SERVICE

Three (3) years, terminable thereafter on ten (10) days written notice by either customer or Company.

GENERAL CONDITIONS

1. In cases of repeated vandalism, the Company at its option will repair or remove its damaged equipment and the customer shall pay for repairs on a time and material basis, plus overhead charges. If the equipment is removed the customer will be billed for the unexpired term of the contract.

2. If any Company owned lighting unit is required to be relocated, removed or replaced with another unit of the same or lower lamp wattage, the customer ordering this shall pay the Company the sacrifice value of the unit, plus labor and overhead charges, unless in the judgment of the Company no charges should be made. An estimate of the cost will be submitted for customer approval before work is carried out.

GENERAL CONDITIONS (Contd.)

3. When a lighting unit reaches end of life or becomes obsolete and parts cannot be reasonably obtained, the Company can remove the unit at no expense to the customer after notifying the customer. The customer shall be given the opportunity to arrange for another type lighting unit provided by the Company.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to the Company's Service Regulations, currently in effect, as filed with the Public Utilities Commission of Ohio.

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

RATE SC

STREET LIGHTING SERVICE - CUSTOMER OWNED

APPLICABILITY

Applicable to municipal, county, state and Federal governments, including divisions thereof, and incorporated homeowners associations for the lighting of public streets and roads when the total investment and installation costs of the fixtures are borne by the customer. The fixture shall be a Company approved unit used in overhead and underground distribution areas.

For customers taking service under any or all of the provisions of this tariff schedule, this same schedule shall constitute the Company's Standard Service Offer.

Mercury Vapor lighting fixtures will not be installed by the Company after June 1, 2003. As currently installed Mercury Vapor fixtures are retired and/or replaced, they may be replaced with either Metal Halide or Sodium Vapor fixtures as the customer chooses.

This service will no longer be available for units installed after December 31, 2008.

TYPE OF SERVICE

All equipment will be owned by the customer but may be installed by customer or Company with limited maintenance performed by the Company. Limited maintenance includes only fixture cleaning, relamping, and glassware and photo cell replacement. All lamps will burn from dusk to dawn, approximately 4,160 hours per annum. The Company will endeavor to replace burned-out lamps within 48 hours after notification by the customer. The Company does not guarantee continuous lighting and shall not be liable to the customer or anyone else for any damage, loss or injury due to any cause.

NET MONTHLY BILL

The following monthly charge for each lamp with luminaire, controlled automatically, will be assessed:

	Lamp Watts	KW/Unit	Annual kWh	Distribution Energy & Equipment $/Unit	2009 PTC-BG Generation Charge $/Unit	2010 PTC-BG Generation Charge $/Unit	2011 PTC-BG Generation Charge $/Unit
1. Base Rate							
Fixture Description							
Standard Fixture							
(Cobra Head)							
Mercury Vapor							
21,000 lumen	400	0.430	1,788	0.301	2.622	2.814	3.356
Sodium Vapor							
9,500 lumen	100	0.117	487	1.180	0.714	0.767	0.914
16,000 lumen	150	0.171	711	1.180	1.043	1.119	1.335
22,000 lumen	200	0.228	948	1.182	1.390	1.492	1.779
27,500 lumen	250	0.318	1,323	0.452	1.940	2.082	2.483
50,000 lumen	400	0.471	1,959	0.689	2.872	3.083	3.677

Filed pursuant to an Order dated July 8, 2009 in Case No. 08-709-EL-AIR before the Public Utilities Commission of Ohio.

NET MONTHLY BILL (Contd.)

	Lamp Watts	KW/Unit	Annual kWh	Distribution Energy & Equipment $/Unit	2009 PTC-BG Generation Charge $/Unit	2010 PTC-BG Generation Charge $/Unit	2011 PTC-BG Generation Charge $/Unit
Decorative Fixtures							
Sodium Vapor							
16,000 lumen (Hadco)	150	0.171	711	1.510	1.043	1.119	1.335
22,000 lumen (Rectilinear)	200	0.246	1,023	0.994	1.500	1.610	1.920
50,000 lumen (Rectilinear)	400	0.471	1,959	1.018	2.872	3.083	3.677

Where a street lighting fixture served overhead is to be installed on another utility's pole on which the Company does not have a contact, a monthly pole charge will be assessed.

Pole Description	Pole Type	$/ Pole
Wood		
30 foot	W30	4.74
35 foot	W35	5.01
40 foot	W40	5.79
Aluminum		
12 foot	A12	12.70
28 foot	A28	7.05

Customer Owned and Maintained Units
The rate for energy used for this type street lighting will be shown below. The monthly kilowatt-hour usage will be mutually agreed upon between the Company and the customer. Where the average monthly usage is less than 150 kWh per point of delivery, the customer shall pay the Company, in addition to the monthly charge, the cost of providing electric service on the basis of time and material plus overhead charges. An estimate of the cost will be submitted for approval before work is carried out.

Distribution	$0.004610 per kWh
PTC-Base Generation	
2009	($0.000444) per kWh
2010	$0.000128 per kWh
2011	$0.003013 per kWh

2. Applicable Riders
The following riders are applicable pursuant to the specific terms contained within each rider:
Sheet No. 51, Rider PTC-AAC, Annually Adjusted Component Rider
Sheet No. 53, Rider PTC-FPP, Fuel and Economy Purchased Power Rider
Sheet No. 54, Rider SRA-CD, Capacity Dedication Rider
Sheet No. 56, Rider SRA-SRT, System Reliability Tracker
Sheet No. 57, Rider TCR, Transmission Cost Recovery Rider
Sheet No. 58, Rider DRI, Distribution Reliability Investment Tracker

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

NET MONTHLY BILL (Contd.)

Sheet No. 70 Rider DR, Storm Recovery Rider
Sheet No. 81, Rider EER, Energy-Efficiency Revolving Loan Program Rider
Sheet No. 83, Rider OET, Ohio Excise Tax Rider
Sheet No. 84, Rider RTC, Regulatory Transition Charge Rider
Sheet No. 85, Rider SC, Shopping Credit Rider
Sheet No. 86, Rider USR, Universal Service Fund Rider
Sheet No. 105, Rider DR-ECF, Economic Competitiveness Fund Rider
Sheet No. 108, Rider UE-ED, Uncollectible Expense – Electric Distribution Rider

PRICE TO COMPARE BASE GENERATION CHARGES (PTC-BG)

The Generation Charges listed above are applicable to all customers except those customers that switch to a Certified Supplier for their generation service.

AVOIDANCE OF SYSTEM RELIABILITY TRACKER CHARGE AND RECEIPT OF SHOPPING CREDIT

Non-residential customers who have signed or will sign a contract with DE-Ohio, or provide a CRES contract to DE-Ohio, or provide a release in the form approved by the Commission in Case No. 03-93-EL-ATA indicating that the customer will remain off of ESP-SSO service through December 31, 2011, may avoid Rider SRA-SRT charges and receive a shopping credit. More specifically, to avoid Rider SRA-SRT charges and receive a shopping credit, the customer must be willing to return to DE-Ohio's ESP-SSO service at 115% of DE-Ohio's ESP-SSO price, including all riders except for distribution riders.

LATE PAYMENT CHARGE

Payment of the total amount due must be received in the Company's office by the due date shown on the bill. When not so paid, an additional amount equal to one and one-half percent (1.5%) of the unpaid balance is due and payable. The late payment charge is not applicable to unpaid account balances for services received from a Certified Supplier.

TERM OF SERVICE

The street lighting units are installed for the life of the unit, terminable on one hundred twenty (120) days written notice by either customer or Company subject to Paragraph 4 or 6 under General Conditions.

GENERAL CONDITIONS

(1) If the customer requires the installation of a unit at a location which requires the extension, relocation, or rearrangement of the Company's distribution system, the customer shall, in addition to the monthly charge, pay the Company on a time and material basis, plus overhead charges, the cost of such extension, relocation, or rearrangement, unless in the judgment of the Company no charge should be made. An estimate of the cost will be submitted for approval before work is carried out.

GENERAL TERMS (Contd.)

(2) Installation of street lighting units will be predicated on the ability of the Company to obtain, without cost to itself or the payment or other consideration, all easements and rights-of-way which, in the opinion of the Company, are necessary for the construction, maintenance and operation of the street lights, standards, anchors and/or service wires. If such easements and rights-of-way cannot be so obtained, the Company shall have no obligation hereunder to install such units.

(3) The time within which the Company will be able to commence or to complete the services to be performed is dependent on the Company's ability to secure the materials required, and the Company shall not be responsible for failure to install these street light units for such reason.

(4) If an installed street lighting unit is required to be relocated, removed, or replaced by the Company, the ordering Authority shall pay the Company the cost agreed upon under a separate contract.

(5) Lamps and refractors which are maintained by the Company shall be kept in good operating condition by and at the expense of the Company.
In cases of vandalism, the Company will repair the damaged property and the customer shall pay for such repair on a time and material basis, plus overhead charges, unless in the judgment of the Company no charge should be made. An estimate of the cost will be submitted for approval before work is carried out.

(6) When a customer owned lighting unit becomes inoperative the cost or repair, replacement or removal of the unit will be at the customer's expense.

(7) All lights installed on an overhead distribution system will be installed by Company under a separate contract with customer.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to the Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio.

RATE SE

STREET LIGHTING SERVICE - OVERHEAD EQUIVALENT

APPLICABILITY

Applicable to municipal, county, state and federal governments, including divisions thereof, and incorporated homeowners associations, for the lighting of public streets and roads with Company lighting fixtures in underground distribution areas, where the customer elects to make a contribution for the installation of the fixture, mounting, pole and secondary wiring to obtain the rate/unit for the same size standard fixture (cobra head) in an overhead distribution area.

For customers taking service under any or all of the provisions of this tariff schedule, this same schedule shall constitute the Company's Standard Service Offer.

Mercury Vapor lighting fixtures will not be installed by the Company after June 1, 2003. As currently installed Mercury Vapor fixtures are retired and/or replaced, they may be replaced with either Metal Halide or Sodium Vapor fixtures as the customer chooses.

This service will no longer be available for units installed after December 31, 2004.

TYPE OF SERVICE

All equipment will be installed, owned and maintained by the Company. All lamps will burn from dusk to dawn, approximately 4,160 hours per annum. The Company will endeavor to replace burned-out lamps within 48 hours after notification by the customer. The Company does not guarantee continuous lighting and shall not be liable to the customer or anyone else for any damage, loss or injury due to any cause.

NET MONTHLY BILL

The following monthly charge for each lamp with luminaire, controlled automatically, will be assessed:

	Lamp Watts	KW/Unit	Annual kWh	Distribution Energy & Equipment $/Unit	2009 PTC-BG Generation Charge $/Unit	2010 PTC-BG Generation Charge $/Unit	2011 PTC-BG Generation Charge $/Unit
1. Base Rate							
Fixture Description							
Decorative Fixtures							
Mercury Vapor							
7,000 lumen (Town & Country)	175	0.205	853	3.547	1.251	1.343	1.601
7,000 lumen (Holophane)	175	0.210	874	3.497	1.282	1.376	1.640
7,000 lumen (Gas Replica)	175	0.210	874	3.497	1.282	1.376	1.640
7,000 lumen (Aspen)	175	0.210	874	3.497	1.282	1.376	1.640

NET MONTHLY BILL (Cont'd)

	Lamp Watts	KW/Unit	Annual kWh	Distribution Energy & Equipment $/Unit	2009 PTC-BG Generation Charge $/Unit	2010 PTC-BG Generation Charge $/Unit	2011 PTC-BG Generation Charge $/Unit
Sodium Vapor							
9,500 lumen (Town & Country)	100	0.117	487	5.704	0.714	0.767	0.914
9,500 lumen (Holophane)	100	0.128	532	5.598	0.780	0.837	0.999
9,500 lumen (Rectilinear)	100	0.117	487	5.704	0.714	0.767	0.914
9,500 lumen (Gas Replica)	100	0.128	532	5.598	0.780	0.837	0.999
9,500 lumen (Aspen)	100	0.128	532	5.598	0.780	0.837	0.999
22,000 lumen (Rectilinear)	200	0.246	1,023	5.968	1.500	1.610	1.920
50,000 lumen (Rectilinear)	400	0.471	1,959	7.518	2.872	3.083	3.677
Metal Halide							
14,000 lumen (Town & Country)	175	0.205	853	3.547	1.251	1.343	1.601
14,000 lumen (Granville)	175	0.210	874	3.497	1.282	1.376	1.640
14,400 lumen (Rectangular Cutoff)	175	0.210	874	9.921	1.282	1.376	1.640
14,500 lumen (Gas Replica)	175	0.210	874	3.497	1.282	1.376	1.640
36,000 lumen (Low Profile)	400	0.455	1,893	8.552	2.776	2.980	3.553

Additional facilities, other than specified above, if required, will be billed at the time of installation.

2. Applicable Riders

The following riders are applicable pursuant to the specific terms contained within each rider:

Sheet No. 51, Rider PTC-AAC, Annually Adjusted Component Rider
Sheet No. 53, Rider PTC-FPP, Fuel and Economy Purchased Power Rider
Sheet No. 54, Rider SRA-CD, Capacity Dedication Rider
Sheet No. 56, Rider SRA-SRT, System Reliability Tracker
Sheet No. 57, Rider TCR, Transmission Cost Recovery Rider
Sheet No. 58, Rider DRI, Distribution Reliability Investment Tracker
Sheet No. 70, Rider DR, Storm Recovery Rider
Sheet No. 81, Rider EER, Energy-Efficiency Revolving Loan Program Rider
Sheet No. 83, Rider OET, Ohio Excise Tax Rider
Sheet No. 84, Rider RTC, Regulatory Transition Charge Rider
Sheet No. 85, Rider SC, Shopping Credit Rider
Sheet No. 86, Rider USR, Universal Service Fund Rider
Sheet No. 105, Rider DR-ECF, Economic Competitiveness Fund Rider
Sheet No. 108, Rider UE-ED, Uncollectible Expense – Electric Distribution Rider

PRICE TO COMPARE BASE GENERATION CHARGES (PTC-BG)

The Generation Charges listed above are applicable to all customers except those customers that switch to a Certified Supplier for their generation service.

AVOIDANCE OF SYSTEM RELIABILITY TRACKER CHARGE AND RECEIPT OF SHOPPING CREDIT

Non-residential customers who have signed or will sign a contract with DE-Ohio, or provide a CRES contract to DE-Ohio, or provide a release in the form approved by the Commission in Case No. 03-93-EL-ATA indicating that the customer will remain off of ESP-SSO service through December 31, 2011, may avoid Rider SRA-SRT charges and receive a shopping credit. More specifically, to avoid Rider SRA-SRT charges and receive a shopping credit, the customer must be willing to return to DE-Ohio's ESP-SSO service at 115% of DE-Ohio's ESP-SSO price, including all riders except for distribution rider.

LATE PAYMENT CHARGE

Payment of the total amount due must be received in the Company's office by the due date shown on the bill. When not so paid, an additional amount equal to one and one-half percent (1.5%) of the unpaid balance is due and payable. The late payment charge is not applicable to unpaid account balances for services received from a Certified Supplier.

TERM OF SERVICE

The street lighting units are installed for the life of the unit, terminable on one hundred twenty (120) days written notice by either customer or Company subject to Paragraph 4 or 6 under General Conditions.

GENERAL CONDITIONS

(1) If the customer requires the installation of a unit at a location which requires the extension, relocation, or rearrangement of the Company's distribution system, the customer shall, in addition to the monthly charge, pay the Company on a time and material basis, plus overhead charges, the cost of such extension, relocation, or rearrangement, unless in the judgment of the Company no charge should be made. An estimate of the cost will be submitted for approval before work is carried out.

(2) Installation of street lighting units will be predicated on the ability of the Company to obtain, without cost to itself or the payment or other consideration, all easements and rights-of-way which, in the opinion of the Company, are necessary for the construction, maintenance and operation of the street lights, standards, anchors and/or service wires. If such easements and rights-of-way cannot be so obtained, the Company shall have no obligation hereunder to install such units.

(3) The time within which the Company will be able to commence or to complete the services to be performed is dependent on the Company's ability to secure the materials required, and the Company shall not be responsible for failure to install these street light units for such reason.

(4) If an installed street lighting unit is required to be relocated, removed, or replaced with another unit of the same or less rated lamp wattage, the ordering Authority shall pay the Company the sacrifice value of the unit, plus labor and overhead charges, unless in the judgment of the Company no charge should be made. An estimate of the cost will be submitted for approval before work is carried out.

GENERAL CONDITIONS (Contd.)

(5) Lamps and refractors which are maintained by the Company shall be kept in good operating condition by and at the expense of the Company.

In cases of vandalism, the Company will repair the damaged property and the customer shall pay for such repair on a time and material basis, plus overhead charges, unless in the judgment of the Company no charge should be made. An estimate of the cost will be submitted for approval before work is carried out.

(6) When a street lighting unit reaches end of life or becomes obsolete and parts cannot be reasonably obtained, the Company can remove the unit at no expense to the customer after notifying the customer. The customer shall be given the opportunity to arrange for another type lighting unit provided by the Company.

(7) The contribution only provides for replacement of these facilities due to occasional damage or premature malfunction. It does not cover replacement at end of life.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to the Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio.

RATE UOLS

UNMETERED OUTDOOR LIGHTING ELECTRIC SERVICE

APPLICABILITY

Applicable for electric energy usage only for any street or outdoor area lighting system (System), operating during the dusk to dawn time period, on private or public property and owned by the customer or the Company. The customer must be adjacent to an electric power line of the Company that is adequate and suitable for supplying the necessary electric service.

Service under this tariff schedule shall require a written agreement between the customer and the Company specifying the calculated lighting kilowatt-hours. The System shall comply with the connection requirements in the Company's Electric Service Regulations, Section III, Customer's and Company's Installations.

For customers taking service under any or all of the provisions of this tariff schedule, this same schedule shall constitute the Company's Standard Service Offer.

CONTRACT FOR SERVICE

The customer will enter into an Agreement for Electric Service for Outdoor Lighting for a minimum of one year and renewable annually, automatically, thereafter.

The Company will provide unmetered electric service based on the calculated annual energy usage for each luminaire's lamp wattage plus ballast usage (impact wattage). The System kilowatt-hour usage shall be determined by the number of lamps and other System particulars as defined in the written agreement between the customer and Company. The monthly kilowatt-hour amount will be billed at the rate contained in the NET MONTHLY BILL section below.

LIGHTING HOURS

The unmetered lighting System will be operated automatically by either individual photoelectric controllers or System controller(s) set to operate on either dusk-to-dawn lighting levels or on pre-set timers for any hours between dusk-to-dawn. The hours of operation will be agreed upon between the customer and the Company and set out in the Agreement. Dusk-to-dawn lighting typically turns on and off approximately one-half (1/2) hour after sunset and one-half (1/2) hour before sunrise which is approximately 4160 hours annually.

NET MONTHLY BILL

Computed in accordance with the following charge:

1. Base Rate Distribution		$0.004611	per kWh
PTC-BG:	2009	($0.000029)	per kWh
	2010	$0.000559	per kWh
	2011	$0.003462	per kWh

NET MONTHLY BILL (Contd.)

2. Applicable Riders

The following riders are applicable pursuant to the specific terms contained within each rider:

Sheet No. 51, Rider PTC-AAC, Annually Adjusted Component Rider
Sheet No. 53, Rider PTC-FPP, Fuel and Economy Purchased Power Rider
Sheet No. 54, Rider SRA-CD, Capacity Dedication Rider
Sheet No. 56, Rider SRA-SRT, System Reliability Tracker
Sheet No. 57, Rider TCR, Transmission Cost Recovery Rider
Sheet No. 58, Rider DRI, Distribution Reliability Investment Tracker
Sheet No. 70, Rider DR, Storm Recovery Rider
Sheet No. 81, Rider EER, Energy-Efficiency Revolving Loan Program Rider
Sheet No. 83, Rider OET, Ohio Excise Tax Rider
Sheet No. 84, Rider RTC, Regulatory Transition Charge Rider
Sheet No. 85, Rider SC, Shopping Credit Rider
Sheet No. 86, Rider USR, Universal Service Fund Rider
Sheet No. 105, Rider DR-ECF, Economic Competitiveness Fund Rider
Sheet No. 108, Rider UE-ED, Uncollectible Expense – Electric Distribution Rider

PRICE TO COMPARE BASE GENERATION CHARGES (PTC-BG)

The Generation Charges listed above are applicable to all customers except those customers that switch to a Certified Supplier for their generation service.

AVOIDANCE OF SYSTEM RELIABILITY TRACKER CHARGE AND RECEIPT OF SHOPPING CREDIT

Non-residential customers who have signed or will sign a contract with DE-Ohio, or provide a CRES contract to DE-Ohio, or provide a release in the form approved by the Commission in Case No. 03-93-EL-ATA indicating that the customer will remain off of ESP-SSO service through December 31, 2011, may avoid Rider SRA-SRT charges and receive a shopping credit. More specifically, to avoid Rider SRA-SRT charges and receive a shopping credit, the customer must be willing to return to DE-Ohio's ESP-SSO service at 115% of DE-Ohio's ESP-SSO price, including all riders except for distribution riders.

LATE PAYMENT CHARGE

Payment of the total amount due must be received in the Company's office by the due date shown on the bill. When not so paid, an additional amount equal to one and one-half percent (1.5%) of the unpaid balance is due and payable. The late payment charge is not applicable to unpaid account balances for services received from a Certified Supplier.

OWNERSHIP OF SERVICE LINES

Company will provide, install, own, operate and maintain the necessary facilities for furnishing electric service to the System defined in the agreement. If the customer requires the installation of a System at a location which requires the extension, relocation, or rearrangement of the Company's distribution system, the customer shall, in addition to the monthly charge, pay the Company on a time and material basis, plus overhead charges, the cost of such extension, relocation, or rearrangement, unless in the judgment of the Company no charge should be made. An estimate of the cost will be submitted for approval before work is carried out.

OWNERSHIP OF SERVICE LINES (CONTD.)

The Company shall erect the service lines necessary to supply electric energy to the System within the limits of the public streets and highways or on private property as mutually agreed upon by the Company and the customer. The customer shall assist the Company, if necessary, in obtaining adequate written easements covering permission to install and maintain any service lines required to serve the System.

The Company shall not be required to pay for obtaining permission to trim or re-trim trees where such trees interfere with lighting output or with service lines or wires of the Company used for supplying electric energy to the System. The customer shall assist the Company, if necessary, in obtaining permission to trim trees where the Company is unable to obtain such permission through its own best efforts.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to the Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio.

RIDER DR

STORM RECOVERY RIDER

APPLICABILITY

Applicable to all retail jurisdictional customers in the Company's electric service areas.

STORM RECOVERY RIDER

All retail jurisdictional customers shall be assessed a charge to recover the revenue requirement associated with costs incurred by the Company due to Hurricane Ike. The rate for all customers shall be $0.000000 pending the Commission's approval of the Company's application in this matter.

RIDER DIR

DEVELOPMENT INCENTIVE RIDER

GENERAL

Under the terms of this Rider, qualifying customers are required to enter into a Service Agreement with the Company. The Development Incentive Rider consists of three separate programs designed to encourage development and/or redevelopment within the Company's service territory. These three programs are 1. the Economic Development Program 2. the Urban Redevelopment Program and 3. the Brownfield Incentive Program. Requirements of these programs are described below.

PROGRAM DESCRIPTIONS

Economic Development Program

Available, at the Company's option, to non-residential customers receiving service under the provisions of one of the Company's non-residential tariff schedules. This Rider is available for load associated with initial permanent service to new establishments, expansion of existing establishments, or new customers in existing establishments who make application to the Company for service under this Rider and the Company approves such application. The new load applicable under this Rider must be a minimum of 1,000 kW at one delivery point. To qualify for service under this Rider, the customer must meet the qualifications as set forth below. Further, the customer must have applied for and received economic assistance from the State or local government or other public agency before the Company will approve a Service Agreement under this Rider. Where the customer is new to the Company's service area or is an existing customer expanding:

1) the customer must employ an additional workforce in the Company's service area of a minimum of twenty-five (25) full-time equivalent (FTE) employees. Employment additions must occur following the Company's approval for service under this Rider, and;
2) the customer's new load must result in minimum customer capital investment of one million dollars ($1,000,000) at the customers' facility within the Company's service area. This capital investment must occur following the Company's approval for service under this Rider. (Item #1 above may be waived where an existing customers capital investment exceeds $10 million.)

The Company may also consider applying this Rider to an existing customer who, but for economic incentives being provided by the State and/or local government or public agency, would leave the Company's service area. In this event, the following provision applies:

1) The customer must agree, at a minimum, to retain the current number of FTE employees.

Urban Redevelopment Program

Applicable to new customers locating in an existing building of 50,000 square feet or more, which has been unoccupied and/or remained dormant for a period of two years or more, as determined by the Company. The new customer load must be a minimum of 500 kW at one delivery point. In addition, the requested service necessary to serve the new load must not result in additional investment in distribution or transmission facilities by the Company, excepting that minor alterations in the service supplied which can be accomplished feasibly and economically may be allowed.

PROGRAM DESCRIPTIONS (Contd.)

Brownfield Redevelopment Program

Applicable to customers locating in a qualified "brownfield" redevelopment area so designated by the Ohio Environmental Protection Agency and served by existing service lines. Additionally, customers are required to take service under the provisions of one of the Company's non-residential tariff schedules.

TERMS AND CONDITIONS

These Riders are not available to a new customer which results from a change in ownership of an existing establishment. However, if a change in ownership occurs after the customer enters into a Service Agreement for service under this Rider, the successor customer may be allowed to fulfill the balance of the Service Agreement under this Rider. This Rider is also not available for renewal of service following interruptions such as equipment failure, temporary plant shutdown, strike, or economic conditions. This Rider is not available for load shifted from one customer to another within the Company's service area.

The customer must enter into a Service Agreement with the Company which shall specify, among other things, the voltage at which the customer will be served, a description of the amount and nature of the new load and the basis on which the customer requests qualification for this Rider.

For customers entering into a Service Agreement under this Rider due to expansion, the Company may, at the customer's expense, install metering equipment necessary to measure the new load to be billed under the provisions of this Rider separate from the customer's existing load which shall be billed under the applicable standard tariff schedule.

Following the effective date of the Service Agreement, the customer must maintain a minimum demand in accordance with the Service Agreement and maintain a monthly average of 300 hours use of demand. Failure to do so will result in the customer's Service Agreement being terminated.

The Company is not obligated to extend, expand or rearrange its facilities if it determines that existing distribution/transmission facilities are of adequate capacity to serve the customer's load.

NET MONTHLY BILLING

The customer shall comply with all terms of the standard distribution tariff rate under which the customer takes service except the customers' monthly distribution demand charge shall be reduced by up to fifty (50) percent for a period of twenty-four (24) months. The customer will pay the full amount of all riders and the entirety of the applicable market-based standard service offer.

The customer may request an effective date of the Service Agreement which is no later than twelve (12) months after Company's approval of the Service Agreement with the customer. A Service Agreement must be fully executed within 30 days of taking the subject new service from the Company. All subsequent billings shall be at the appropriate full standard service tariff rate.

TYPE OF SERVICE

The service provided shall be 60Hz alternating current provided at the Company's standard distribution or transmission voltage.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to the Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio.

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

RIDER BR

BROWNFIELD REDEVELOPMENT RIDER

THIS TARIFF IS HEREBY CANCELLED AND WITHDRAWN

Filed pursuant to an Order dated July 8, 2009 in Case No. 08-709-EL-AIR before the Public Utilities Commission of Ohio.

Issued: July 10, 2009 Effective: July 13, 2009

Issued by Julie Janson, President

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

RIDER GP

GOGREEN RIDER

APPLICABILITY

Applicable to all customers who wish to purchase GoGreen units from the Company-sponsored GoGreen program and who enter a service agreement with the company. This rider will be available until December 31, 2011.

DEFINITION OF GOGREEN

GoGreen supports alternative energy sources brought into service on or after 1997, such as:

Wind, Solar Photovoltaic, Biomass Co-firing of Agricultural Crops, Hydro – as certified by the Low Impact Hydro Institute, Incremental Improvements in Large Scale Hydro, Coal Mine Methane, Landfill Gas, Biogas Digesters, Biomass Co-firing of All Woody Waste including mill residue, but excluding painted or treated lumber.

The GoGreen Program includes the purchase of Renewable Energy Certificates and/or Carbon Credits from the sources described above.

GOGREEN COMPETITIVE RETAIL ELECTRIC SERVICE MARKET PRICE

1. Rate RS, Rate RSLI, Rate RS3P, Rate ORH, and Rate TD:
   For all GoGreen units ....$1.00 per unit per month

   Minimum purchase is two (2) 100 kWh units. Additional purchases to be made in 100 kWh unit increments.

2. All other rates:
   Individually calculated GoGreen Rate per service agreement which may also include carbon credits.

NET MONTHLY BILL

Customers who participate under this Rider will be billed for electric service under all standard applicable tariffs including all applicable riders.

The purchase of GoGreen units, under this rider, will be billed at the applicable GoGreen Rate times the number of GoGreen units the customer has agreed to purchase per month. The customer's monthly bill will consist of the sum of all kWh billed at the applicable rate tariffs, including all applicable riders, and the agreed to GoGreen units billed at the applicable Green Power Rate.

TERMS AND CONDITIONS

1. The customer shall enter into a service agreement with Company that shall specify the amount in GoGreen units and price of GoGreen units to be purchased monthly. Customer shall give Company thirty (30) days notice prior to cancellation of participation in this rider.

2. Funds from the GoGreen Rate will be used to purchase Renewable Energy Certificates and/or carbon credits from renewable and environmentally friendly sources as described in the DEFINITION OF GOGREEN section and for customer education, marketing, and costs of the GoGreen Program.

3. Renewable Energy Certificate ("REC") shall mean tradable units that represent the commodity formed by unbundling the environmental attributes of a unit of renewable or environmentally friendly energy from the underlying electricity. One REC would be equivalent to the environmental attributes of one MWH of electricity from a renewable or environmentally friendly generation source.

4. Company may transfer RECs or Carbon Credits at the prevailing wholesale market prices to and from third parties, including affiliated Companies.

5. Company reserves the right to terminate the Rider or revise the pricing or minimum purchase amount of the Rider after giving 60 days notice.

6. Carbon Credit shall mean tradable units that represent the reduction of the release of a greenhouse gas in the equivalent of one ton CO_2.

Company may obtain carbon credits from purchased power, company owned generation, or purchased with funds collected from this rider.

SERVICE REGULATIONS

The billing for service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to the Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

RIDER RGR

RESIDENTIAL GENERATION RIDER

THIS TARIFF IS HEREBY CANCELLED AND WITHDRAWN

RIDER SC

SHOPPING CREDIT RIDER

APPLICABILITY

This Rider is applicable to certain jurisdictional retail non-residential customers in the Company's electric service area that choose to purchase generation services from a Certified Supplier.

CHARGE

Non-residential customers who have signed or will sign a contract with DE-Ohio, or provide a CRES contract to DE-Ohio, or provide a release in the form approved by the Commission in Case No. 03-93-EL-ATA indicating that the customer will remain off of ESP-SSO service through December 31, 2011, may receive these shopping credits. More specifically, to receive the shopping credits, the customer must be eligible to return to DE-Ohio's ESP-SSO service at 115% of DE-Ohio's ESP-SSO price, including all riders except for distribution riders.

The following shopping credits are effective from January 1, 2009 through December 31, 2011.

Tariff Sheet	SC Credit (per kWh/kW)
Rate RS, Residential Service	
Rate RSLI, Residential Service – Low Income	
Rate RS3P, Residential Three-Phase Service	
Summer, First 1000 kWh	$0.000000
Summer, Additional kWh	$0.000000
Winter, First 1000 kWh	$0.000000
Winter, Additional kWh	$0.000000
Rate ORH, Optional Residential Service With Electric Space Heating	
Summer, First 1000 kWh	$0.000000
Summer, Additional kWh	$0.000000
Winter, First 1000 kWh	$0.000000
Winter, Additional kWh	$0.000000
Winter, kWh greater than 150 times demand	$0.000000
Rate TD, Optional Time-of-Day Rate	
Summer, On-Peak kWh	$0.000000
Summer, Off-Peak kWh	$0.000000
Winter, On-Peak kWh	$0.000000
Winter, Off-Peak kWh	$0.000000
Rate CUR, Common Use Residential Service	
Summer, First 1000 kWh	$0.002651
Summer, Additional kWh	$0.003359
Winter, First 1000 kWh	$0.002651
Winter, Additional kWh	$0.001000

Rate DS, Service at Secondary Distribution Voltage	
First 1000 kW	$0.459400
Additional kW	$0.363400
Billing Demand Times 300	$0.001175
Additional kWh	$0.000976
Rate GS-FL, Optional Unmetered For Small Fixed Loads	
kWh Greater Than or Equal to 540 Hours	$0.003902
kWh Less Than 540 Hours	$0.004486
Rate EH, Optional Rate For Electric Space Heating	
All kWh	$0.001601
Rate DM, Secondary Distribution Service, Small	
Summer, First 2800 kWh	$0.003514
Summer, Next 3200 kWh	$0.000897
Summer, Additional kWh	$0.000391
Winter, First 2800 kWh	$0.002789
Winter, Next 3200 kWh	$0.000898
Winter, Additional kWh	$0.000371
Rate DP, Service at Primary Distribution Voltage	
First 1000 kW	$0.414900
Additional kW	$0.327300
Billing Demand Times 300	$0.001323
Additional kWh	$0.001061
Rate TS, Service at Transmission Voltage	
First 50,000 kVA	$0.503000
Additional kVA	$0.362600
Billing Demand Times 300	$0.000864
Additional kWh	$0.000983
Rate SL, Street Lighting Service	
All kWh	$0.001728
Rate TL, Traffic Lighting Service	
All kWh	$0.001011
Rate OL, Outdoor Lighting Service	
All kWh	$0.001728
Rate NSU, Street Lighting Service for Non-Standard Units	
All kWh	$0.001728
Rate NSP, Private Outdoor Lighting for Non-Standard Units	
All kWh	$0.001728
Rate SC, Street Lighting Service - Customer Owned	
All kWh	$0.001728
Energy Only – All kWh	$0.000688
Rate SE, Street Lighting Service - Overhead Equivalent	
All kWh	$0.001728
Rate UOLS, Unmetered Outdoor Lighting Electric Service	
All kWh	$0.000711

RIDER AG
OPTIONAL ALTERNATIVE GENERATION SERVICE

THIS TARIFF IS HEREBY CANCELLED AND WITHDRAWN

RATE RTP

REAL TIME PRICING PROGRAM

APPLICABILITY

Applicable to Customers served under the Electric Security Plan Standard Offer Rate DS, Rate DP, or Rate TS. Service under the RTP Program will be offered through December 31, 2011. The incremental cost of any special metering required for service under this Program beyond that normally provided under the applicable Standard Tariff shall be borne by the Customer. Customers must enter into a service agreement with a minimum term of one year. Customers electing a Certified Supplier will not be eligible to participate in the Program.

For customers taking service under any or all of the provisions of this tariff schedule, this same schedule shall constitute the Company's Electric Security Plan Standard Service Offer.

PROGRAM DESCRIPTION

The RTP Program is voluntary and offers Customers the opportunity to manage their electric costs by either shifting load from higher cost to lower cost pricing periods and adding new load during lower cost pricing periods or to learn about market pricing. Binding Price Quotes will be sent to each Customer on a day-ahead basis. The program is intended to be bill neutral to each Customer with respect to their historical usage through the use of a Customer Baseline Load (CBL) and the Company's Electric Security Plan Standard Offer Rates.

CUSTOMER BASELINE LOAD

The CBL is one complete year of Customer hourly load data that represents the electricity consumption pattern and level of the Customer's operation under the Standard Rate Schedule. The CBL is the basis for achieving bill neutrality for Customers billed under this Rate RTP, and must be mutually agreeable to by both the Customer and the Company as representing the Customer's usage pattern under the Standard Rate Schedule (non-RTP). Agreement on the CBL is a requirement for participation in the RTP Program.

RTP BILLING

Customers participating in the RTP Program will be billed monthly based on the following calculation:

$$\text{RTP Bill} = BC + PC + \sum_{t=1}^{n} \{ (CC_t + ED_t) \times (AL_t - CBL_t) \}$$

Where:

BC	= Baseline Charge
PC	= Program Charge
CC_t	= Commodity Charge for hour t
ED_t	= Energy Delivery Charge for hour t
AL_t	= Customer Actual Load for hour t
CBL_t	= Customer Baseline Load in hour t
n	= total number of hours in the billing period
t	= an hour in the billing period

BASELINE CHARGE

The Baseline Charge is independent of Customer's current monthly usage, and is designed to achieve bill neutrality with the Customer's standard offer tariff if no change in electricity usage pattern occurs (less applicable program charges). The Baseline Charge is calculated at the end of the billing period and changes each billing period to maintain bill neutrality for a Customer's CBL.

The Baseline Charge will be calculated as follows:

BC = (Standard Bill @ CBL)

Where:

BC	=	Baseline Charge
Standard Bill @ CBL	=	Customer's bill for the specific month on the applicable Rate Schedule using the CBL to establish the applicable billing determinants

The CBL shall be adjusted to reflect applicable metering adjustments under the standard Rate Schedule.

PRICE QUOTES

The Company will send to Customer, by 3:00 p.m. each day, Price Quotes to be charged the next day. Such Price Quotes shall include the applicable Commodity Charge, the Energy Delivery Charge, and the Ancillary Services Charge.

The Company may send more than one-day-ahead Price Quotes for weekends and holidays identified in Company's tariffs. The Company may revise these prices by 3:00 p.m. the day before they become effective.

The Company is not responsible for failure of Customer to receive and act upon the Price Quotes. It is Customer's responsibility to inform Company of any failure to receive the Price Quotes by 5:00 p.m. the day before they become effective.

COMMODITY CHARGE

The Commodity Charge is a charge for generation. The applicable hourly Commodity Charge (Credit) shall be applied on an hour by hour basis to Customer's incremental (decremental) usage from the CBL.

Charge (Credit) For Each kW Per Hour From The CBL:

For kWh_t above the CBL_t, $CC_t = MVG_t \times LAF$
For kWh_t below the CBL_t, $CC_t = MVG_t \times 80\% \times LAF$

Where:

LAF	=	loss adjustment factor
	=	1.0530 for Rate TS
	=	1.0800 for Rate DP
	=	1.1100 for Rate DS
MVG_t	=	Market Value Of Generation As Determined By Company for hour t

COMMODITY CHARGE (Contd.)

The MVG_t will be based on the expected market price of capacity and energy for the next day. The expected market price will be based on forecasts of market conditions for the next day using publicly available market indices and/or bona fide third-party price quotes to establish the expected market price.

The kW Per Hour incremental or decremental usage from the CBL shall be adjusted to reflect applicable metering adjustments under the standard Rate Schedule.

ENERGY DELIVERY CHARGE

The hourly Energy Delivery Charge is a charge for using the distribution system to deliver energy to the Customer. The applicable hourly Energy Delivery Charge (Credit) shall be applied on an hour by hour basis to Customer's incremental (decremental) usage from the CBL.

Charge (Credit) For Each kW Per Hour From The CBL:

Rate DS	$ 0.016616 per kW per Hour
Rate DP..	$ 0.019689 per kW per Hour
Rate TS..	$ 0.000000 per kW per Hour

The kW per Hour incremental or decremental usage from the CBL shall be adjusted to reflect applicable metering adjustments under the standard Rate Schedule.

PROGRAM CHARGE

Company will provide Internet based communication software to be used to provide Customer with the Price Quotes. Customer will be responsible for providing its own Internet access. A charge of $325 per billing period per Customer shall be added to Customer's bill to cover the additional billing, administrative, and cost of communicating the hourly Price Quotes associated with the RTP Program. Customer may purchase from either Company or any other third-party suppliers any other necessary equipment or software packages to facilitate participation in this program. While Customers are encouraged to use such equipment or software packages to maximize benefits under this Program, it is not a requirement for program participation. It is Customer's responsibility to ensure the compatibility of third-party equipment or software packages with any Company owned equipment or software packages.

APPLICABLE RIDERS

The following riders are applicable pursuant to the specific terms contained within each rider. All riders are billed against the total monthly demand and consumption, except for Rider PTC-FFP and Rider TCR which are billed against the CBL/BDH demand and consumption:

Sheet No. 51, Rider PTC-AAC, Annually Adjusted Component Rider
Sheet No. 53, Rider PTC-FPP, Fuel and Economy Purchased Power Rider
Sheet No. 54, Rider SRA-CD, Capacity Dedication Rider
Sheet No. 56, Rider SRA-SRT, System Reliability Tracker
Sheet No. 57, Rider TCR, Transmission Cost Recovery Rider
Sheet No. 58, Rider DRI, Distribution Reliability Investment Rider
Sheet No. 70, Rider DR, Storm Recovery Rider
Sheet No. 81, Rider EER, Energy Efficiency Revolving Loan Program Rider
Sheet No. 83, Rider OET, Ohio Excise Tax Rider
Sheet No. 84, Rider RTC, Regulatory Transition Charge Rider
Sheet No. 86, Rider USR, Universal Service Fund Rider
Sheet No. 104, Rider DR-IM, Infrastructure Modernization Rider
Sheet No. 105, Rider DR-ECF, Economic Competitiveness Fund Rider
Sheet No. 106, Rider DR-SAWR, Energy Efficiency Recovery Rate
Sheet No. 108, Rider UE-ED, Uncollectible Expense – Electric Distribution Rider

TERM AND CONDITIONS

Except as provided in this Rate RTP, all terms, conditions, rates, and charges outlined in the Standard Rate Schedule will apply. Participation in the RTP Program will not affect Customer's obligations for electric service under the Standard Rate Schedule.

The primary term of service is one (1) year consisting of a consecutive twelve month period.

Customers who terminate their service agreement under Rate RTP after the initial one (1) year term shall not be eligible to return to the program for twelve (12) months from the termination date.

Customers returning to the standard tariff shall have any historical demands in excess of the CBL, waived for purposes of calculating applicable billing demands.

The supplying and billing for service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to the Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio.

RIDER BDP

BACKUP DELIVERY POINT CAPACITY RIDER

BACKUP DELIVERY POINT (TRANSMISSION/DISTRIBUTION) CAPACITY

The Company will normally supply service to one premise at one standard voltage at one delivery point and through one meter to a Non-Residential Customer in accordance with the provisions of the applicable rate schedule and the Electric Service Regulations. Upon customer request, the Company will make available to a Non-Residential Customer additional delivery points in accordance with the rates, terms and conditions of this Rider BDP. For hospitals that are members of the Greater Cincinnati Health Council, Rider BDP will be administered as specified in Case No. 08-920-EL-SSO, Stipulation Attachment 9.

NET MONTHLY BILL

1. Connection Fee $300.00
   The Connection Fee applies only if an additional metering point is required.

2. Monthly charges will be based on the unbundled distribution and/or transmission rates of the customer's most applicable rate schedule and the contracted-for reserved backup delivery point capacity.

3. The Customer shall also be responsible for the acceleration of costs to the extent that the revenue requirement for such costs exceeds the monthly charges established in Section 2 above, if any, which would not have otherwise been incurred by Company absent such request for additional delivery points. The revenue requirement for the acceleration of costs shall be equal to the product of the capital investment which has been advanced and the levelized fixed charge rate. The terms of payment may be made initially or over a pre-determined term mutually agreeable to Company and Customers that shall not exceed the minimum term. In each request for service under this Rider, Company engineers will conduct a thorough review of the customer's request and the circuits affected by the request. The customer's capacity needs will be weighed against the capacity available on the circuit, anticipated load growth on the circuit, and any future construction plans that may be advanced by the request. The acceleration charges described in this paragraph (3.) will not apply to customers that already have a backup delivery point as of the effective date of this Rider.

TERMS AND CONDITIONS

The Company will provide such backup delivery point capacity under the following conditions:

1. Company reserves the right to refuse backup delivery capacity to any Customer where such backup delivery service is reasonably estimated by Company to impede or impair current or future electric transmission or distribution service.

2. The amount of backup delivery point capacity shall be mutually agreed to by the Company and the Customer because the availability of specific electric system facilities to meet a Customer's request is unique to each service location.

3. System electrical configurations based on Customer's initial delivery point will determine whether distribution and/or transmission charges apply to Customer's backup delivery point.

TERMS AND CONDITIONS (CONTINUED)

4. In the event that directly assigned facilities are necessary to attach Customer's backup delivery point to the joint transmission or distribution systems, Company shall install such facilities and bill Customer the Company's full costs for such facilities and installations.

5. Energy supplies via any backup delivery point established under this Rider BDP will be supplied under the applicable rate tariff and/or special contract.

6. Company and the Customer shall enter into a service agreement with a minimum term of five years. This service agreement shall contain the specific terms and conditions under which Customer shall take service under this Rider BDP.

7. Company does not guarantee uninterrupted service under this rider.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to the Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio.

RIDER ED

ECONOMIC DEVELOPMENT RIDER

THIS TARIFF IS HEREBY CANCELLED AND WITHDRAWN

RIDER UR

URBAN REDEVELOPMENT RIDER

THIS TARIFF IS HEREBY CANCELLED AND WITHDRAWN

RIDER MSR-E

MERGER SAVINGS CREDIT RIDER – ELECTRIC

THIS TARIFF IS HEREBY CANCELLED AND WITHDRAWN

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

RIDER DR-IM

INFRASTRUCTURE MODERNIZATION RIDER

Rider DR-IM is applicable to all jurisdictional retail customers in the Company's electric service area.

The DR-IM rate to be applied to customer bills beginning with the January 2009 revenue month shown below:

Rate RS, RSLI & RS3P	$0.00 per month
Rate ORH	$0.00 per month
Rate TD	$0.00 per month
Rate CUR	$0.00 per month
Rate DS	$0.00 per month
Rate EH	$0.00 per month
Rate DM	$0.00 per month
Rate DP	$0.00 per month

RIDER UE-ED

UNCOLLECTIBLE EXPENSE – ELECTRIC DISTRIBUTION RIDER

APPLICABILITY

Applicable to all retail jurisdictional customers in the Company's electric service areas.

DESCRIPTION

This rider enables the recovery of incremental uncollectible accounts expense above what is recovered in base rates and includes Percentage of Income Payment ("PIPP") customer installments not collected through the Universal Service Fund Rider. Also, to the extent that less than $40,000 per month has not been credited to customers through electric Rate RSLI, any shortfall will be used to reduce collections in Rider UE-ED. Base rates in Case No. 08-709-EL-AIR include $1,786,034 and $114,941 of uncollectible accounts expense recovery for residential and non-residential customers, respectively. The amounts in the Rider, exclusive of uncollectible PIPP installments, will only be collected from the class (residential or non-residential) that created the uncollectible accounts expense. Uncollectible accounts expense associated with PIPP will be allocated in the manner consistent with the Universal Service Fund Rider. The first application shall be filed in the second quarter of 2010.

CHARGE

A charge of $0.000000 per kWh shall be applied to all kWh delivered to residential customers. A charge of $0.00 per bill shall be applied to each non-residential customer.

RATE PA

POLE ATTACHMENT/CONDUIT OCCUPANCY TARIFF

APPLICABILITY

Applicable to any person or entity other than a public utility (hereinafter "Licensee") authorized to complete a "wireline attachment" or an "occupancy", as defined herein, to any distribution pole or in any conduit in the service territory of Duke Energy Ohio, Inc. (hereinafter the "Company"). As used in this Tariff, a "wireline attachment" is the attachment of wire or cable and associated facilities or apparatus within one (1) foot of vertical space to any distribution pole owned by the Company and "occupancy" is the placement of wire or cable and associated facilities or apparatus in conduit space owned by the Company.

AGREEMENT

Before any wireline attachment or occupancy is made, Licensee shall enter into and be bound by a Pole Attachment or Conduit Occupancy License Agreement (hereinafter the "Agreement").

ATTACHMENT CHARGES

An annual rental of $6.40 per wireline attachment shall be charged for the use of the Company's poles. Any attachments outside the one (1) foot of vertical space will be considered another attachment and a separate annual rental charge will apply. The charge will apply if any portion of a pole is occupied or reserved at the Licensee's request.

For conduit occupancy, the occupancy fee shall be $1.26 per linear foot.

PAYMENT

All payments due from Licensee shall be invoiced by Company and payment shall be made by Licensee within twenty-one (21) days from the date of invoice. When any payments due from Licensee are not timely made, the amount due shall be adjusted to include interest equal to one and one-half percent (1.5%) of the unpaid amount which will accrue monthly until paid.

The annual rental amount shall be paid in advance by Licensee.

As new attachments/occupancies are made after the initial rental year, rentals for such attachments/ occupancies shall be paid for the entire year if made within the six-month period after any anniversary date, and for one-half year if made during the following six-month period. For any attachments/occupancies removed by Licensee and for which the Company shall have received written notice from Licensee, the yearly rental shall be adjusted on the same basis.

TERMS AND CONDITIONS

1. **APPLICATION**
   Before any wireline attachment to any pole other than a drop pole, is made by Licensee, or any occupancy is made on Licensee's behalf, Licensee shall make written application for permission to install such wireline attachments on any pole of the Company or occupy any conduit of the Company. The written application shall specify the location of each pole/conduit in question, the character of its proposed attachments/occupancies, and the amount and location of space desired. Within thirty (30) days after receipt of such written application, the Company shall notify Licensee in writing whether or not it is willing to permit the attachments or occupancies and, if so, under what conditions. If the application requires the use of special equipment beyond the cable attachment, the Company shall notify Licensee in writing within forty-five (45) days whether it is willing to permit the attachment or occupancy and, if so, under what conditions. If such permission is granted, Licensee shall have the right to occupy the space allotted by the Company under the conditions specified in such permit and in accordance with the terms of the Agreement but Company shall not be required to set a pole/conduit for the sole use by Licensee. The Company shall not unreasonably or discriminatorily deny occupancy or attachments. Permission to occupy the conduit, if granted, shall not authorize Licensee to access the Company's conduit. Such access shall be limited to the Company or its designated representative.

2. **TECHNICAL MANUALS**
   Upon the execution of the Agreement and before any attachments/occupancies are made by Licensee, Licensee shall send the Company all manufacturer's technical manuals and information, and construction standards and manuals regarding the equipment Licensee proposes to use pursuant to the provisions of the Agreement.

3. **TECHNICAL SPECIFICATIONS**
   All wireline attachments or occupancies are to be placed on poles or in conduits of the Company in a manner satisfactory to the Company and so as not to interfere with the present or any future use that the Company may desire to make of such poles, wires, conduits, or other facilities. All wireline attachments or occupancies shall be installed and maintained by Licensee or on Licensee's behalf and at its expense so as to comply at least with the minimum requirements of the National Electrical Safety Code and any other applicable regulations or codes promulgated by federal, state, local or other governmental authority having jurisdiction. Licensee shall take any necessary precautions, by the installation of protective equipment or other means, to protect all persons and property of all kinds against injury or damage occurring by reason of Licensee's attachments/occupancies on the Company's poles/conduits. The Company shall determine in a fair, reasonable and non discriminatory manner, the requirements for the present and future use of its poles, conduits and equipment and of any interference therewith.

TERMS AND CONDITIONS (Contd.)

4. **REPLACEMENT COSTS**
In any case where it is necessary for the Company to replace a pole or conduit because of the necessity of providing adequate space or strength to accommodate the wireline attachments or occupancies of Licensee thereon, either at the request of Licensee or to comply with the above codes and regulations, the Licensee shall pay the Company the total cost of this replacement. Such cost shall be the total estimated cost of the new pole/conduit, including material, labor, and applicable overheads, plus the cost of transferring existing electric facilities to the new pole or conduit, plus the cost of removal of the existing pole or conduit and any other incremental cost required to provide for the attachments or occupancy of the Licensee, including any applicable taxes the Company may be required to pay because of this change in plant, minus salvage value of any facilities removed.

   Licensee shall also pay to the Company and other owners thereof the cost of removing all existing attachments/occupancies from the existing pole or conduit and re-establishing the same or like attachments/occupancies on the newly installed pole/conduit. The new pole or conduit shall be the property of the Company regardless of any payments by Licensee towards its cost, and Licensee shall acquire no right, title or interest in such pole or conduit.

5. **REARRANGING COSTS**
If Licensee's proposed wireline attachments or occupancy can be accommodated on existing poles or conduits of the Company by rearranging facilities of the Company and of other Licensees thereon and if the Company and other Licensees are able to make such rearrangement consistent with the NESC, such rearrangement shall be made by the Company and such other Licensees, and Licensee shall on demand reimburse the Company and such other Licensees for any expense incurred by them in transferring or rearranging such facilities. Any additional guying required by reason of the attachments or occupancies of Licensee shall be made by Licensee at its expense, and to the satisfaction of the Company. The Company shall not be responsible for coordinating the relocation of third party attachments.

6. **INSPECTIONS**
The Company reserves the right to inspect each new installation of Licensee on its poles and in its conduits and to make periodic inspections every five (5) years or more often if conditions warrant such inspection, and Licensee shall reimburse the Company for the expense of such inspection. The Company's right to make such inspections and any inspection made pursuant to such right shall not relieve Licensee of any responsibility, obligation, or liability imposed by law or assumed under the Agreement. Subsequent to the completion of a baseline inventory by the Company when an unauthorized attachment or occupancy is found during an inspection, the Licensee will pay the Company an unauthorized attachment or occupancy sanction in the following amounts: Annual rental for the prior five years. For purposes of this penalty, an unauthorized attachment shall be any

TERMS AND CONDITIONS (Contd.)

attachment for which the Company does not have a record and which was not identified on the Company's inventory of attachments.

7. **SAFETY VIOLATIONS**

Whenever the Company notifies Licensee in writing that the wireline attachments or occupancies of Licensee interfere with the operation of properly installed existing facilities of the Company or other Licensee, or constitute a hazard to the service rendered by the Company or other Licensee, or fail to comply with codes or regulations above-mentioned, Licensee shall remove, rearrange or change its wireline attachments or ensure that, at its expense, its occupancy is removed, rearranged, or changed as directed by the Company. In case of emergency, the Company reserves the right to remove or relocate the attachments/occupancies of Licensee at Licensee's expense and without notice, and no liability therefore shall be incurred by the Company because of such action.

8. **INDEMNIFICATION**

Licensee agrees to indemnify and save harmless the Company from and against any and all liability, loss, damage, costs, attorney fees, or expense, of whatsoever nature or character, arising out of or occasioned by any claim or any suit for damages, injunction or other relief, on account of injury to or death of any person, or damage to any property including the loss of use thereof, or on account of interruption of Licensee's service to its subscribers or others, or for public charges and penalties for failure to comply with Federal, state or local laws or regulations, growing out of or in connection with any act or omission, negligent or otherwise, of Licensee or its servants, agents or subcontractors in the attachment/occupancy, operation and maintenance of facilities of Licensee on the poles/conduits of the Company, and in the performance of work hereunder, whether or not due in whole or in part to any act, omission or negligence of the Company or any of its representatives or employees (except insofar as such indemnity arising out of such injury or damage caused by the sole negligence of the Company or such representatives or employees may be judicially found to be contrary to law, in which case this Agreement of indemnity shall in all other respects be and remain effective and binding). The Company may require Licensee to defend any suits concerning the foregoing, whether such suits are justified or not.

9. **INSURANCE REQUIREMENTS**

Licensee agrees to obtain and maintain at all times during the period Licensee has attachments or occupancies on the Company's poles/conduits, policies of insurance as follows:

(a) Public liability and automobile liability insurance for itself in an amount as specified by the Company for bodily injury to or death of any one person, and, subject to the same limit for any one person, in an aggregate amount as specified by the Agreement for any one occurrence.

(b) Property damage liability insurance for itself in an amount as specified by the Company for any one occurrence.

TERMS AND CONDITIONS (Contd.)

(c) Contractual liability insurance in amounts as specified by the Company to cover the liability assumed by the Licensee under the agreements of indemnity set forth in the Agreement.

10. **CERTIFICATE OF INSURANCE**

Prior to making wireline attachments to the Company's poles or occupancy in the Company's conduits, Licensee shall furnish to the Company two copies of a certificate, from an insurance carrier acceptable to the Company, stating that policies of insurance have been issued by it to Licensee providing for the insurance listed above and that such policies are in force. Such certificate shall state that the insurance carrier will give the Company thirty (30) days prior written notice of any cancellation of or material change in such policies. The certificate shall also quote in full the agreements of indemnity set forth in the Agreement as evidence of the type of contractual liability coverage furnished. If such certificate recites that it is subject to any exceptions or exclusions contained in the policy or policies of insurance, such exceptions or exclusions shall be stated in full in such certificate, and the Company may, at its discretion, require Licensee before starting work, to obtain policies of insurance which are not subject to any exceptions or exclusions that the Company finds objectionable.

11. **DISCONTINUATION OF COMPANY FACILITIES**

The Company reserves the right, without liability to Licensee or its subscribers, to discontinue the use of, remove, replace or change the location of any or all of the Company's poles/conduits, attachments/occupancies or facilities regardless of any occupancy of the Company's poles/conduits by Licensee, and Licensee shall, at its sole cost and within 10 days after written notice by the Company make such changes in, including removal or transfer of, its attachments/occupancies as shall be required by such action by the Company.

12. **ABANDONMENT**

Licensee may at any time abandon the use of a pole or conduit under the Agreement hereunder by removing there from all of its wireline attachments or by requesting the Company to remove, at Licensee's expense, all of its occupancies and by giving written notice thereof to the Company.

13. **PERMITS, EASEMENTS, AND RIGHTS-OF-WAY**

Licensee shall secure any right, license or permit from any governmental body, authority, or other person or persons that may be required for the construction or maintenance of attachments or occupancies of Licensee, at its expense. The Company does not guarantee any easements, rights-of-way or franchises for the construction and maintenance of such attachments/occupancies. Licensee hereby agrees to indemnify and save harmless the Company from any and all claims, including the expenses incurred by the Company to defend itself against such claims, resulting from or arising out of the failure of Licensee to secure such right, license, permit or easement for the construction or maintenance of such attachment on the Company's pole or occupancy in the Company's conduit.

TERMS AND CONDITIONS (Contd.)

14. **SUPPLY OF ELECTRIC SERVICE**
Electric service for power supplies of a Licensee shall be supplied from the lines of the Company in a manner specified by the Company.

15. **USE BY THIRD PARTIES**
The Company shall have the right, from time to time during the term of the Agreement, to grant, by contract or otherwise, to others not parties to the Agreement, rights or privileges to use any pole/conduits covered by the Agreement, and the Company shall have the right to continue and extend any such rights or privileges heretofore granted. The attachment/occupancy privileges granted hereunder shall at all times be subject thereto.

16. **BOND**
Licensee shall furnish bond, as specified by the Company, to guarantee the performance of the obligations assumed by Licensee under the terms of the Agreement not otherwise covered by the insurance required by paragraph 9. Such bond shall be submitted to the Company prior to Licensee's making attachment/occupancy to the Company's poles/conduits.

17. **REIMBURSEMENT FOR WORK PERFORMED**
In case one Party is obligated to perform certain work at its own expense and the Parties mutually agree in writing that it is desirable for the other Party to do such work, then such other Party shall promptly do the work at the sole expense of the Party originally obligated to perform the same. Bills for expense so incurred shall be due and payable within 21 days after presentation.

18. **DEFAULT**
If Licensee fails to comply with any of the provisions of the Agreement or defaults in the performance of any of its obligations under the Agreement and fails within sixty (60) days after written notice from the Company to correct such default or non-compliance, the Company may, at its option, forthwith terminate the Agreement, or the specific permit or permits covering the poles/conduits and Licensee's attachments/occupancies to which such default or non-compliance is applicable, and remove attachments/occupancies of Licensee at Licensee's expense, and no liability therefore shall be incurred by the Company because of such action.

19. **MAPS**
The area covered by the Agreement shall be set forth on a map, attached to, and made a part of the Agreement. Such area may be extended or otherwise modified by a supplemental agreement mutually agreed upon and signed by the Parties to an Agreement with a new map attached thereto showing the changed area to be thereafter covered by the Agreement. Such supplement shall be effective as of the date of final execution thereof and shall be attached to all executed copies of the Agreement.

TERMS AND CONDITIONS (Contd.)

20. **EXPIRATION OF AGREEMENT**

If Licensee does not exercise the rights herein granted within six (6) months from the execution date of the Agreement, the Agreement shall be void. The Agreement shall start as of the execution date thereof and shall continue for a period of one year and shall be self-renewing from year to year thereafter unless terminated by either Party's giving to the other Party written notice at least sixty (60) days prior to the end of any yearly term. Licensee shall completely remove its wireline attachments from the Company's poles or direct the Company to remove, at Licensee's expense, its occupancy in the conduit on or prior to the termination date, unless a new Agreement covering such poles or conduit has been executed by the Parties hereto.

21. **BINDING EFFECT**

The Agreement shall be binding upon and inure to the benefit of the Parties thereto, their respective successors and/or assigns, but Licensee shall not assign, transfer or sublet any of the rights hereby granted or obligations hereby assumed without the prior written consent of the Company.

22. **DEPOSIT**

The Licensee may be required to pay a cash deposit to the Company in order to establish or re-establish credit in an amount not in excess of the total annual rental fees. After the Licensee has established a reasonable credit record by paying the rental fees for two consecutive years within the time specified in the Agreement, the Company shall apply the deposit plus an accrued interest to the next annual rental fee amount which is due and payable with the next subsequent anniversary date. The Company shall pay interest thereon in accordance with Rule 4901:1-17-05 of the Ohio Administrative Code.

23. **FORCE MAJEURE**

Except as may be expressly provided otherwise, neither Party shall be liable to the other for any failure of performance under the Tariff or Agreement due to causes beyond its reasonable control, including: (a) acts of nature, fire, explosion, vandalism, storm, or other similar occurrences; (b) national emergencies, insurrections, riots, acts of terrorism, or wars; (c) strikes, lockouts, work stoppages, or other labor difficulties. To the extent practicable, the Parties shall be prompt in restoring normal conditions, establishing new schedules and resuming operations as soon as the force majeure event causing the failure or delay has ceased. Each Party shall promptly notify the other Party of any delay in performance under this paragraph and its effect on performance required under the Tariff or Agreement.

TERMS AND CONDITIONS (Contd.)

If any pole or conduit of the Company is damaged or destroyed by a force majeure event so that the pole or conduit is rendered materially unfit for the purposes described in the Tariff or Agreement and the Company elects not to repair or replace the pole or conduit, then permission to attach to such pole or occupancy shall terminate as of the date of such damage or destruction.

SERVICE REGULATIONS

The supplying and billing for service, and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio, as provided by law.

Certified Supplier Tariff

Revision

P.U.C.O. Electric No. 20

SECTION XI
END-USE CUSTOMER PAYMENT PROCESSING AND COLLECTIONS FOR CONSOLIDATED BILLING

11.1. Payments

a) Bills are due on the date indicated thereon as being the last day for payment of the net amount, and the due date shall not be less then twenty-one (21) calendar days after the mailing of the bill or amended Company practice as approved by the Commission.

b) Payment may be made at any commercial office of the Company or at any Company Authorized Payment Agency.

c) The Company may require that an End-use Customer who is not creditworthy tender payment by means of a certified or cashier's check, electronic funds transfer, cash or other immediately available funds.

11.2. Payment Processing

a) The End-use Customer is responsible for payment in full to the Company for all the Company and Certified Supplier charges when the Company performs Consolidated Billing.

b) The Company will remit all received payments for Certified Supplier charges on the Company's Consolidated Bill to the appropriate Certified Supplier after processing, on a daily basis. The Company will remit payments to Certified Suppliers involved in the Company's Purchase of Accounts Receivable Program as specified by the Account Receivables Purchase Agreement described in Section 11.5 herein.

c) All End-use Customer charges are grouped into categories and a payment priority is established for each. If a partial payment is received, the Company will apply the following payment priorities classification. Payments will be applied first to prior gas and electric Regulated Utility Charges, second to current gas and electric Regulated Utility Charges, third to prior electric Certified Supplier charges and gas supplier charges (if applicable), fourth to current electric Certified Supplier charges and gas supplier charges (if applicable), and then on a pro-rata basis for non-regulated products and services. When the priority classification is equal, payments will be applied to the oldest receivables first.

11.3. End-use Customers In Arrears

a) End-use Customer in Arrears for the Company's Regulated Gas and Electric Utility Charges Only

End-use Customers who fail to pay gas and electric Regulated Utility Charges to the Company will be subject to the Company's late payment charge policy and the rules and regulations governing the current credit, collection and disconnection procedures in accordance with Sections, 4901:1-10, 4901:1-17 and 4901:1-18 of the Ohio Administrative Code.

b) End-use Customers in Arrears to their Certified Supplier

Unless the Certified Supplier has entered into an agreement with the Company for Purchase of Accounts Receivable, the Certified Supplier is ultimately responsible for the collection of such unpaid non-regulated charges regardless of billing option selected for the End-use Customer. However, in the course of following its collection procedures for Regulated Utility Charges, the Company may inform End-use Customers of such arrearages.

c) End-use Customer in Arrears for the Company's Non-Regulated Products/Services

End-use Customers who fail to pay for the Company's non-regulated products and services will be subject to the Company's current collection procedure which can include a series of letters, retrieval of the product, and discontinuance of the service that is being provided to the End-use Customer.

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SECTION XI
END-USE CUSTOMER PAYMENT PROCESSING AND COLLECTIONS FOR CONSOLIDATED BILLING (Contd.)

d) Certified Suppliers shall determine their own credit/collection policy.

11.4. Disconnection of Service

a) The Company may disconnect service to an End-use Customer for non-payment of Regulated Utility Charges only in accordance with Sections, 4901:1-10 and 4901:1-18 of the Ohio Administrative Code.

b) Pursuant to Sections 4901:1-10 and 4901:1-18 of the Ohio Administrative Code, the Company is not permitted to disconnect service to the End-use Customer for nonpayment of Certified Supplier charges. Nor are Certified Suppliers permitted to physically disconnect electric service for nonpayment of the Certified Supplier charges.

c) If the Company disconnects service to an End-use Customer, the End-use Customer's Certified Supplier will be notified within five (5) business days of processing the disconnect order when the final bill is generated.

d) If the Company restores the End-use Customer's service under the same account number within the five (5) business day period, no notification to that End-use Customer's Certified Supplier will be given.

11.5 Transfer of End-use Customer Deposit

If the Certified Supplier participates in the Company's Purchase of Accounts Receivable program and if the Certified Supplier holds a deposit from the End-use Customer, the Certified Supplier shall retain the deposit until required to refund such deposit to the End-use Customer, except where the Company has notified the Certified Supplier that the End-use Customer is 60 days or more in arrears for Certified Supplier charges that the Company has acquired under the Purchase of Accounts Receivable program. In that case, the Certified Supplier shall transfer the End-use Customer's deposit to the Company within three business days of receipt of such notice, unless the Company's Purchase of Accounts Receivable agreement with the Certified Supplier provides otherwise.

11.6 Purchase of Accounts Receivable (PAR)

a) In order to participate in the Company's Purchase of Accounts Receivable (PAR) Program, a Certified Supplier must first sign an Account Receivables Purchase Agreement with the Company, which may include, but will not be limited to, the following provisions:

i) Purchase price, procedures, and fees
ii) Obligations of the parties
iii) Representations and warranties
iv) Covenants of Seller
v) Conditions Precedent
vi) Administration and Collection
vii) Termination
viii) Indemnification

b) Prior to the effective date of the Account Receivables Purchase Agreement between the Certified Supplier and the Company, all End-use Customer electric service accounts actively enrolled with the Certified Supplier, billed on Company Consolidated and Rate Ready or Bill Ready Billing, and having arrears of 30 days or more totaling $50.00 or more must have the billing option changed by the Certified Supplier to Certified Supplier billing, or the Company will return the account to the Company's Standard Offer Rate.

SECTION XI
END-USE CUSTOMER PAYMENT PROCESSING AND COLLECTIONS FOR CONSOLIDATED BILLING (Contd.)

c) If a change DASR for an End-use Customer electric service account actively enrolled with a Certified Supplier is submitted by the Certified Supplier to change the billing option from Certified Supplier billing to Company Consolidated and Rate Ready or Bill Ready billing and the Certified Supplier is participating in the Company's Purchase of Accounts Receivable (PAR) Program, the Company will reject the change DASR if the Company's account with the End-use Customer has an arrears of 30 days or more totaling $50.00 or more.

d) The discount rate for the purchase of accounts receivable shall be calculated as follows:

Annual Base Carrying Cost	12.71%
/Days in Year	366
= Daily Carry Charge	0.0348%
x DSO	32.80
= Carrying Cost Discount Factor	1.14%
+ Collection Experience Component	0.73%
= Total Discount Factor	1.87%