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December 7, 2011

Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus OH 43215

RE: *In the Matter of the Application of Duke Energy Ohio, Inc., to Adjust and Set the Rates for Rider BTR and Rider RTO, Case No. 11-5778-EL-RDR*

Dear Docketing Division:

Enclosed please find the Staff's Review and Recommendations in regard to the Duke Energy Ohio application to adjust and set the rates for Rider BTR and Rider RTO.

Sincerely,

Robert B. Fortney
Chief, Rates & Tariffs, Energy & Water Division
Public Utilities Commission of Ohio

Enclosure

Cc: Parties of Record

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Duke Energy Ohio
Case No. 11-5778-EL-RDR

SUMMARY

On November 17, 2011, Duke Energy Ohio (Duke-OH) filed an application for approval to adjust and set the rates for Rider BTR and Rider RTO. The application is made pursuant to O.A.C. Chapter 4901:1-36 and pursuant to the Commission's Opinion and Order (Order) issued May 25, 2011 in Case Nos. 11-2641-EL-RDR and 11-2642-EL-RDR, establishing Duke-OH's base transmission rate rider (BTR) and a regional transmission organization rider (RTO). Duke-OH filed an amendment to its application on December 1, 2011, to clarify what costs will be recovered through the Riders as a result of Commission approval of the stipulation in Case No. 11-3549-EL-SSO.

Proposed Rider BTR includes the projected costs for January 1, 2012 thru December 31, 2012 for Network Integrated Transmission Costs (NITS), PJM Schedule 1A: Transmission Owner Scheduling and System Control Costs, PJM Schedule 2: Reactive Supply and Voltage Control Costs, PJM Schedule 12: Regional Transmission Expansion Costs (RTEP), MISO MTEP Costs, PJM Economic Load Response program costs and generation deactivation costs. In addition, pursuant to the May 25, 2011 Order, Rider BTR includes a credit for each class related to RTEP costs.

Commission approval of the stipulation filed in Case No. 11-3549-EL-SSO results in certain costs being billed directly to wholesale auction winners and CRES providers. As a result, there are no 2012 projected market based transmission costs to include in Rider RTO, therefore, beginning January 3, 2012, the rates in Rider RTO will be set at zero.

Corresponding with the initiation of charges under Rider BTR, Duke-OH will withdraw its existing transmission cost recovery, Rider TCR. The final true-up of Rider TCR will be included in Rider RTO through an application filed on or before July 15, 2012.

STAFF REVIEW

Staff has completed their review of the projected costs and credits included in the application and finds that they appear to be appropriately included in Rider BTR.

CONCLUSION

Duke-OH requests that Rider BTR and Rider RTO become effective on a bills-rendered basis, beginning on January 3, 2012. The Staff recommends the Application as filed on November 17, 2011, and amended on December 1, 2011, be approved.