

FILE

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the Application	)	
of Duke Energy Ohio, Inc.	)	
to Modify its Fuel, Economy	)	Case No. 06-1068-EL-UNC
Purchased Power Component	)	
of its Market-Based Standard	)	
Service Offer	)	

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**DE-OHIO'S APPLICATION TO ESTABLISH THE 2007 FUEL, ECONOMY  
PURCHASED POWER COMPONENT OF ITS  
MARKET-BASED STANDARD SERVICE OFFER**

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TO THE HONORABLE  
THE PUBLIC UTILITIES COMMISSION OF OHIO:

1. Duke Energy Ohio (DE-Ohio) formally known as The Cincinnati Gas & Electric Company, is an Ohio corporation engaged in the business of supplying electric transmission, distribution, and generation service in Adams, Brown, Butler, Clinton, Clermont, Hamilton, Montgomery, and Warren Counties in Southwestern Ohio.

2. DE-Ohio is a "public utility" as defined by R. C. 4905.02 and 4905.03; and an "electric distribution company," "electric light company," "electric supplier," and an "electric utility" as defined by R. C. 4928.01.

3. This application is made pursuant to the Commission's November 23, 2004, Entry on Rehearing in case number 03-93-EL-ATA to set the market price of DE-Ohio's fuel, economy purchased power, and emission allowance component (FPP) of its market-based standard service offer (MBSSO).

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4. On November 23, 2004, the Public Utilities Commission of Ohio issued its Entry on Rehearing in case number 03-93-EL-ATA. In paragraph 13 of its Entry on Rehearing, the Commission directed DE-Ohio to make an application to establish the FPP component of DE-Ohio's MBSSO, by September 1 of each year, to establish the FPP levels for the following year.

5. DE-Ohio's FPP consists of four components: (1) Fuel and purchased power cost expense (FC), (2) Reconciliation adjustment (RA), (3) System Loss Adjustment (SLA), and (4) Emission Allowances (EZ).

6. The RA, and SLA components are cost based and a rate per kWh has been developed based upon projected sales.

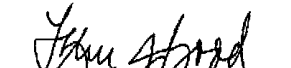
7. The schedules supporting DE-Ohio's calculation of the FPP component, and DE-Ohio's request for proposal will be the quarterly filing made for the period of July 1, 2006 through June 30, 2007. The quarterly filings contain the statement of Fuel Procurement Policies and Practices narrative statement and the applicable Quarterly FPP forms supporting the proposed calculation of the fuel, economy purchased power, and emission allowance of DE-Ohio's MBSSO for the base period of July 1, 2006, through June 30, 2007.

WHEREFORE, DE-Ohio respectfully requests that the Commission grant approval of the FPP application.

Respectfully submitted,

DUKE ENERGY OHIO

  
Sandra P. Meyer, President


  
Lynn Good, Treasurer

VERIFICATION

STATE OF OHIO        )  
                                  )  
COUNTY OF HAMILTON )

I, Sandra P. Meyer, President, and I, Lynn Good, Treasurer, of Duke Energy Ohio, being first duly sworn, hereby verify that the information contained in this Application is true and correct to the best of our knowledge and belief.

  
Sandra P. Meyer, President

  
Lynn Good, Treasurer

Sworn to and subscribed in my presence this 31 day of August, 2006.

  
Notary Public

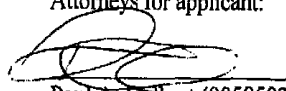


**ANITA M. SCHAFER**  
Notary Public, State of Ohio  
My Commission Expires  
November 4, 2008

Company official to be contacted  
regarding the application:

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