

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of	)	
Duke Energy Ohio, Inc.	)	
for Authority to Issue Not in Excess	)	Case No. 10- <del>658</del> -GE-AIS
of \$600,000,000 at Any One Time of	)	
Short-term Unsecured Notes and Other	)	
Evidences of Indebtedness	)	

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**APPLICATION AND STATEMENT OF DUKE ENERGY OHIO, INC.**

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Duke Energy Ohio, Inc. (Duke Energy Ohio or Applicant), a public utility as defined in Section 4905.02, Revised Code, represents the following:

1. Under provisions of Section 4905.401, Revised Code, Duke Energy Ohio, without action by the Public Utilities Commission of Ohio (Commission), could issue, renew or assume liability on notes and other evidences of indebtedness maturing not more than twelve months after the date of such issuance, renewal or assumption of liability (collectively, "Short-Term Notes") equal to 5% of the par value of the other outstanding stocks, bonds, notes and other evidences of indebtedness of Duke Energy Ohio (the "Statutory Exemption"). As of March 31, 2010, Duke Energy Ohio could have borrowed a total of \$148,433,750 of notes or other evidences of indebtedness payable at periods of not more than twelve months, the Statutory Exemption. The Statutory Exemption is calculated as follows:

Par Values of the outstanding securities of Duke Energy Ohio (as of 3/31/10):

Long-term Bonds and Notes	\$2,206,539,000
Common Stock \$8.50 Par Value	<u>762,136,000</u>

Total Par Value	<u>\$2,968,675,000</u>
5% of <u>\$2,968,675,000</u>	<u>\$ 148,433,750</u>

As of March 31, 2010, Duke Energy Ohio had \$12,100,000 of outstanding notes payable with a maturity not more than 12 months from date of issuance, and \$5,068,000 of long-term debt subject to redemption within one year.

2. Presently, Duke Energy Ohio has, in accordance with Section 4905.401, Revised Code, the necessary consent and authority of the Commission (Case No. 09-336-GE-AIS) to issue and/or renew its short-term promissory notes and other evidences of indebtedness, including commercial paper, in excess of the Statutory Exemption in an aggregate principal amount such that its total outstanding short-term indebtedness does not exceed \$600,000,000 at any one time through June 30, 2010. Through this application, Duke Energy Ohio requests an order granting the necessary consent and authority of this Commission, supplementing and replacing such existing authority, to continue to issue and/or renew unsecured short-term notes or other evidences of indebtedness in an aggregate principal amount not exceeding \$600,000,000 at any one time between the date of an order entered herein and June 30, 2011.

Additionally, Duke Energy Ohio represents that each financing transaction described in this application shall be considered in the determination of its required revenue in rate proceedings in which all factors affecting rates will be taken into account according to law.

3. Duke Energy Ohio was granted authority in Case No. 95-275-GE-AIS to enter into and file at the Securities and Exchange Commission (SEC) the Cinergy Corp. Utility

Money Pool Agreement and to file said agreement with the Securities and Exchange Commission. The purpose of the Money Pool is to assist Cinergy's utility subsidiaries in least-cost financing of their interim capital requirements. Pursuant to the merger between Cinergy Corp. and Duke Energy, a new Utility Money Pool Agreement (Money Pool) was entered into among the Duke Energy Corporation entities, including Duke Energy Ohio, effective April 3, 2006.<sup>1</sup>

4. Duke Energy Ohio proposes to issue notes or otherwise incur short-term indebtedness in excess of its Statutory Exemption, but not to exceed the aggregate amount of \$600,000,000, for the following purposes: discharge or lawful refunding of its obligations including debt; acquisitions of property; construction, completion, extension, renewal and improvement of its facilities; improvement and maintenance of its service; reimbursement of monies actually expended for the foregoing purposes from its income or from any other monies in its treasury not secured or obtained from the issue of its stocks, bonds, notes or other evidences of indebtedness; for loans to other participants in the Money Pool consistent with the Utility Money Pool Agreement; and for working capital and other general corporate purposes.

5. The terms upon which the unsecured notes and other evidences of short-term indebtedness in excess of its Statutory Exemption are to be issued are as summarized below. Duke Energy Ohio intends to borrow under the herein requested authority from banks or other financial institutions through the Amended and Restated Credit Agreement dated as of June 28, 2007, amended March 10, 2008, and other evidences of short-term indebtedness, (including through participation in the Money Pool referred to above) to

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<sup>1</sup> The current parties are Duke Energy Corporation, Cinergy Corp., Duke Energy Carolinas LLC, Duke Energy Indiana, Inc., Duke Energy Ohio, Inc., Duke Energy Kentucky, Inc., Miami Power Corporation, KO Transmission Company, and Duke Energy Business Services, LLC.

afford more latitude in obtaining short-term financing as required. No maturity will be more than 12 months from the date of issuance. Unsecured bank notes and other evidences of indebtedness - including participation in the Money Pool - will bear interest at the best available rate.

6. Duke Energy Ohio has attached hereto and submits the following exhibits as a part of this application:

Exhibit A - Duke Energy Ohio - Balance Sheet as of March 31, 2010.

Exhibit B - Duke Energy Ohio - Income Statement for the 12 Months Ended March 31, 2010.

WHEREFORE, Duke Energy Ohio requests that this Commission issue an order finding that:

- (1) This application was filed under the provisions of Section 4905.401, Revised Code.
- (2) Pursuant to Section 4905.401, Revised Code, Applicant was permitted to have outstanding notes and other evidences of short-term indebtedness issuable without authority of this Commission (Statutory Exemption) in the amount of \$ 148,433,750 as of March 31, 2010.
- (3) Applicant has existing authority (Case No. 09-336-GE-AIS) to issue not in excess of \$600,000,000 at any one time of unsecured notes and other evidences of indebtedness (including commercial paper) through June 30, 2010.
- (4) Applicant is requesting consent and authority to issue, reissue and/or renew through June 30, 2011, unsecured notes and other evidences of indebtedness (including through participation in the Money Pool) payable at periods of less than 12 months, in an aggregate amount of up to \$600,000,000 at any one time. Such aggregate amount of short-term indebtedness is to be in addition to any other financing which may be undertaken during the period with the approval of this Commission.
- (5) The proceeds derived by Applicant from the issuance and renewal of the short-term indebtedness in excess of its Statutory Exemption will be applied by the Applicant for the purposes set forth in Section 4905.40, Revised Code

and in accordance with the uses of funds set forth in paragraph 4 above. Such purposes and application of proceeds are reasonably required by Applicant to meet its present and prospective obligations to provide utility service.

- (6) The unsecured notes and other evidences of indebtedness (including through participation in the Money Pool) will bear interest at the best available rate.
- (7) The amount of the issue of such unsecured notes, and other evidences of indebtedness (including through participation in the Money Pool), and the probable cost thereof are just and reasonable, and the effect of the issuance and cost thereof on present and prospective revenue requirements of the Applicant is dependent upon future interest rates and the extent of utilization of the authority herein requested, neither of which can be accurately predicted at this time.

Further, Duke Energy Ohio requests that the Commission order that:

- (1) Applicant, Duke Energy Ohio be, and hereby is, authorized, without further order of this Commission, to issue and/or renew its promissory notes and other evidences of indebtedness maturing at periods of not more than 12 months (including through participation in the Money Pool) in excess of the Statutory Exemption in an aggregate amount such that Applicant's total outstanding short-term indebtedness does not exceed \$600,000,000 through June 30, 2011. Said amount may be outstanding during such time irrespective of any other financing which the Applicant may undertake with approval of this Commission;
- (2) The unsecured notes and other evidences of indebtedness (including through participation in the Money Pool) will bear interest at the best available rate;
- (3) The proceeds derived by Applicant under the authority herein granted shall be applied pursuant to Finding (5) above;
- (4) Nothing herein contained shall be construed to imply any guaranty or obligation as to said unsecured notes and other evidences of indebtedness (including through participation in the Money Pool) or the interest thereon on the part of the State of Ohio;
- (5) The authority herein granted may be exercised from and after the date of an Order.

Respectfully submitted this 6th day of May, 2010.

DUKE ENERGY OHIO

By Robert J. Ringel  
Robert J. Ringel, Vice President

By Marc E. Manly  
Marc E. Manly, Secretary

Amy B. Spiller  
Amy B. Spiller  
Rocco O. D'Ascenzo  
139 East Fourth Street  
P.O. Box 960  
Cincinnati, Ohio 45201  
Attorneys for Applicant

STATE OF OHIO

:

:

COUNTY OF HAMILTON

:

Be it known that Robert J. Ringel and Marc E. Manly personally appeared before me, a Notary Public, and being duly sworn says that the facts and allegations contained in the foregoing application and statement are true to the best of their knowledge and belief.

Sworn to and subscribed before me this 6th day of May, 2010.

Anita M. Schafer  
Notary Public



**ANITA M. SCHAFER**  
Notary Public, State of Ohio  
My Commission Expires  
November 4, 2014

**Duke Energy Ohio  
Balance Sheet  
As of March 31, 2010  
(unaudited)  
(dollars in thousands)**

**Assets**

**Current Assets**

Cash and cash equivalents	\$ 89,169
Receivables (net of allowance for doubtful accounts of \$17,340)	607,314
Inventory	177,320
Unrealized gains on MTM and hedging transactions	48,307
Other	103,166
<b>Total current assets</b>	<b>1,025,276</b>

**Investments and Other Assets**

Goodwill	1,423,660
Intangibles assets	313,299
Investment in consolidated subsidiaries	618,373
Restricted funds held in trust	3,647
Unrealized gains on MTM and hedging transactions	31,632
Other	67,426
<b>Total investments and other assets</b>	<b>2,458,037</b>

**Property, Plant and Equipment**

Cost	8,652,499
Less accumulated depreciation and amortization	1,787,055
<b>Net property, plant and equipment</b>	<b>6,865,444</b>

**Regulatory Assets and Deferred Debits**

Deferred debt expense	18,199
Amounts due from customers - income taxes	84,143
Other regulatory assets	327,608
<b>Total regulatory assets and deferred debits</b>	<b>429,950</b>

**Total Assets**

**\$ 10,778,707**

**Duke Energy Ohio  
Balance Sheet  
As of March 31, 2010  
(unaudited)  
(dollars in thousands)**

**Liabilities and Common Stockholders' Equity**

**Current Liabilities**

Accounts payable	\$ 316,584
Notes payable and commercial paper	12,100
Taxes accrued	173,390
Interest accrued	30,522
Current maturities of long-term debt	5,068
Unrealized losses on MTM and hedging transactions	9,106
Other	101,551
<b>Total current liabilities</b>	<b>648,321</b>

**Long-term Debt** **2,206,539**

**Deferred Credits and Other Liabilities**

Deferred income taxes	1,405,319
Investment tax credit	7,691
Asset retirement obligations	29,472
Accrued pension and other postretirement benefit costs	221,587
Unrealized losses on MTM and hedging transactions	10,168
Other	222,440
<b>Total deferred credits and other liabilities</b>	<b>1,896,677</b>

**Common Stockholders' Equity**

Common stock	762,136
Additional paid-in capital	5,569,933
Retained deficit	(276,355)
Accumulated other comprehensive loss	(28,544)
<b>Total common stockholders' equity</b>	<b>6,027,170</b>

**Total Liabilities and Common Stockholders' Equity** **\$ 10,778,707**



**Duke Energy Ohio**  
**Statement of Operations**  
**For the Twelve Months Ended March 31, 2010**  
**(unaudited)**  
**(dollars in thousands)**

<b>Operating Revenue</b>	
Regulated electric	\$ 1,697,149
Regulated natural gas	492,887
Non-regulated electric, natural gas and other	717,982
<b>Total Operating Revenues</b>	<u>2,908,018</u>
<b>Operating Expenses</b>	
Cost of natural gas and coal sold	222,807
Operations, maintenance and other	619,954
Fuel used in electric generation and purchased power	858,831
Depreciation and amortization	342,888
Property and other taxes	247,821
Impairments and other charges	769,050
<b>Total Operating Expenses</b>	<u>3,061,351</u>
Other operating gains and losses	7,001
<b>Operating Loss</b>	<u>(146,332)</u>
<b>Other Income and Expenses, Net</b>	14,283
<b>Interest Expense</b>	<u>94,127</u>
<b>Loss from Continuing Operations Before Income Taxes</b>	(226,176)
Income Tax Expense	187,242
<b>Loss from Continuing Operations</b>	(413,418)
Earnings of Subsidiaries	31,287
<b>Net Loss</b>	<u><u>\$ (382,131)</u></u>

**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

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**Case No(s). 10-0658-GE-AIS**

Summary: Application of Duke Energy Ohio, Inc. for Authority to Issue Not In Excess of \$600,000,000 at Any One Time of Short-Term Unsecured Notes and Other Evidence of Indebtedness electronically filed by Anita M Schafer on behalf of Spiller, Amy B. Ms.