



955 Jefferson Avenue
Valley Forge Corporate Center
Norristown, PA 19403-2497

Jacquelyn Huges
Assistant General Counsel - Markets
Telephone 610.666.8208 | Facsimile 610.666.8211
hugesj@pjm.com

December 20, 2011

Julie S. Janson, President
Duke Energy Ohio, Inc.
139 E. Fourth Street
EA503
Cincinnati, OH 45202

Re: Early Termination of Duke Energy Ohio, Inc. Election of FRR Alternative

Dear Ms. Janson:

PJM Interconnection, L.L.C. (PJM) is in receipt of your December 16, 2011 letter notifying PJM of Duke Energy Ohio's (DEO) intent to terminate its election of the FRR Alternative as of the 2015/2016 Delivery Year pursuant to Section C.3 of Schedule 8.1 of the Reliability Assurance Agreement Among Load Serving Entities in the PJM Region (RAA), prior to the scheduled termination date. PJM has reviewed the letter as well as the November 22, 2011 order issued by the Public Utilities Commission of Ohio (PUCO) in Case Nos. 11-3549-EL-SSO, 11-3550-EL-ATA and 11-3551-EL-UNC referenced therein. Based on this information, PJM has determined that the referenced November 22, 2011 order effectuates a State Regulatory Structural Change pursuant to Section 1.81 of the RAA because it includes, among other things, a requirement that DEO divest its utility-owned generation. Accordingly, PJM hereby acknowledges that DEO's election of the FRR Alternative will terminate one year early, on May 31, 2015, as requested by DEO.

Should you have any questions with regard to this matter, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink that reads "Jacquelyn B. Huges".

Jacquelyn B. Huges
Assistant General Counsel - Markets

cc: Noel Symons, Esq.
Andrew Ott
Stu Bresler