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BY: MT

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April 1, 2019

Re: *In the Matter of the Application of Duke Energy Ohio, Inc. for Approval of an Alternative Form of Regulation, Case No. 19-791-GA-ALT.*

To Whom It May Concern:

This letter is to inform you of Duke Energy Ohio, Inc.'s (Duke Energy Ohio or Company) intent to file, with the Public Utilities Commission of Ohio, an application relating to our natural gas service. The application will propose the creation of a new rider to recover the cost of infrastructure investments made under the Company's Capital Expenditure Program to improve services that will benefit both our customers and our communities. These infrastructure investments are designed to improve the reliability and safety of our natural gas distribution system and to address the increasing demand on the system associated with new customer growth. Pursuant to Ohio law and as approved by the Public Utilities Commission of Ohio (Commission), the Company has been deferring certain costs (property taxes, depreciation, and a return at the Company's long-term debt rate) associated with its Capital Expenditure Program since 2012.

Duke Energy Ohio will make this filing no sooner than May 1, 2019, requesting approval from the Commission to establish a Capital Expenditure Rider (CEP Rider). Rider CEP will recover both the deferred expenses and the costs associated with the assets related to these deferrals. Consistent with Ohio law, the rates for Rider CEP will be calculated using the billing data that was used in the Company's most recent base rate case, Case No. 12-1685-GA-AIR, *et al.*

Duke Energy Ohio currently offers funding for weatherization assistance and furnace replacement through People Working Cooperatively (PWC), an organization operating in southwestern Ohio, that helps low-income, elderly, and disabled homeowners with energy conservation and weatherization, among other things. With the resources provided by the Company, PWC provides assistance such as water heater wraps, attic and wall insulation, furnace repair/replacements, and new water heaters to qualifying customers. Those programs will not be impacted by this application.

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Upon approval of the CEP Rider, the Company projects that the monthly CEP Rider for residential customers (Rate RS) will be approximately \$3.72 per bill; for small general service customers (Rate GS-S) and small firm transportation customers (Rate FT-S) to be approximately \$7.26 per bill; for large general service customer (Rate GS-L) and large firm transportation customers (Rate FT-L) to be approximately \$45.23 per bill; and for interruptible transportation customers (Rate IT) to be approximately \$1,291.96 per bill. In the application, Duke Energy Ohio will propose that Rider CEP be updated annually, subject to review of the Commission Staff.

These new rates are applicable to all of Duke Energy Ohio's natural gas customers. These rates are subject to change after the Commission holds public evidentiary hearings. Although this letter is a formal notice to you, in accordance with applicable utility laws, we also have representatives available to discuss our rate proposals in more detail. To discuss any specific questions you may have, please call Don Wathen at (513) 287-2327.

Sincerely,

/s/ Amy B. Spiller

Amy B. Spiller