BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke Energy Ohio to Update its Transmission Cost Recovery Rider	)))	Case No. 10-981-EL-UNC

SUPPLEMENT TO APPLICATION

By Opinion and Order issued December 17, 2008, in Case No. 08-920-EL-SSO, the Public Utilities Commission of Ohio (Commission) approved Duke Energy Ohio's last proposal to modify Rider TCR (Transmission Cost Recovery Tracker), which was filed on October 17, 2008 in Case No. 05-727-EL-UNC.[1] Those proposed tariffs reflected rates to become effective with the first billing cycle of January 1, 2009.

Additionally, in its December 17, 2008, Opinion and Order, the Commission approved, with slight modification, a Stipulation and Recommendation wherein it was provided that Duke Energy Ohio would recover Midwest Independent System Operator (MISO) costs for net congestion and losses, including net revenue received from financial transmission rights and auction revenue rights, through Rider PTC-FPP.[2]

In Case No. 08-777-EL-ORD, the Commission issued new rules for Chapter 4901:1-36, Ohio Administrative Code (O.A.C.), effective April 2, 2009. Rule 4901:1-36-03, O.A.C, requires electric utilities with approved transmission cost recovery riders to update their riders pursuant to a schedule set forth by Commission order. By Entry issued April 15, 2009, Duke Energy Ohio

[1] *In the Matter of the Application of Duke Energy Ohio for Approval of an Electric Security Plan*, Case No. 08-920-EL-SSO, *et al.*, Opinion and Order, page 40 (December 17, 2008).

[2] Id, at Opinion and Order, page 16 (December 17, 2008) and Stipulation and Recommendation, page 8, Para. 8 (October 27, 2008).

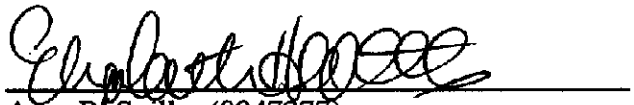
was to file its annual cost recovery rider on July 17, 2010, with an effective date of October 1, 2010.

Duke Energy Ohio submitted its Application in this case on July 16, 2010 and then provided some additional supplemental information on August 17, 2010.

Duke Energy Ohio now submits some additional questions and responses to questions submitted to the Company by the Staff of the Public Utilities Commission of Ohio. It is anticipated that this supplemental information, submitted on the record, will assist the Commission in approving Duke Energy Ohio's Application in this matter.

WHEREFORE, Duke Energy Ohio respectfully requests that the Public Utilities Commission of Ohio approve its Application with the new tariff rates effective for bills rendered on or after the effective date billing cycle and grant it a limited waiver as requested herein.

Respectfully submitted,



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CERTIFCATE OF SERVICE

I hereby certify that, on this 17th day of September, 2010, the foregoing Supplement to Application has been served via electronic mail on the following persons:

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Real-Time Revenue Sufficiency Guarantee

a) Complete description of the cost.
Real-Time Revenue Sufficiency Guarantee is a mechanism to fund Real-Time Revenue Sufficiency Guarantee Make Whole Payments to Asset Owners. The Midwest ISO (or "MISO") collects the total hourly Revenue Sufficiency Guarantee amount from Asset Owners that contributed to the requirement to dispatch additional generation in the Real-Time Energy and Operating Reserve Market.

b) Detailed explanation of why Duke Energy Ohio is assessed the cost.
Duke Energy Ohio is assessed this cost because it owns load and generation assets. Duke Energy Ohio submits its expected load on a day-ahead basis. Any variance between the day-ahead load and real-time load results in a deviation. The Company incurs this cost when there is a load deviation. MISO allocates this cost in part to Market Participants based on these deviations. Duke Energy Ohio also incurs this cost when generation is not able to follow MISO generation dispatch signals in real-time.

c) Detailed explanation of the control Duke Energy Ohio has over the cost.
For load deviations, Duke Energy Ohio forecasts the SSO load and that forecast is used for the day-ahead demand bid. Weather and unanticipated customer usage make it impossible to predict the real-time load on a day-ahead basis with 100% accuracy.

Once generation is committed day-ahead, it is expected the Company will follow MISO dispatch real-time. However, due to unforeseen events such as forced outages, derates, equipment limitations, and MISO commercial model limitations, it is not always possible to follow MISO dispatch.

d) Detailed explanation of the policies and procedures in place to minimize these costs.
To minimize the costs due to load deviation, Duke Energy Ohio's procedure is to bid 100% of its expected load into the day-ahead market.

Duke Energy Ohio attempts to follow all of MISO's dispatch signals. It is in the best interest of the Company to follow these instructions to minimize costs and increase revenues.However, because of forced outages occurring after the day-ahead market closes but before the operating day when the unit was committed, the Company cannot always follow the signals. Derates of the units in real-time and equipment limitations also results in Duke Energy Ohio not being able to completely follow dispatch instructions.

Real-Time Excessive Deficient Energy Deployment Charge Amount

a) Complete description of the cost.
Real-Time Excessive Deficient Energy Deployment Charge Amount is a charge to Asset Owners owning Generation and Regulation-Qualified Demand Response Resources that cleared Regulation Operating Reserve volume in the Day-Ahead or Real-Time Energy and Operating Reserves Markets which are deemed not to follow Set Point Instructions during Regulation Service deployment. This penalty is essentially a consequence of being a market participant.

b) Detailed explanation of why Duke Energy Ohio is assessed the cost.
Duke Energy Ohio is assessed the cost because it owns generation and no unit is going to perform perfect 100% of the time. Some factors that can manifest penalties are outages, derates, equipment limitations, and MISO's commercial model limitations.

c) Detailed explanation of the control Duke Energy Ohio has over the cost.
Duke Energy Ohio attempts to follow set point instructions during Regulation Service deployment. However, due to unforeseen events such as forced outages, derates, equipment limitations, and MISO commercial model limitations, it is not always possible to follow set point instructions during Regulation Service deployment.

d) Detailed explanation of the policies and procedures in place to minimize these costs.
Duke Energy Ohio tries to minimize these penalties by using the Energy Management Systems Automatic Generation Control. The Energy Management System (EMS) is a system that gathers and reports via displays the real time status and output of generating units managed by Duke Energy Ohio. Automatic Generation Control (AGC) is a programmatic system of the EMS that automatically directs the output of controllable generators every 4 seconds based on the set point received from MISO. This minimizes costs because units on AGC are able to respond automatically to directions from MISO without operator intervention.

Contingency Reserve Deployment Failure Charge Amount

a) Complete description of the cost.
Contingency Reserve Deployment Failure Charge Amount is a charge incurred by generation or demand response resources that fail to deploy contingency reserves at or above the Contingency Reserve Deployment Instruction. This penalty is essentially a consequence of being a market participant.

b) Detailed explanation of why Duke Energy Ohio is assessed the cost.
Duke Energy Ohio is assessed the cost because it owns generation. Any unit that has a ramp rate must offer into the contingency reserve market. Duke Energy Ohio will be assessed this cost if it does not deploy contingency reserves when asked by MISO.

c) Detailed explanation of the control Duke Energy Ohio has over the cost.
Duke Energy Ohio attempts to deploy contingency reserves when requested by MISO. However, due to unforeseen events such as forced outages, derates, equipment limitations, and MISO commercial model limitations, it is not always possible to deploy contingency reserves when asked.

d) Detailed explanation of the policies and procedures in place to minimize these costs.
Duke Energy Ohio tries to minimize these penalties by using the Energy Management Systems Automatic Generation Control for units with this equipment. The Energy Management System (EMS) is a system that gathers and reports via displays the real time status and output of generating units managed by Duke Energy Ohio. Automatic Generation

Control (AGC) is a programmatic system of the EMS that automatically directs the output of controllable generators every 4 seconds based on the set point received from MISO. This minimizes costs because units on AGC are able to respond automatically to directions from MISO without operator intervention.

Units that are not on Automatic Generation Control (AGC) have a higher risk of incurring this charge. They need to be manually moved to respond to a contingency event within 10 minutes. Duke Energy Ohio tries to minimize the charge on non-AGC units by offering this service on non-AGC units at a higher price.