Large Filing Separator Sheet

CASE NUMBER: 11-2954-EL-UNC

FILE DATE: MAY 16 2011

SECTION: 2 of 2

NUMBER OF PAGES: 121

DESCRIPTION OF DOCUMENT:
APPLICATION CONTINUED

Combined Notes to Consolidated Financial Statements – (Continued)

that the final disposition of these proceedings will not have a material adverse effect on its consolidated results of operations, cash flows or financial position.

The Duke Energy Registrants have exposure to certain legal matters that are described herein. Duke Energy has recorded reserves, including reserves related to the aforementioned asbestos-related injuries and damages claims, of $900 million and $1 billion as of December 31, 2010 and 2009, respectively, for these proceedings and exposures (the total of which is primarily related to Duke Energy Carolinas). These reserves represent management's best estimate of probable loss as defined in the accounting guidance for contingencies. Duke Energy has insurance coverage for certain of these losses incurred. As of December 31, 2010 and 2009, Duke Energy recognized $850 million and $984 million, respectively, of probable insurance recoveries related to these losses (the total of which is primarily related to Duke Energy Carolinas).

The Duke Energy Registrants expense legal costs related to the defense of loss contingencies as incurred.

Other Commitments and Contingencies

General.

As part of its normal business, the Duke Energy Registrants are a party to various financial guarantees, performance guarantees and other contractual commitments to extend guarantees of credit and other assistance to various subsidiaries, investees and other third parties. To varying degrees, these guarantees involve elements of performance and credit risk, which are not included on the respective Consolidated Balance Sheets. The possibility of any of the Duke Energy Registrants having to honor their contingencies is largely dependent upon future operations of various subsidiaries, investees and other third parties, or the occurrence of certain future events.

In addition, the Duke Energy Registrants enter into various fixed-price, non-cancelable commitments to purchase or sell power (tolling arrangements or power purchase contracts), take-or-pay arrangements, transportation or throughput agreements and other contracts that may or may not be recognized on the respective Consolidated Balance Sheets. Some of these arrangements may be recognized at fair value on the respective Consolidated Balance Sheets If such contracts meet the definition of a derivative and the NPNS exception does not apply.

Operating and Capital Lease Commitments

Duke Energy

Duke Energy leases assets in several areas of its operations. Consolidated rental expense for operating leases was $122 million in 2010, $129 million in 2009 and $164 million in 2008 which is included in Operation, Maintenance and Other on the Consolidated Statements of Operations. Amortization of assets recorded under capital leases is included in Depreciation and Amortization on the Consolidated Statements of Operations. The following is a summary of future minimum lease payments under operating leases, which at inception had a non-cancelable term of more than one year, and capital leases as of December 31, 2010:

(in millions)	Operating Leases	Capital Leases
2011	$ 87	$ 31
2012	74	28
2013	62	28
2014	47	25
2015	36	27
Thereafter	217	144
Total future minimum lease payments	$523	$283

Duke Energy Carolinas

Duke Energy Carolinas leases assets in several areas of its operations. Consolidated rental expense for operating leases was $60 million in 2010, $56 million in 2009 and $85 million in 2008, which is included in Operation, Maintenance and Other on the Consolidated Statements of Operations. Consolidated capitalized lease obligations are classified as debt on the Consolidated Balance Sheets (see Note 6). Amortization of assets recorded under capital leases is included in Depreciation and Amortization on the Consolidated Statements of Operations. The following is a summary of future minimum lease payments under operating leases, which at inception had a noncancelable term of more than one year, and capital leases as of December 31, 2010:

(in millions)	Operating Leases	Capital Leases
2011	$ 37	$ 1
2012	31	2
2013	26	2
2014	19	2
2015	14	2
Thereafter	83	12
Total future minimum lease payments	$210	$21

Duke Energy Ohio

Duke Energy Ohio leases assets in several areas of its operations. Consolidated rental expense for operating leases was $19 million in 2010, $22 million in 2009 and $31 million in 2008, which is included in Operation, Maintenance and Other on the Consolidated Statements of Operations. Consolidated capitalized lease obligations are classified as debt on the Consolidated Balance Sheets (see Note 6). Amortization of assets recorded under capital leases is included in Depreciation and Amortization on the Consolidated Statements of Operations. The following is a summary of future minimum lease payments under operating leases, which at inception

Combined Notes to Consolidated Financial Statements – (Continued)

had a noncancelable term of more than one year, and capital leases as of December 31, 2010:

(in millions)	Operating Leases	Capital Leases
2011	$16	$ 9
2012	13	8
2013	11	8
2014	9	7
2015	7	6
Thereafter	14	15
Total future minimum lease payments	$70	$53

Duke Energy Indiana

Duke Energy Indiana leases assets in several areas of its operations. Consolidated rental expense for operating leases was $24 million in 2010, $26 million in 2009 and $25 million in 2008, which is included in Operation, Maintenance and Other on the Consolidated Statements of Operations. Capitalized lease obligations are classified as debt on the Consolidated Balance Sheets (see Note 6). Amortization of capital lease assets is included in Depreciation and Amortization on the Consolidated Statements of Operations. The following is a summary of future minimum lease payments under operating leases, which at inception had a noncancelable term of more than one year, and capital leases as of December 31, 2010:

(in millions)	Operating Leases	Capital Leases
2011	$19	$ 4
2012	18	4
2013	15	3
2014	10	3
2015	7	3
Thereafter	12	14
Total future minimum lease payments	$81	$31

6. DEBT AND CREDIT FACILITIES

Summary of Debt and Related Terms

Duke Energy (in millions)	Weighted-Average Rate	Year Due	December 31, 2010	December 31, 2009
Unsecured debt	6.3%	2011 – 2037	**$ 8,036**	$ 7,922
Secured debt	3.9%	2011 – 2035	**1,167**	660
First mortgage bonds[(a)]	5.5%	2011 – 2040	**6,689**	5,940
Capital leases	7.5%	2011 – 2047	**283**	248
Other debt[(b)]	1.9%	2012 – 2041	**1,623**	1,843
Non-recourse notes payable of VIEs			**216**	—
Notes payable and commercial paper[(c)]	0.4%		**450**	450
Fair value hedge carrying value adjustment			**25**	18
Unamortized debt discount and premium, net			**(63)**	(66)
Total debt[(d)]			**18,426**	17,015
Current maturities of long-term debt			**(275)**	(902)
Short-term non-recourse notes payable of VIEs			**(216)**	—
Total long-term debt			**$17,935**	$16,113

(a) As of December 31, 2010, substantially all of USFE&G's electric and gas plant in service is mortgaged under the mortgage bond indenture of Duke Energy Carolinas, Duke Energy Ohio and Duke Energy Indiana.

(b) Includes $1,540 million and $1,410 million of Duke Energy tax-exempt bonds as of December 31, 2010 and 2009, respectively. As of December 31, 2010 and 2009, $583 million and $331 million, respectively, was secured by first mortgage bonds and $348 million and $433 million, respectively, was secured by a letter of credit.

(c) Includes $450 million as of both December 31, 2010 and 2009 that was classified as Long-term Debt on the Consolidated Balance Sheets due to the existence of long-term credit facilities which back-stop these commercial paper balances, along with Duke Energy's ability and intent to refinance these balances on a long-term basis. The weighted-average days to maturity was 14 days as of December 31, 2010 and 2009, respectively.

(d) As of December 31, 2010 and 2009, $489 million and $479 million, respectively, of debt was denominated in Brazilian Reals.

Combined Notes to Consolidated Financial Statements – (Continued)

Duke Energy Carolinas

(in millions)	Weighted-Average Rate	Year Due	December 31, 2010	2009
Unsecured debt	6.1%	2011 – 2037	**$2,318**	$2,622
Secured debt associated with accounts receivable securitization	1.2%	2012	**300**	300
First mortgage bonds[(a)]	5.6%	2013 – 2040	**4,413**	4,163
Capital leases	13.9%	2011 – 2030	**21**	—
Other debt[(b)]	3.4%	2012 – 2040	**415**	274
Money pool borrowings[(c)]	0.4%		**300**	300
Fair value hedge carrying value adjustment			**16**	20
Unamortized debt discount and premium, net			**(13)**	(13)
Total debt			**7,770**	7,666
Current maturities of long-term debt			**(8)**	(509)
Total long-term debt			**$7,762**	$7,157

(a) As of December 31, 2010, substantially all of Duke Energy Carolinas' electric plant in service is mortgaged under the mortgage bond indenture relating to Duke Energy Carolinas.
(b) Includes $415 million and $272 million of Duke Energy Carolinas tax-exempt bonds as of December 31, 2010 and 2009, respectively. As of December 31, 2010 and 2009, respectively, $360 million and $117 million were secured by first mortgage bonds.
(c) Includes $300 million as of both December 31, 2010 and 2009 that was classified as Long-term Debt on the Consolidated Balance Sheets due to the existence of long-term credit facilities which back-stop these money pool borrowings, along with Duke Energy Carolinas' ability and intent to refinance these balances on a long-term basis.

Duke Energy Ohio

(in millions)	Weighted-Average Rate	Year Due	December 31, 2010	2009
Unsecured debt	5.7%	2012 – 2036	**$1,305**	$1,305
First mortgage bonds[(a)]	4.3%	2013 – 2019	**700**	700
Capital leases	4.8%	2011 – 2020	**53**	55
Other debt[(b)]	0.6%	2024 – 2041	**534**	572
Fair value hedge carrying value adjustment			**8**	(2)
Unamortized debt discount and premium, net			**(36)**	(38)
Total debt			**2,564**	2,592
Current maturities of long-term debt			**(7)**	(19)
Total long-term debt			**$2,557**	$2,573

(a) As of December 31, 2010, substantially all of Franchised Electric & Gas's electric plant in service is mortgaged under the mortgage bond indenture relating to Duke Energy Ohio (excluding Duke Energy Kentucky).
(b) Includes $525 million and $538 million of Duke Energy Ohio tax-exempt bonds as of December 31, 2010 and 2009, respectively.

Duke Energy Indiana

(in millions)	Weighted-Average Rate	Year Due	December 31, 2010	2009
Unsecured debt	5.7%	2013 – 2035	**$ 1,149**	$ 1,151
First mortgage bonds[(a)]	5.7%	2011 – 2039	**1,577**	1,076
Capital leases	7.1%	2011 – 2047	**31**	25
Money pool borrowings[(c)]	0.4%		**150**	150
Other debt[(b)]	2.0%	2019 – 2040	**575**	698
Unamortized debt discount and premium, net			**(10)**	(10)
Total debt			**3,472**	3,090
Current maturities of long-term debt			**(11)**	(4)
Total long-term debt			**$ 3,461**	$ 3,086

(a) As of December 31, 2010, substantially all of Duke Energy Indiana's electric plant in service is mortgaged under the mortgage bond indenture relating to Duke Energy Indiana.
(b) Includes $575 million and $576 million of Duke Energy Indiana tax-exempt bonds as of December 31, 2010 and 2009, respectively. As of December 31, 2010 and 2009, $223 million and $214 million, respectively, were secured by first mortgage bonds. As of both December 31, 2010 and December 31, 2009, $271 million was secured by a letter of credit.
(c) Includes $150 million as of both December 31, 2010 and 2009 that was classified as Long-term Debt on the Consolidated Balance Sheets due to the existence of long-term credit facilities which back-stop these money pool borrowings, along with Duke Energy Indiana's ability and intent to refinance these balances on a long-term basis.

Combined Notes to Consolidated Financial Statements – (Continued)

Unsecured Debt.

In July 2010, International Energy issued $281 million principal amount in Brazil, which carries an interest rate of 8.59% plus IGP-M (Brazil's monthly inflation index) non-convertible debentures due July 2015. Proceeds of the issuance were used to refinance Brazil debt related to DEIGP and for future debt maturities in Brazil.

In March 2010, Duke Energy issued $450 million principal amount of 3.35% senior notes due April 1, 2015. Proceeds from the issuance were used to repay $274 million of borrowings under the master credit facility and for general corporate purposes.

In September 2009, Duke Energy Ohio and Duke Energy Indiana repaid and immediately re-borrowed $279 million and $123 million, respectively, under Duke Energy's master credit facility.

In September 2009, Duke Energy Kentucky issued $100 million of senior debentures, which carry a fixed interest rate of 4.65% and mature October 1, 2019. Proceeds from the issuance were used to repay Duke Energy Kentucky's borrowings under Duke Energy's master credit facility, to replenish cash used to repay $20 million principal amount of debt due September 15, 2009 and for general corporate purposes.

In August 2009, Duke Energy issued $1 billion principal amount of senior notes, of which $500 million carry a fixed interest rate of 3.95% and mature September 15, 2014 and $500 million carry a fixed interest rate of 5.05% and mature September 15, 2019. Proceeds from the issuance were used to redeem commercial paper, to fund capital expenditures in Duke Energy's unregulated businesses in the U.S. and for general corporate purposes.

In January 2009, Duke Energy issued $750 million principal amount of 6.30% senior notes due February 1, 2014. Proceeds from the issuance were used to redeem commercial paper and for general corporate purposes.

First Mortgage Bonds.

In July 2010, Duke Energy Indiana issued $500 million principal amount of 3.75% first mortgage bonds due July 15, 2020. Proceeds from the issuance were used to repay $123 million of borrowings under Duke Energy's master credit facility, and will be used to fund Duke Energy Indiana's ongoing capital expenditures and for general corporate purposes.

In June 2010, Duke Energy Carolinas issued $450 million principal amount of 4.30% first mortgage bonds due June 15, 2020. Proceeds from the issuance will be used to fund Duke Energy Carolinas' ongoing capital expenditures and for general corporate purposes.

In December 2009, Duke Energy Ohio issued $250 million principal amount of first mortgage bonds, which carry a fixed interest rate of 2.10% and mature June 15, 2013. Proceeds from this issuance, together with cash on hand, were used to repay Duke Energy Ohio's borrowing under Duke Energy's master credit facility. In conjunction with this debt issuance, Duke Energy Ohio entered into an interest rate swap agreement that converted interest on this debt issuance from the fixed coupon rate to a variable rate. The initial variable rate was set at 0.31%.

In November 2009, Duke Energy Carolinas issued $750 million principal amount of first mortgage bonds, which carry a fixed interest rate of 5.30% and mature February 15, 2040. Proceeds from this issuance will be used to fund capital expenditures and general corporate purposes, including the repayment at maturity of $500 million of senior notes and first mortgage bonds in the first half of 2010.

In March 2009, Duke Energy Ohio issued $450 million principal amount of first mortgage bonds, which carry a fixed interest rate of 5.45% and mature April 1, 2019. Proceeds from this issuance were used to repay short-term notes and for general corporate purposes, including funding capital expenditures.

In March 2009, Duke Energy Indiana issued $450 million principal amount of first mortgage bonds, which carry a fixed interest rate of 6.45% and mature April 1, 2039. Proceeds from this issuance were used to fund capital expenditures, to replenish cash used to repay $97 million of senior notes which matured on March 15, 2009, to fund the repayment at maturity of $125 million of first mortgage bonds due July 15, 2009, and for general corporate purposes, including the repayment of short-term notes.

Other Debt.

In September 2010, Duke Energy Carolinas converted $143 million of tax-exempt variable-rate demand bonds to tax-exempt term bonds, which carry a fixed interest rate of 4.375% and mature October 2031. Prior to the conversion, the bonds were held by Duke Energy Carolinas as treasury bonds. In connection with the conversion, the tax-exempt bonds were secured by a series of Duke Energy Carolinas' first mortgage bonds.

In September 2010, Duke Energy Carolinas converted $100 million of tax-exempt variable-rate demand bonds, to tax-exempt term bonds, which carry a fixed interest rate of 4.625% and mature November 1, 2040. In connection with the conversion, the tax-exempt bonds were secured by a series of Duke Energy Carolinas' first mortgage bonds.

In September 2010, Duke Energy Indiana refunded $70 million of tax-exempt auction rate bonds through the issuance of $70 million principal amount of tax-exempt term bonds, of which $60 million carry a fixed interest rate of 3.375% and mature March 1, 2019 and $10 million carry a fixed interest rate of 3.75% and mature April 1, 2022. In connection with the conversion, the tax-exempt bonds were secured by a series of Duke Energy Indiana's first mortgage bonds.

In October 2009, Duke Energy Indiana refunded $50 million of tax-exempt variable-rate demand bonds through the issuance of $50 million principal amount of tax-exempt term bonds, which carry a fixed interest rate of 4.95% and mature October 1, 2040. The

Combined Notes to Consolidated Financial Statements – (Continued)

tax-exempt bonds are secured by a series of Duke Energy Indiana's first mortgage bonds.

In September 2009, Duke Energy Carolinas converted $77 million of tax-exempt variable-rate demand bonds to tax-exempt term bonds, which carry a fixed interest rate of 3.60% and mature February 1, 2017. In connection with the conversion, the tax-exempt bonds were secured by a series of Duke Energy Carolinas' first mortgage bonds.

In June 2009, Duke Energy Indiana refunded $55 million of tax-exempt variable-rate demand bonds through the issuance of $55 million principal amount of tax-exempt term bonds due August 1, 2039, which carry a fixed interest rate of 6.00% and are secured by a series of Duke Energy Indiana's first mortgage bonds. The refunded bonds were redeemed July 1, 2009.

In January 2009, Duke Energy Indiana refunded $271 million of tax-exempt auction rate bonds through the issuance of $271 million of tax-exempt variable-rate demand bonds, which are supported by direct-pay letters of credit, of which $144 million had initial rates of 0.7% reset on a weekly basis with $44 million maturing May 2035, $23 million maturing March 2031 and $77 million maturing December 2039. The remaining $127 million had initial rates of 0.5% reset on a daily basis with $77 million maturing December 2039 and $50 million maturing October 2040.

Non-Recourse Notes Payable of VIEs.

As discussed further in Notes 1 and 17, effective January 1, 2010, Duke Energy began consolidating Cinergy Receivables. To fund the purchase of receivables, Cinergy Receivables borrows from third parties and such borrowings fluctuate based on the amount of receivables sold to Cinergy Receivables. The borrowings are secured by the assets of Cinergy Receivables and are non-recourse to Duke Energy. The debt is short-term because the facility has an expiration date of October 2011; however, Duke Energy expects to extend that expiration by one year prior to its current expiration. At December 31, 2010, Cinergy Receivables borrowings were $216 million and are reflected as Non-Recourse Notes Payable of VIEs on Duke Energy's Consolidated Balance Sheets.

Non-Recourse Long-Term Debt of VIEs.

In May 2010, Green Frontier Wind Power, LLC, a subsidiary of DEGS, an indirect wholly-owned subsidiary of Duke Energy, entered into a long-term loan agreement for $325 million principal amount maturing in 2025. The collateral for this loan is a group of five wind farms located in Wyoming, Colorado and Pennsylvania. The initial interest rate on the notes is the six month adjusted London Interbank Offered Rate (LIBOR) plus an applicable margin. In connection with this debt issuance, DEGS entered into an interest rate swap to convert the substantial majority of the loan interest payments from a variable rate to a fixed rate of 3.4% plus the applicable margin, which was 2.5% as of December 31, 2010. Proceeds from the issuance will be used to help fund the existing wind portfolio. As this debt is non-recourse to Duke Energy, the balance at December 31, 2010 is classified within Non-Recourse Long-term Debt of VIEs in Duke Energy's Consolidated Balance Sheets.

In December 2010, Top of the World Wind Energy LLC, a subsidiary of DEGS, an indirect wholly-owned subsidiary of Duke Energy, entered into a long-term loan agreement for $193 million principal amount maturing in December 2028. The collateral for this loan is substantially all of the assets of Top of the World Windpower LLC. The initial interest rate on the notes is the six month adjusted LIBOR plus an applicable margin. In connection with this debt issuance, DEGS entered into an interest rate swap to convert the substantial majority of the loan interest payments from a variable rate to a fixed rate of 3.465% plus the applicable margin, which was 2.375% as of December 31, 2010. Proceeds from the issuance will be used to help fund the existing wind portfolio.

Money Pool.

The Subsidiary Registrants receive support for their short-term borrowing needs through participation with Duke Energy and other Duke Energy subsidiaries in a money pool arrangement. Under this arrangement, those companies with short-term funds may provide short-term loans to affiliates participating under this arrangement. The money pool is structured such that the Subsidiary Registrants separately manage their cash needs and working capital requirements. Accordingly, there is no net settlement of receivables and payables between the money pool participants. Per the terms of the money pool arrangement, Duke Energy may loan funds to its participating subsidiaries, but may not borrow funds through the money pool. Accordingly, as the money pool activity is between Duke Energy and its wholly-owned subsidiaries, all money pool balances are eliminated within Duke Energy's Consolidated Balance Sheets.

As of December 31, 2010, Duke Energy Carolinas was in a net money pool receivable position of $39 million, of which $339 million is classified within Receivables and $300 million is classified within Long-term Debt in Duke Energy Carolinas' Consolidated Balance Sheets. As of December 31, 2009, Duke Energy Carolinas was in a net money pool receivable position of $289 million, of which $589 million is classified within Receivables and $300 million is classified within Long-term Debt in Duke Energy Carolinas' Consolidated Balance Sheets.

As of December 31, 2010 and 2009, Duke Energy Ohio had short-term money pool receivables of $480 million and $184 million, respectively, which are classified within Receivables in Duke Energy Ohio's Consolidated Balance Sheets.

As of December 31, 2010, Duke Energy Indiana was in a net money pool payable position of $35 million, of which $115 million is classified within Receivables and $150 million is classified within Long-term Debt in Duke Energy Indiana's Consolidated Balance Sheets. As of December 31, 2009, Duke Energy Indiana was in a net money pool payable position of $119 million, of which $31 million is classified within Receivables and $150 million is classified within Long-term Debt in Duke Energy Indiana's Consolidated Balance Sheets.

Increases or decreases in money pool receivables are reflected within investing activities on the respective Subsidiary Registrants Consolidated Statements of Cash Flows, while increases or decreases in money pool borrowings are reflected within financing activities on the respective Subsidiary Registrants Consolidated Statements of Cash Flows.

Accounts Receivable Securitization.

Duke Energy Carolinas securitizes certain accounts receivable through Duke Energy Receivables Finance Company, LLC (DERF), a bankruptcy remote, special purpose subsidiary. DERF is a wholly-owned limited liability company with a separate legal existence from its parent, and its assets are not intended to be generally available to creditors of Duke Energy Carolinas. As a result of the securitization, on a daily basis Duke Energy Carolinas sells certain accounts receivable, arising from the sale of electricity and/or related services as part of Duke Energy Carolinas' franchised electric business, to DERF. In order to fund its purchases of accounts receivable, DERF has a $300 million secured credit facility with a commercial paper conduit administered by Citibank, N.A., which terminates in August 2012. The credit facility and related securitization documentation contain several covenants, including covenants with respect to the accounts receivable held by DERF, as well as a covenant requiring that the ratio of Duke Energy Carolinas' consolidated indebtedness to Duke Energy Carolinas' consolidated capitalization not exceed 65%. As of December 31, 2010 and 2009, the interest rate associated with the credit facility, which is based on commercial paper rates, was 1.2% and 1.6%, respectively, and $300 million was outstanding under the credit facility as of both December 31, 2010 and 2009. The securitization transaction was not structured to meet the criteria for sale accounting treatment under the accounting guidance for transfers and servicing of financial assets and, accordingly, is reflected as a secured borrowing in the Consolidated Balance Sheets. As of December 31, 2010 and 2009, the $300 million outstanding balance of the credit facility was secured by $637 million and $556 million, respectively, of accounts receivable held by DERF. The obligations of DERF under the credit facility are non-recourse to Duke Energy Carolinas. DERF meets the accounting definition of a VIE and is subject to the new accounting rules for consolidation and transfers of financial assets that were effective January 1, 2010; however, the new accounting rules did not result in a substantial change to the accounting for DERF. See Note 17 for further information on VIEs.

Floating Rate Debt.

Unsecured debt, secured debt and other debt includes floating-rate instruments. Floating-rate instruments are primarily based on commercial paper rates or a spread relative to an index such as LIBOR for debt denominated in U.S. dollars. The following table shows floating rate debt by registrant as of December 31, 2010 and 2009:

(in millions)	**December 31, 2010**	December 31, 2009
Duke Energy[(a)]	**$2,851**	$2,800
Duke Energy Carolinas	**695**	795
Duke Energy Ohio	**525**	538
Duke Energy Indiana	**502**	694

(a) Excludes $376 million and $336 million of Brazilian debt at December 31, 2010 and 2009, respectively, that is indexed annually to Brazilian inflation

The following table shows the average interest rate associated with floating rate debt detailed in the table above by registrant as of December 31, 2010 and 2009:

	December 31, 2010	December 31, 2009
Duke Energy	**1.6%**	1.5%
Duke Energy Carolinas	**0.8%**	0.9%
Duke Energy Ohio	**0.5%**	0.4%
Duke Energy Indiana	**0.4%**	0.3%

Maturities, Call Options and Acceleration Clauses.

Annual Maturities as of December 31, 2010

(in millions)	**Duke Energy**	**Duke Energy Carolinas**	**Duke Energy Ohio**	**Duke Energy Indiana**
2011	**$ 275**	**$ 8**	**$ 7**	**$ 11**
2012	**2,552**	**1,778**	**507**	**155**
2013	**1,563**	**405**	**265**	**405**
2014	**1,623**	**45**	**46**	**5**
2015	**1,207**	**505**	**5**	**5**
Thereafter	**10,990**	**5,029**	**1,734**	**2,891**
Total long-term debt, including current maturities	**$18,210**	**$7,770**	**$2,564**	**$3,472**

Combined Notes to Consolidated Financial Statements – (Continued)

The Duke Energy Registrants have the ability under certain debt facilities to call and repay the obligation prior to its scheduled maturity. Therefore, the actual timing of future cash repayments could be materially different than the above as a result of Duke Energy Registrant's ability to repay these obligations prior to their scheduled maturity.

Available Credit Facilities.

The total capacity under Duke Energy's master credit facility, which expires in June 2012, is $3.14 billion. The credit facility contains an option allowing borrowing up to the full amount of the facility on the day of initial expiration for up to one year. Duke Energy, Duke Energy Carolinas, Duke Energy Ohio, including Duke Energy Kentucky, and Duke Energy Indiana (collectively referred to as the borrowers), each have borrowing capacity under the master credit facility up to specified sub limits for each borrower. However, Duke Energy has the unilateral ability to increase or decrease the borrowing sub limits of each borrower, subject to per borrower maximum cap limitations, at any time. See the table below for the borrowing sub limits for each of the borrowers as of December 31, 2010. The amount available under the master credit facility has been reduced by the use of the master credit facility to backstop the issuances of commercial paper, letters of credit and certain tax-exempt bonds. Borrowing sub limits for Duke Energy Carolinas, Duke Energy Ohio, Duke Energy Kentucky, and Duke Energy Indiana are also reduced for amounts outstanding under the money pool arrangement.

Master Credit Facility Summary as of December 31, 2010 (in millions)[a][b]

	Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana	Total
Facility Size[c]	$1,097	$ 840	$750	$ 450	$3,137
Less:					
Notes Payable and Commercial Paper[d]	—	(300)	—	(150)	(450)
Outstanding Letters of Credit	(11)	(7)	(27)	—	(45)
Tax-Exempt Bonds	(25)	(95)	(84)	(81)	(285)
Available Capacity	$1,061	$ 438	$639	$ 219	$2,357

(a) This summary only includes Duke Energy's master credit facility and, accordingly, excludes certain demand facilities and committed facilities that are insignificant in size or which generally support very specific requirements, which primarily include facilities that backstop various outstanding tax-exempt bonds. These facilities that backstop various outstanding tax-exempt bonds generally have non-cancelable terms in excess of one year from the balance sheet date, such that the Duke Energy Registrants have the ability to refinance such borrowings on a long-term basis. Accordingly, such borrowings are reflected as Long-term Debt on the Consolidated Balance Sheets of the respective Duke Energy Registrant.

(b) Credit facility contains a covenant requiring the debt-to-total capitalization ratio to not exceed 65% for each borrower.

(c) Represents the sub limit of each borrower at December 31, 2010. The Duke Energy Ohio sub limit is comprised of $650 million for Duke Energy Ohio and $100 million for Duke Energy Kentucky.

(d) Duke Energy issued $450 million of Commercial Paper and loaned the proceeds through money pool to Duke Energy Carolinas and Duke Energy Indiana.

At December 31, 2010 and 2009, various tax-exempt bonds, commercial paper issuances and money pool borrowings were classified as Long-Term Debt on the Consolidated Balance Sheets. These tax-exempt bonds, commercial paper issuances and money pool borrowings, which are short-term obligations by nature, are classified as long-term due to Duke Energy's intent and ability to utilize such borrowings as long-term financing. As Duke Energy's master credit facility and other specific purpose credit facilities have non-cancelable terms in excess of one year as of the balance sheet date, Duke Energy has the ability to refinance these short-term obligations on a long-term basis. The following tables show short-term obligations classified as long-term debt as of December 31, 2010 and 2009:

Short-term obligations classified as long-term

	December 31, 2010			
(in millions)	Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
Tax exempt bonds[a][b][c][d]	$ 632	$ 95	$161	$352
Notes Payable and Commercial paper[e]	450	300	—	150
DERF[f]	300	300	—	—
Total	$1,382	$695	$161	$502

(a) Of the $632 million of pollution control bonds outstanding at December 31, 2010, at Duke Energy, the master credit facility served as a backstop for $311 million of these pollution control bonds (of which $27 million is in the form of letters of credit), with the remaining balance backstopped by other specific long-term credit facilities separate from the master credit facility.

(b) For Duke Energy Carolinas, the master credit facility served as a backstop for the $95 million of pollution control bonds outstanding at December 31, 2010.

Combined Notes to Consolidated Financial Statements – (Continued)

(c) Of the $161 million of tax-exempt bonds outstanding at December 31, 2010 at Duke Energy Ohio, $111 million were backstopped by Duke Energy's master credit facility (of which $27 million is in the form of letters of credit), with the remaining balance backstopped by other specific long-term credit facilities separate from the master credit facility.
(d) Of the $352 million of tax-exempt bonds outstanding at December 31, 2010 at Duke Energy Indiana, $81 million were backstopped by Duke Energy's master credit facility, with the remaining balance backstopped by other specific long-term credit facilities separate from the master credit facility.
(e) Duke Energy has issued $450 million in Commercial Paper, which is backstopped by the master credit facility, and the proceeds are in the form of loans through the money pool to Duke Energy Carolinas of $300 million and Duke Energy Indiana of $150 million as of December 31, 2010.
(f) DERF is a short-term obligation backed by a credit facility which expires in August 2012.

	December 31, 2009			
(in millions)	Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
Tax exempt bonds(a)(b)(c)(d)	$ 706	$195	$134	$352
Notes Payable and Commercial paper(e)	450	300	—	150
DERF(f)	300	300	—	—
Drawdown under the Master Credit Facility(g)	123	—	—	123
Total	$1,579	$795	$134	$625

(a) Of the $706 million of pollution control bonds outstanding at December 31, 2009 at Duke Energy, the master credit facility served as a backstop for $385 million of these pollution control bonds (of which $100 million is in the form of letters of credit), with the remaining balance backstopped by other specific long-term credit facilities separate from the master credit facility.
(b) For Duke Energy Carolinas, the master credit facility served as a backstop for the $195 million of pollution control bonds outstanding at December 31, 2009 (of which $100 million is in the form of letters of credit).
(c) Of the $134 million of tax-exempt bonds outstanding at December 31, 2009 at Duke Energy Ohio, $84 million were backstopped by Duke Energy's master credit facility, with the remaining balance backstopped by other specific long-term credit facilities separate from the master credit facility.
(d) Of the $352 million of tax-exempt bonds outstanding at December 31, 2009 at Duke Energy Indiana, $81 million were backstopped by Duke Energy's master credit facility, with the remaining balance backstopped by other specific long-term credit facilities separate from the master credit facility.
(e) Duke Energy has issued $450 million in Commercial Paper, which is backstopped by the master credit facility, and the proceeds are in the form of loans through the money pool to Duke Energy Carolinas of $300 million and Duke Energy Indiana of $150 million as of December 31, 2009.
(f) DERF is a short-term obligation backed by a credit facility which expires in August 2012.
(g) The borrowings under the master credit facility at Duke Energy Indiana was a revolving loan bearing interest at one-month LIBOR plus an applicable spread of 19 basis points. Duke Energy Indiana has the intent and ability to refinance this obligation on a long-term basis, either through renewal of the terms of the loan through the master credit facility, which has non-cancelable terms in excess of one-year, or through issuance of long-term debt to replace the amount drawn under the master credit facility.

In April 2010, Duke Energy and Duke Energy Carolinas entered into a new $200 million four-year unsecured revolving credit facility. Duke Energy and Duke Energy Carolinas are co-borrowers under this facility, with Duke Energy having a borrowing sub limit of $100 million and Duke Energy Carolinas having no borrowing sub limit. Upon closing of the facility, Duke Energy made an initial borrowing of $75 million for general corporate purposes.

In September 2008, Duke Energy Indiana and Duke Energy Kentucky collectively entered into a $330 million three-year letter of credit agreement with a syndicate of banks, under which Duke Energy Indiana and Duke Energy Kentucky may request the issuance of letters of credit up to $279 million and $51 million, respectively, on their behalf to support various series of variable rate demand bonds issued or to be issued on behalf of either Duke Energy Indiana or Duke Energy Kentucky. This credit facility, which is not part of Duke Energy's master credit facility, may not be used for any purpose other than to support the variable rate demand bonds issued by Duke Energy Indiana and Duke Energy Kentucky.

Restrictive Debt Covenants.

The Duke Energy Registrants' debt and credit agreements contain various financial and other covenants. Failure to meet those covenants beyond applicable grace periods could result in accelerated due dates and/or termination of the agreements. As of December 31, 2010, each of the Duke Energy Registrants was in compliance with all covenants related to its significant debt agreements. In addition, some credit agreements may allow for acceleration of payments or termination of the agreements due to nonpayment, or the acceleration of other significant indebtedness of the borrower or some of its subsidiaries.

Other Financing Matters.

In September 2010, Duke Energy filed a registration statement (Form S-3) with the SEC. Under this Form S-3, which is uncapped, Duke Energy, Duke Energy Carolinas, Duke Energy Ohio and Duke Energy Indiana may issue debt and other securities in the future at amounts, prices and with terms to be determined at the time of future offerings. The registration statement also allows for the issuance of common stock by Duke Energy.

At December 31, 2010, $2.0 billion of debt issued by Duke Energy Carolinas was guaranteed by Duke Energy.

Other Loans.

During 2010 and 2009, Duke Energy had loans outstanding against the cash surrender value of the life insurance policies that it owns on the lives of its executives. The amounts outstanding were $444 million as of December 31, 2010 and $411 million as of December 31, 2009. The amounts outstanding were carried as a reduction of the related cash surrender value that is included in Other within Investments and Other Assets on the Consolidated Balance Sheets.

Combined Notes to Consolidated Financial Statements – (Continued)

7. GUARANTEES AND INDEMNIFICATIONS

Duke Energy and its subsidiaries have various financial and performance guarantees and indemnifications which are issued in the normal course of business. As discussed below, these contracts include performance guarantees, stand-by letters of credit, debt guarantees, surety bonds and indemnifications. Duke Energy and its subsidiaries enter into these arrangements to facilitate commercial transactions with third parties by enhancing the value of the transaction to the third party.

On January 2, 2007, Duke Energy completed the spin-off of its natural gas businesses to shareholders. Guarantees that were issued by Duke Energy, Cinergy or International Energy, or were assigned to Duke Energy prior to the spin-off remained with Duke Energy subsequent to the spin-off. Guarantees issued by Spectra Energy Capital, LLC (Spectra Capital) or its affiliates prior to the spin-off remained with Spectra Capital subsequent to the spin-off, except for certain guarantees that are in the process of being assigned to Duke Energy. During this assignment period, Duke Energy has indemnified Spectra Capital against any losses incurred under these guarantee obligations. The maximum potential amount of future payments associated with the guarantees issued by Spectra Capital is $251 million.

Duke Energy has issued performance guarantees to customers and other third parties that guarantee the payment and performance of other parties, including certain non-wholly-owned entities, as well as guarantees of debt of certain non-consolidated entities and less than wholly-owned consolidated entities. If such entities were to default on payments or performance, Duke Energy would be required under the guarantees to make payments on the obligations of the less than wholly-owned entity. The maximum potential amount of future payments Duke Energy could have been required to make under these guarantees as of December 31, 2010 was $290 million. Of this amount, $91 million relates to guarantees issued on behalf of less than wholly-owned consolidated entities, with the remainder related to guarantees issued on behalf of third parties and unconsolidated affiliates of Duke Energy. $321 million of the guarantees expire between 2012 and 2028, with the remaining performance guarantees having no contractual expiration.

Included in the maximum potential amount of future payments discussed above is $40 million of maximum potential amounts of future payments associated with guarantees issued to customers or other third parties related to the payment or performance obligations of certain entities that were previously wholly-owned by Duke Energy but which have been sold to third parties, such as DukeSolutions, Inc. (DukeSolutions) and Duke Engineering & Services, Inc. (DE&S). These guarantees are primarily related to payment of lease obligations, debt obligations, and performance guarantees related to provision of goods and services. Duke Energy has received back-to-back indemnification from the buyer of DE&S indemnifying Duke Energy for any amounts paid related to the DE&S guarantees. Duke Energy also received indemnification from the buyer of DukeSolutions for the first $2.5 million paid by Duke Energy related to the DukeSolutions guarantees. Further, Duke Energy granted indemnification to the buyer of DukeSolutions with respect to losses arising under some energy services agreements retained by DukeSolutions after the sale, provided that the buyer agreed to bear 100% of the performance risk and 50% of any other risk up to an aggregate maximum of $2.5 million (less any amounts paid by the buyer under the indemnity discussed above). Additionally, for certain performance guarantees, Duke Energy has recourse to subcontractors involved in providing services to a customer. These guarantees have various terms ranging from 2012 to 2021, with others having no specific term.

Duke Energy has guaranteed certain issuers of surety bonds, obligating itself to make payment upon the failure of a non-wholly-owned entity to honor its obligations to a third party, as well as used bank-issued stand-by letters of credit to secure the performance of non-wholly-owned entities to a third party or customer. Under these arrangements, Duke Energy has payment obligations which are triggered by a draw by the third party or customer due to the failure of the non-wholly-owned entity to perform according to the terms of its underlying contract. Substantially all of these guarantees issued by Duke Energy relate to projects at Crescent that were under development at the time of the joint venture creation in 2006. Crescent filed Chapter 11 petitions in a U.S. Bankruptcy Court in June 2009. During 2009, Duke Energy determined that it was probable that it will be required to perform under certain of these guarantee obligations and recorded a charge of $26 million associated with these obligations, which represented Duke Energy's best estimate of its exposure under these guarantee obligations. At the time the charge was recorded, the face value of the guarantees was $70 million, which has since been reduced to $40 million as of December 31, 2010 as Crescent continues to complete some of its obligations under these guarantees.

Duke Energy has entered into various indemnification agreements related to purchase and sale agreements and other types of contractual agreements with vendors and other third parties. These agreements typically cover environmental, tax, litigation and other matters, as well as breaches of representations, warranties and covenants. Typically, claims may be made by third parties for various periods of time, depending on the nature of the claim. Duke Energy's potential exposure under these indemnification agreements can range from a specified amount, such as the purchase price, to an unlimited dollar amount, depending on the nature of the claim and the particular transaction. Duke Energy is unable to estimate the total potential amount of future payments under these indemnification agreements due to several factors, such as the unlimited exposure under certain guarantees.

At December 31, 2010, the amounts recorded on the Consolidated Balance Sheets for the guarantees and indemnifications mentioned above, including performance guarantees associated with

Combined Notes to Consolidated Financial Statements – (Continued)

projects at Crescent for which it is probable that Duke Energy will be required to perform, is $30 million. This amount is primarily recorded in Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.

8. JOINT OWNERSHIP OF GENERATING AND TRANSMISSION FACILITIES

Duke Energy Carolinas, along with North Carolina Municipal Power Agency Number 1, North Carolina Electric Membership Corporation and Piedmont Municipal Power Agency, have joint ownership of Catawba Nuclear Station, which is a facility operated by Duke Energy Carolinas. As discussed in Note 3, in September 2008, Duke Energy paid $150 million for an additional 7% ownership interest in the Catawba Nuclear Station.

Duke Energy Ohio, Columbus Southern Power Company, and Dayton Power & Light jointly own electric generating units and related transmission facilities in Ohio. Duke Energy Kentucky and Dayton Power & Light jointly own an electric generating unit. Duke Energy Ohio and Wabash Valley Power Association, Inc. (WVPA) jointly own Vermillion Station. Additionally, Duke Energy Indiana is a joint-owner of Gibson Station Unit No. 5 with WVPA and Indiana Municipal Power Agency (IMPA), as well as a joint-owner with WVPA and IMPA of certain Indiana transmission property and local facilities. These facilities constitute part of the integrated transmission and distribution systems, which are operated and maintained by Duke Energy Indiana.

The Duke Energy registrant's share of jointly-owned plant or facilities included on the December 31, 2010 Consolidated Balance Sheets is as follows:

(in millions)	Ownership Share	Property, Plant, and Equipment	Accumulated Depreciation	Construction Work In Progress
Duke Energy				
Duke Energy Carolinas				
Production:				
Catawba Nuclear Station (Units 1 and 2)[(a)]	19.25%	$ 883	$ 418	$ 7
Duke Energy Ohio				
Production:				
Miami Fort Station (Units 7 and 8)[(b)]	64.0	599	193	12
W.C. Beckjord Station (Unit 6)[(b)(d)]	37.5	—	—	—
J.M. Stuart Station[(b)(c)]	39.0	786	242	25
Conesville Station (Unit 4)[(b)(c)]	40.0	302	61	11
W.M. Zimmer Station[(b)]	46.5	1,322	540	21
Killen Station[(b)(c)]	33.0	302	135	1
Vermillion[(b)]	75.0	183	55	—
Transmission[(a)]	Various	104	52	2
Duke Energy Kentucky				
Production:				
East Bend Station[(a)]	69.0	433	227	3
Duke Energy Indiana				
Production:				
Gibson Station (Unit 5)[(a)]	50.05	329	153	10
Transmission and local facilities[(a)]	Various	3,243	1,396	—
International Energy				
Production:				
Brazil — Canoas I and II	47.1	373	94	—

(a) Included in USFE&G segment.
(b) Included in Commercial Power segment.
(c) Station is not operated by Duke Energy Ohio.
(d) During the second quarter of 2010, Duke Energy Ohio recorded an impairment charge to write-down its share of W.C. Beckjord Station to fair value. See Note 12 for further details.

The Duke Energy registrant's share of revenues and operating costs of the above jointly owned generating facilities are included within the corresponding line on the Consolidated Statements of Operations. Each participant in the jointly owned facilities must provide its own financing.

9. ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations, which represent legal obligations associated with the retirement of certain tangible long-lived assets, are computed as the present value of the projected costs for the future retirement of specific assets and are recognized in the period in which the liability is incurred, if a reasonable estimate of fair value can be made. The present value of the liability is added to the carrying amount of the associated asset in the period the liability is incurred and this additional carrying amount is depreciated over the remaining life of the asset. Subsequent to the initial recognition, the liability is adjusted for any revisions to the estimated future cash flows

Combined Notes to Consolidated Financial Statements – (Continued)

associated with the asset retirement obligation (with corresponding adjustments to property, plant, and equipment), which can occur due to a number of factors including, but not limited to, cost escalation, changes in technology applicable to the assets to be retired and changes in federal, state or local regulations, as well as for accretion of the liability due to the passage of time until the obligation is settled. Depreciation expense is adjusted prospectively for any increases or decreases to the carrying amount of the associated asset. The recognition of asset retirement obligations has no impact on the earnings of Duke Energy's regulated electric operations as the effects of the recognition and subsequent accounting for an asset retirement obligation are offset by the establishment of regulatory assets and liabilities pursuant to regulatory accounting.

Asset retirement obligations recognized by Duke Energy relate primarily to the decommissioning of nuclear power facilities, asbestos removal, closure of landfills and removal of wind generation assets. Asset retirement obligations recognized by Duke Energy Carolinas relate primarily to the decommissioning of nuclear power facilities, asbestos removal and closure of landfills at fossil generation facilities. Asset retirement obligations at Duke Energy Ohio relate primarily to the retirement of gas mains, asbestos abatement at certain generating stations and closure and post-closure activities of landfills. Asset retirement obligations at Duke Energy Indiana relate primarily to obligations associated with future asbestos abatement at certain generating stations. Certain of the Duke Energy Registrants' assets have an indeterminate life, such as transmission and distribution facilities and thus the fair value of the retirement obligation is not reasonably estimable. A liability for these asset retirement obligations will be recorded when a fair value is determinable.

The following tables present the changes to the liability associated with asset retirement obligations for the Duke Energy Registrants during the years ended December 31, 2010 and 2009:

	December 31, 2010			
(in millions)	**Duke Energy**	**Duke Energy Carolinas**	**Duke Energy Ohio**	**Duke Energy Indiana**
Balance as of January 1,	**$ 3,185**	**$ 3,098**	**$ 36**	**$42**
Accretion expense(a)	**97**	**93**	**1**	**2**
Correction of prior year error(b)	**(1,465)**	**(1,465)**	**—**	**—**
Liabilities settled	**(10)**	**(7)**	**—**	**(3)**
Revisions in estimates of cash flows	**(8)**	**(1)**	**(10)**	**4**
Liabilities incurred in the current year	**12**	**5**	**—**	**1**
Other	**5**	**5**	**—**	**—**
Balance as of December 31,	**$ 1,816**	**$ 1,728**	**$ 27**	**$46**

(a) Substantially all of the accretion expense for the years ended December 31, 2010 relate to Duke Energy's regulated electric operations and has been deferred in accordance with regulatory accounting treatment, as discussed above.

(b) As discussed in Note 1, in the second quarter of 2010, Duke Energy Carolinas recorded a $1.5 billion correction of an error to reduce the nuclear decommissioning asset retirement obligation liability, with offsetting impacts to regulatory assets and property, plant and equipment. This correction had no impact on Duke Energy Carolinas' equity, results of operations or cash flows.

	December 31, 2009			
(in millions)	Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
Balance as of January 1,	$2,567	$2,509	$33	$24
Accretion expense(a)	200	196	2	1
Revisions in estimates of cash flows(b)	389	385	—	2
Liabilities incurred in the current year	35	13	1	15
Other	(6)	(5)	—	—
Balance as of December 31,	$3,185	$3,098	$36	$42

(a) Substantially all of the accretion expense for the years ended December 31, 2009 relate to Duke Energy's regulated electric operations and has been deferred in accordance with regulatory accounting treatment, as discussed above.

(b) As discussed below, Duke Energy Carolinas updates its nuclear decommissioning costs study every five years as required by the NCUC and PSCSC. The increase in the revisions to estimated cash flows primarily relates to the increase in estimated cost of decommissioning Duke Energy Carolinas' nuclear units. Approximately half of the increase from 2008 in the nuclear decommissioning cost estimates is due to increased labor costs since the last cost study in 2003. The change in the credit-adjusted risk-free rate since the 2003 study also impacted the determination of the asset retirement obligation liability associated with nuclear decommissioning.

Duke Energy's regulated electric and regulated natural gas operations accrue costs of removal for property that do not have an associated legal retirement obligation based on regulatory orders from the various state commissions. These costs of removal are recorded as a regulatory liability in accordance with regulatory treatment. Duke Energy does not accrue the estimated cost of removal for any non-regulated assets (including Duke Energy Ohio's generation assets). See Note 4 for the estimated cost of removal for assets without an associated legal retirement obligation, which are included in Other Deferred Credits and Other Liabilities on the Consolidated Balance Sheets as of December 31, 2010 and 2009.

Combined Notes to Consolidated Financial Statements – (Continued)

Nuclear Decommissioning Costs.

In 2005 and again in 2009 and 2010, the NCUC and PSCSC, respectively approved a $48 million annual amount for contributions and expense levels for decommissioning. In each of the years ended December 31, 2010, 2009 and 2008, Duke Energy Carolinas expensed $48 million and contributed cash of $48 million to the NDTF for decommissioning costs. These amounts are presented in the Consolidated Statements of Cash Flows in Purchases of Available-For-Sale Securities within Net Cash Used in Investing Activities. The entire amount of these contributions were to the funds reserved for contaminated costs as contributions to the funds reserved for non-contaminated costs have been discontinued since the current estimates indicate existing funds to be sufficient to cover projected future costs. Both the NCUC and the PSCSC have allowed Duke Energy Carolinas to recover estimated decommissioning costs through retail rates over the expected remaining service periods of Duke Energy Carolinas' nuclear stations. Duke Energy Carolinas believes that the decommissioning costs being recovered through rates, when coupled with expected fund earnings, will be sufficient to provide for the cost of future decommissioning.

The balance of the NDTF, which are reflected as NDTF within Investments and Other Assets in the Consolidated Balance Sheets, was $2,014 million as of December 31, 2010 and $1,765 million as of December 31, 2009. The increase in the value of the NDTF during 2010 is due to higher overall returns in the equity and debt markets combined with the $48 million annual contributions made to the contaminated funds during 2010. The fair value of assets legally restricted for the purpose of settling asset retirement obligations associated with nuclear decommissioning was $1,744 million as of December 31, 2010 and $1,530 million as of December 31, 2009.

As the NCUC and the PSCSC require that Duke Energy Carolinas update its cost estimate for decommissioning its nuclear plants every five years, new site-specific nuclear decommissioning cost studies were completed in January 2009 that showed total estimated nuclear decommissioning costs, including the cost to decommission plant components not subject to radioactive contamination, of $3 billion in 2008 dollars. This estimate includes Duke Energy Carolinas' 19.25% ownership interest in the Catawba Nuclear Station. The other joint owners of Catawba Nuclear Station are responsible for decommissioning costs related to their ownership interests in the station. The previous study, completed in 2004, estimated total nuclear decommissioning costs, including the cost to decommission plant components not subject to radioactive contamination, of $2.3 billion in 2003 dollars.

Duke Energy Carolinas filed these site-specific nuclear decommissioning cost studies with the NCUC and the PSCSC in conjunction with various rate case filings. In addition to the decommissioning cost studies, a new funding study was completed and indicates the current annual funding requirement of $48 million is sufficient to cover the estimated decommissioning costs. Duke Energy Carolinas received an order from the NCUC on its rate case filing on December 7, 2009, and the PSCSC accepted a settlement agreement on Duke Energy Carolinas' rate case on January 20, 2010. Both the NCUC and the PSCSC approved the existing $48 million annual funding level for nuclear decommissioning costs.

The operating licenses for Duke Energy Carolinas' nuclear units are subject to extension. In December 2003, Duke Energy Carolinas was granted renewed operating licenses for Catawba Nuclear Station Units 1 and 2 until 2043 and McGuire Nuclear Station Units 1 and 2 until 2041 and 2043, respectively. In 2000, Duke Energy Carolinas was granted a renewed operating license for the Oconee Nuclear Station Units 1 and 2 until 2033 and Unit 3 until 2034.

Combined Notes to Consolidated Financial Statements – (Continued)

10. PROPERTY, PLANT AND EQUIPMENT

(in millions)	Estimated Useful Life	December 31, 2010 Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
	(Years)				
Land[a]	—	$ 743	$ 357	$ 133	$ 89
Plant — Regulated					
Electric generation, distribution and transmission[a]	8 – 125	36,744	24,980	3,483	8,282
Natural gas transmission and distribution[a]	12 – 60	1,815	—	1,815	—
Other buildings and improvements[a]	25 – 100	610	366	111	132
Plant — Unregulated					
Electric generation, distribution and transmission[a]	8 – 100	5,256	—	3,960	—
Other buildings and improvements[a]	20 – 90	2,108	1	188	—
Nuclear fuel	—	1,176	1,176	—	—
Equipment[a]	3 – 33	718	166	147	128
Vehicles[a]	5 – 26	75	13	—	—
Construction in process[a]	—	7,015	3,677	182	2,426
Other[a]	5 – 33	2,279	455	240	156
Total property, plant and equipment		58,539	31,191	10,259	11,213
Total accumulated depreciation — regulated[b],[c]		(16,273)	(11,126)	(1,832)	(3,341)
Total accumulated depreciation — unregulated[c][d]		(1,922)	—	(579)	—
Total net property, plant and equipment		$ 40,344	$ 20,065	$ 7,848	$ 7,872

(a) Includes capitalized leases of $414 million, $134 million, and $53 million at Duke Energy, Duke Energy Ohio, and Duke Energy Indiana, respectively.
(b) Includes $667 million of accumulated amortization of nuclear fuel at Duke Energy and Duke Energy Carolinas.
(c) Includes accumulated amortization of capitalized leases of $31 million, $17 million and $10 million at Duke Energy, Duke Energy Ohio, and Duke Energy Indiana, respectively.
(d) Includes accumulated depreciation of VIEs of $45 million at December 31, 2010.

(in millions)	Estimated Useful Life	December 31, 2009 Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
	(Years)				
Land	—	$ 725	$ 342	$ 134	$ 88
Plant — Regulated					
Electric generation, distribution and transmission[a]	8 – 125	35,983	24,450	3,376	8,157
Natural gas transmission and distribution	12 – 60	1,694	—	1,694	—
Other buildings and improvements[a]	25 – 100	617	364	129	124
Plant — Unregulated					
Electric generation, distribution and transmission[a]	8 – 100	5,120	—	4,230	—
Other buildings and improvements[a]	20 – 90	1,855	—	190	—
Nuclear fuel	—	1,079	1,079	—	—
Equipment[a]	4 – 33	799	173	89	117
Vehicles	5 – 26	77	14	—	—
Construction in process	—	5,336	3,083	210	1,433
Other[a]	5 – 33	2,077	412	191	136
Total property, plant and equipment		55,362	29,917	10,243	10,055
Total accumulated depreciation — regulated[b], [c]		(15,526)	(10,692)	(1,726)	(3,129)
Total accumulated depreciation — unregulated[c]		(1,886)	—	(653)	—
Total net property, plant and equipment		$ 37,950	$ 19,225	$ 7,864	$ 6,926

(a) Includes capitalized leases of $384 million, $111 million, and $50 million at Duke Energy, Duke Energy Ohio, and Duke Energy Indiana, respectively.
(b) Includes $603 million of accumulated amortization of nuclear fuel at Duke Energy and Duke Energy Carolinas.
(c) Includes accumulated amortization of capitalized leases of $20 million, $11 million and $8 million at Duke Energy, Duke Energy Ohio, and Duke Energy Indiana, respectively.

Combined Notes to Consolidated Financial Statements – (Continued)

The following table presents capitalized interest, which includes the debt component of AFUDC, for the years ended December 31, 2010, 2009, and 2008 respectively:

	Years Ended December 31,		
(in millions)	**2010**	2009	2008
Duke Energy	**$167**	$102	$93
Duke Energy Carolinas	**83**	65	45
Duke Energy Ohio	**8**	4	19
Duke Energy Indiana	**19**	13	10

11. OTHER INCOME AND EXPENSES, NET.

The components of Other Income and Expenses, net on the Consolidated Statements of Operations for the years ended December 31, 2010, 2009 and 2008 are as follows:

Duke Energy

	For the years ended December 31,		
(in millions)	**2010**	2009	2008
Income/(Expense):			
Interest income	**$ 67**	$ 77	$130
Foreign exchange gains (losses)[a]	**1**	23	(20)
AFUDC equity	**234**	153	148
Deferred returns	**15**	(7)	(11)
Impairments of available-for-sale securities[b]	**—**	—	(13)
Other	**53**	38	(2)
Total	**$370**	$284	$232

(a) Primarily relates to International Energy's remeasurement of certain cash and debt balances into the functional currency.

(b) In 2008, Duke Energy recorded a pre-tax impairment charge to earnings related to the credit risk of certain investments in auction rate debt securities.

Duke Energy Carolinas

	For the years ended December 31,		
(in millions)	**2010**	2009	2008
Income/(Expense):			
Interest income	**$ 23**	$ 6	$ 15
AFUDC equity	**174**	125	95
Deferred returns	**15**	(7)	(11)
Other	**—**	(2)	(1)
Total	**$212**	$122	$ 98

Duke Energy Ohio

	For the years ended December 31,		
(in millions)	**2010**	2009	2008
Income/(Expense):			
Interest income	**$18**	$10	$ 27
AFUDC equity	**4**	(2)	7
Other	**3**	3	—
Total	**$25**	$11	$ 34

Duke Energy Indiana

	For the years ended December 31,		
(in millions)	**2010**	2009	2008
Income/(Expense)			
Interest income	**$ 14**	$14	$21
AFUDC equity	**56**	29	46
Other	**—**	(5)	3
Total	**$ 70**	$38	$70

Combined Notes to Consolidated Financial Statements – (Continued)

12. GOODWILL, INTANGIBLE ASSETS AND IMPAIRMENTS

Goodwill.

The following table shows goodwill by reportable segment for Duke Energy and Duke Energy Ohio at December 31, 2010 and 2009:

Duke Energy (in millions)	USFE&G	Commercial Power	International Energy	Total
Balance at December 31, 2009:				
Goodwill	$3,483	$ 940	$298	$4,721
Accumulated Impairment Charges	—	(371)	—	(371)
Balance at December 31, 2009, as adjusted for accumulated impairment charges	3,483	569	298	4,350
Impairment Charges	—	(500)	—	(500)
Foreign Exchange and Other Changes	—	—	8	8
Balance as of December 31, 2010:				
Goodwill	3,483	940	306	4,729
Accumulated Impairment Charges	—	(871)	—	(871)
Balance at December 31, 2010, as adjusted for accumulated impairment charges	$3,483	$ 69	$306	$3,858

Duke Energy Ohio (in millions)	USFE&G	Commercial Power	Total
Balance at December 31, 2009:			
Goodwill	$1,137	$ 1,188	$ 2,325
Accumulated Impairment Charges	—	(727)	(727)
Balance at December 31, 2009, as adjusted for accumulated impairment charges	1,137	461	1,598
Impairment Charges	(216)	(461)	(677)
Balance as of December 31, 2010:			
Goodwill	1,137	1,188	2,325
Accumulated Impairment Charges	(216)	(1,188)	(1,404)
Balance at December 31, 2010, as adjusted for accumulated impairment charges	$ 921	$ —	$ 921

Duke Energy.

Duke Energy is required to perform an annual goodwill impairment test as of the same date each year and, accordingly, performs its annual impairment testing of goodwill as of August 31. Duke Energy updates the test between annual tests if events or circumstances occur that would more likely than not reduce the fair value of a reporting unit below its carrying value.

In the second quarter of 2010, based on circumstances discussed below, management determined that it was more likely than not that the fair value of Commercial Power's non-regulated Midwest generation reporting unit was below its respective carrying value. Accordingly, an interim impairment test was performed for this reporting unit. Determination of reporting unit fair value was based on a combination of the income approach, which estimates the fair value of Duke Energy's reporting units based on discounted future cash flows, and the market approach, which estimates the fair value of Duke Energy's reporting units based on market comparables within the utility and energy industries. Based on completion of step one of the second quarter 2010 impairment analysis, management determined that the fair value of Commercial Power's non-regulated Midwest generation reporting unit was less than its carrying value, which included goodwill of $500 million.

Commercial Power's non-regulated Midwest generation reporting unit includes nearly 4,000 MW of primarily coal-fired generation capacity in Ohio which is dedicated under the ESP through December 31, 2011. These assets also generate revenues through sales outside the ESP load customer base if circumstances arise that result in availability of excess capacity. Additionally, this reporting unit has approximately 3,600 MW of gas-fired generation capacity in Ohio, Pennsylvania, Illinois and Indiana which provides generation to unregulated energy markets in the Midwest. The businesses within Commercial Power's non-regulated Midwest generation reporting unit operate in market structures that are, for the most part, unregulated and allow for customer choice among suppliers. As a result, the operations within this reporting unit are subjected to competitive pressures that do not exist in any of Duke Energy's regulated jurisdictions.

Commercial Power's other businesses, including the renewable generation assets, are in a separate reporting unit for goodwill impairment testing purposes. No impairment exists with respect to Commercial Power's renewable generation assets.

The fair value of Commercial Power's non-regulated Midwest generation reporting unit is impacted by a multitude of factors, including current and forecasted customer demand, forecasted power and commodity prices, uncertainty of environmental costs, competition, the cost of capital, valuation of peer companies and regulatory and legislative developments. Management's assumptions and views of these factors continually evolve, and certain views and assumptions used in determining the fair value of the reporting unit in the 2010 interim impairment test changed significantly from those used in the 2009 annual impairment test. These factors had a significant impact on the valuation of Commercial Power's non-regulated Midwest generation reporting unit. More specifically, the following factors significantly impacted management's valuation of the reporting unit:

- *Sustained lower forward power prices* — Ohio, Duke Energy provides power to retail customers under the ESP, which utilizes rates approved by the PUCO through 2011. These

Combined Notes to Consolidated Financial Statements – (Continued)

rates are currently above market prices for generation services, resulting in customers switching to other generation providers. Duke Energy Ohio will reset its Standard Service Offer for retail load customers for generation effective January 1, 2012. Given forward power prices, which have declined from the time of the 2009 impairment, it is likely that the generation margin earned in 2012-2015 will be lower than present levels.

- *Potentially more stringent environmental regulations from the U.S. EPA* — In May and July of 2010, the EPA issued proposed rules associated with the regulation of CCRs to address risks from the disposal of CCRs (e.g., ash ponds) and to limit the interstate transport of emissions of NO_x and SO_2. These proposed regulations, along with other pending EPA regulations, could result in significant expenditures for coal fired generation plants, and could result in the early retirement of certain generation assets, which do not currently have control equipment for NO_x and SO_2, as soon as 2015.

- *Customer switching* — ESP customers have increasingly selected alternative generation service providers, as allowed by Ohio legislation, which further erodes margins on sales. In the second quarter of 2010, Duke Energy Ohio's residential class became the target of an intense marketing campaign offering significant discounts to residential customers that switch to alternate power suppliers. Customer switching levels were at approximately 55% at June 30, 2010 compared to approximately 29% in the third quarter of 2009.

As a result of the factors above, a non-cash goodwill impairment charge of $500 million was recorded during the second quarter of 2010. This impairment charge represented the entire remaining goodwill balance for Commercial Power's non-regulated Midwest generation reporting unit. In addition to the goodwill impairment charge, and as a result of factors similar to those described above, Commercial Power recorded $160 million of pre-tax impairment charges related to certain generating assets and emission allowances primarily associated with these generation assets in the Midwest to write-down the value of these assets to their estimated fair value. The generation assets that were subject to this impairment charge were those coal-fired generating assets that do not have certain environmental emissions control equipment, causing these generation assets to be heavily impacted by the EPA's proposed rules on emissions of NO_x and SO_2. These impairment charges are recorded in Goodwill and Other Impairment Charges on Duke Energy's Consolidated Statement of Operations.

During 2009, in connection with the annual goodwill impairment test, Duke Energy recorded an approximate $371 million impairment charge to write-down the carrying value of Commercial Power's non-regulated Midwest generation reporting unit to its implied fair value. Additionally, in 2009 and as a result of factors similar to those described above, Commercial Power recorded $42 million of pre-tax impairment charges related to certain generating assets in the Midwest to write-down the value of these assets to their estimated fair value. These impairment charges are recorded in Goodwill and Other Impairment Charges on Duke Energy's Consolidated Statement of Operations. As management is not aware of any recent market transactions for comparable assets with sufficient transparency to develop a market approach fair value, Duke Energy relied heavily on the income approach to estimate the fair value of the impaired assets.

The fair value of Commercial Power's non-regulated Midwest generation reporting unit in 2009 was impacted by a multitude of factors, including current and forecasted customer demand, current and forecasted power and commodity prices, impact of the economy on discount rates, valuation of peer companies, competition, and regulatory and legislative developments. These factors had a significant impact on the risk-adjusted discount rate and other inputs used to value the non-regulated Midwest generation reporting unit. More specifically, as of August 31, 2009, the following factors significantly impacted management's valuation of the reporting unit that consequently resulted in an approximate $371 million non-cash goodwill impairment charge during the third quarter of 2009:

- *Decline in load (electricity demand) forecast* — As a result of lower demand due to the continuing economic recession, forecasts evolved throughout 2009 that indicate that lower demand levels may persist longer than previously anticipated. The potential for prolonged suppressed sales growth, lower sales volume forecasts and greater uncertainty with respect to sales volume forecasts had a significant impact to the valuation of this reporting unit.

- *Depressed market power prices* — Low natural gas and coal prices have put downward pressure on market prices for power. As the economic recession continued throughout 2009, demand for power remained low and market prices were at lower levels than previously forecasted. In Ohio, Duke Energy provides power to retail customers under the ESP, which utilizes rates approved by the PUCO through 2011. These rates are currently above market prices for generation services. The current low levels of market prices impact price forecasts and places uncertainty over the pricing of power after the expiration of the ESP at the end of 2011. Additionally, customers have recently begun to select alternative energy generation service providers, as allowed by Ohio legislation, which further erodes margins on sales.

- *Carbon legislation/regulation developments* — On June 26, 2009, the U.S. House of Representatives passed The American Clean Energy and Security Act of 2009 (ACES) to encourage the development of clean energy sources and reduce greenhouse gas emissions. The ACES would create an economy-wide cap and trade program for large sources of greenhouse gas emissions. In September 2009, the U.S.

Combined Notes to Consolidated Financial Statements – (Continued)

Senate made significant progress toward their own version of climate legislation and, also in 2009, the EPA began actions that could lead to its regulation of greenhouse gas emissions absent carbon legislation. Climate legislation has the potential to significantly increase the costs of coal and other carbon-intensive electricity generation throughout the U.S., which could impact the value of the coal fired generating plants, particularly in non-regulated environments.

The fair values of Commercial Power's non-regulated Midwest generation reporting unit and generating assets for which impairments were recorded were determined using significant unobservable inputs (i.e., Level 3 inputs) as defined by the accounting guidance for fair value measurements.

Duke Energy completed its annual goodwill impairment test for all reporting units as of August 31, 2010, and determined that no additional impairments exist.

Duke Energy Ohio.

In the second quarter of 2010, based on circumstances discussed above for Duke Energy, management determined that is was more likely than not that the fair value of Duke Energy Ohio's non-regulated Midwest generation reporting unit was less than its carrying value. Accordingly, Duke Energy Ohio also impaired its entire goodwill balance of $461 million related to this reporting unit during the second quarter of 2010. Also, as discussed above, Duke Energy Ohio recorded $160 million of pre-tax impairment charges related to certain generating assets and emission allowances primarily associated with these generation assets in the Midwest to write-down the value of these assets to their estimated fair value.

In the second quarter of 2010, goodwill for Ohio Transmission and Distribution (Ohio T&D) was also analyzed. The fair value of the Ohio T&D reporting unit is impacted by a multitude of factors, including current and forecasted customer demand, discount rates, valuation of peer companies, and regulatory and legislative developments. Management periodically updates the load forecasts to reflect current trends and expectations based on the current environment and future assumptions. The spring and summer 2010 load forecast indicated that load will not return to 2007 weather-normalized levels for several more years. Based on the results of the second quarter 2010 impairment analysis, the fair value of the Ohio T&D reporting unit was $216 million below its book value at Duke Energy Ohio and $40 million higher than its book value at Duke Energy. Accordingly, this goodwill impairment charge was only recorded by Duke Energy Ohio.

The fair value of Duke Energy Ohio's Ohio T&D reporting unit for which an impairment was recorded was determined using significant unobservable inputs (i.e., Level 3 inputs) as defined by the accounting guidance for fair value measurements.

For the same reasons discussed above, during 2009, in connection with the annual goodwill impairment test, Duke Energy Ohio recorded an approximate $727 million goodwill impairment charge to write-down the carrying value of Duke Energy Ohio's non-regulated Midwest generation reporting unit to its implied fair value. Additionally, in 2009 and as a result of factors similar to those described above, Duke Energy Ohio recorded $42 million of pre-tax impairment charges related to certain non-regulated generating assets in the Midwest to write-down the value of these assets to their estimated fair value.

As management is not aware of any recent market transactions for comparable assets with sufficient transparency to develop a market approach fair value, Duke Energy Ohio relied heavily on the income approach to estimate the fair value of the impaired assets.

All of the above impairment charges are recorded in Goodwill and Other Impairment Charges on Duke Energy Ohio's Consolidated Statements of Operations.

Duke Energy Ohio completed its annual goodwill impairment test for all reporting units as of August 31, 2010, and determined that no additional impairments exist.

Intangibles.

The carrying amount and accumulated amortization of intangible assets as of December 31, 2010 and 2009 are as follows:

	December 31, 2010		
(in millions)	Duke Energy	Duke Energy Ohio	Duke Energy Indiana
Emission allowances	$ 175	$ 125	$49
Gas, coal and power contracts	295	271	24
Wind development rights	119	—	—
Other	71	9	—
Total gross carrying amount	660	405	73
Accumulated amortization — gas, coal and power contracts	(157)	(148)	(9)
Accumulated amortization — wind development rights	(5)	—	—
Accumulated amortization — other	(31)	(9)	—
Total accumulated amortization	(193)	(157)	(9)
Total intangible assets, net	$ 467	$ 248	$64

Combined Notes to Consolidated Financial Statements – (Continued)

	December 31, 2009		
(in millions)	Duke Energy	Duke Energy Ohio	Duke Energy Indiana
Emission allowances	$ 274	$ 191	$ 82
Gas, coal and power contracts	296	271	24
Wind development rights	127	—	—
Other	66	9	—
Total gross carrying amount	763	471	106
Accumulated amortization — gas, coal and power contracts	(140)	(132)	(8)
Accumulated amortization — wind development rights	(2)	—	—
Accumulated amortization — other	(28)	(7)	—
Total accumulated amortization	(170)	(139)	(8)
Total intangible assets, net	$ 593	$ 332	$ 98

Emission allowances in the tables above include emission allowances acquired by Duke Energy as part of its merger with Cinergy, which were recorded at the then fair value on the date of the merger in April 2006, and emission allowances purchased by Duke Energy. Additionally, Duke Energy is allocated certain zero cost emission allowances on an annual basis.

The change in the gross carrying value of emission allowances during the years ended December 31, 2010 and 2009 are as follows:

	December 31, 2010		
(in millions)	**Duke Energy**	**Duke Energy Ohio**	**Duke Energy Indiana**
Gross carrying value at beginning of period	**$274**	**$191**	**$ 82**
Purchases of emission allowances	**14**	**12**	**1**
Sales and consumption of emission allowances(a)(b)	**(66)**	**(31)**	**(34)**
Impairment of emission allowances	**(47)**	**(47)**	—
Other changes	—	—	—
Gross carrying value at end of period	**$175**	**$125**	**$ 49**

	December 31, 2009		
(in millions)	Duke Energy	Duke Energy Ohio	Duke Energy Indiana
Gross carrying value at beginning of period	$ 300	$239	$ 59
Purchases of emission allowances	93	25	68
Sales and consumption of emission allowances(a)(b)	(120)	(75)	(45)
Other changes	1	2	—
Gross carrying value at end of period	$ 274	$191	$ 82

(a) Carrying value of emission allowances are recognized via a charge to expense when consumed.

(b) See Note 3 for a discussion of gains and losses on sales of emission allowances by U.S. Franchised Electric and Gas and Commercial Power.

Amortization expense for gas, coal and power contracts, wind development rights and other intangible assets for the years ended December 31, 2010, 2009 and 2008 was:

(in millions)	**2010**	2009	2008
Duke Energy	**$24**	$25	$27
Duke Energy Ohio	**20**	23	22
Duke Energy Indiana	**1**	1	1

The table below shows the expected amortization expense for the next five years for intangible assets as of December 31, 2010. The expected amortization expense includes estimates of emission allowances consumption and estimates of consumption of commodities such as gas and coal under existing contracts, as well as estimated amortization related to the wind development projects acquired from Catamount. The amortization amounts discussed below are estimates and actual amounts may differ from these estimates due to such factors as changes in consumption patterns, sales or impairments of emission allowances or other intangible assets, delays in the in-service dates of wind assets, additional intangible acquisitions and other events.

Amortization Expense

(in millions)	2011	2012	2013	2014	2015
Duke Energy	$86	$27	$24	$21	$87
Duke Energy Ohio	31	22	19	16	81
Duke Energy Indiana	51	1	1	1	1

As discussed in Note 3, Duke Energy completed the acquisition of Catamount in September 2008, resulting in the recognition of $117 million of intangible assets related to wind farm development rights. Of this amount, a portion of the intangible asset value was assigned to projects that Duke Energy disposed of through sale during the year ended December 31, 2009. The intangible assets recorded in connection with the Catamount acquisition primarily represent land

Combined Notes to Consolidated Financial Statements – (Continued)

use rights and interconnection agreements acquired by Duke Energy as part of the purchase price. Since these intangible assets relate to development projects for which final decisions related to construction and operation have not been made, Duke Energy will continue to evaluate the carrying value of these intangible assets for recovery. In any period in which a final decision has been made to not pursue construction and operation of a specific development project, the carrying value of intangible assets assigned to the related project will be charged to expense. For projects that are approved for construction and operation, amortization of the intangible asset value assigned to each of these projects will not begin until commercial operation is achieved. Duke Energy will evaluate the useful lives of these intangible assets as the projects begin commercial operations, which is anticipated to be in the years 2011 through 2016. Duke Energy currently estimates the useful lives of these projects, once in commercial operation, will be the shorter of the lease term of the land or the estimated lives of the projects, which is approximately 25 years.

In connection with the merger with Cinergy in April 2006, Duke Energy Ohio recorded an intangible liability of $113 million associated with the RSP, which was recognized in earnings over the regulatory period that ended on December 31, 2008. Duke Energy Ohio also recorded $56 million of intangible liabilities associated with other power sale contracts in connection with its merger with Cinergy. The carrying amount of these intangible liabilities associated with other power sale contracts was $4 million and $10 million at December 31, 2010 and 2009, respectively. During the years ended December 31, 2010, 2009 and 2008, Duke Energy Ohio amortized $6 million, $6 million and $73 million, respectively, to income related to these intangible liabilities. The remaining balance of $4 million will be amortized to income in 2011. Intangible liabilities are classified as Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.

2008 Impairment of Emission Allowances. On July 11, 2008, the U.S. Court of Appeals for the District of Columbia issued a decision vacating the CAIR. Subsequently, in December 2008, a federal appeals court reinstated the CAIR while the EPA develops a new clean air program. See Note 5 for additional information on the CAIR. However, as a result of the July 11, 2008 decision temporarily vacating the CAIR, there were sharp declines in market prices of SO_2 and NO_x allowances in the third quarter of 2008 due to uncertainty associated with future federal requirements to reduce emissions. Accordingly, Duke Energy and Duke Energy Ohio evaluated the carrying value of emission allowances held by its regulated and unregulated businesses for impairment during the third quarter of 2008.

At the time of its temporary repeal, the CAIR required 50% reductions in SO_2 emissions beginning in 2010 and further 30% reductions in SO_2 emissions in 2015 beyond specified requirements. These reductions were to be achieved by requiring the surrender of SO_2 allowances in a ratio of two allowances per ton of SO_2 emitted beginning in 2010, up from a current one-to-one ratio, escalating to 2.86 allowances per ton of SO_2 emitted beginning in 2015. Taking into account these increases in emission allowance requirements under CAIR, Commercial Power's forecasted SO_2 emissions needed through 2037 exceeded the number of emission allowances held prior to the vacating of the CAIR. Subsequent to the temporary decision to vacate CAIR, Commercial Power determined that it had SO_2 allowances in excess of forecasted emissions and those allowances held in excess of forecasted emissions from future generation required an impairment evaluation. In performing the impairment evaluation for SO_2 allowances at September 30, 2008, management compared quoted market prices for each vintage year allowance to the carrying value of the related allowances in excess of forecasted emissions through 2038. Due to the sharp decline in market prices of SO_2 allowances, as discussed above, Commercial Power recorded pre-tax impairment charges of $77 million related to forecasted excess SO_2 allowances held at September 30, 2008. Additionally, Commercial Power recorded pre-tax impairment charges of $5 million related to annual NO_x allowances during the third quarter of 2008 as these were also affected by the decision to vacate the CAIR. These impairment charges are recorded in Goodwill and Other Impairment Charges within Operating Expenses on the Consolidated Statements of Operations. The fair values of Duke Energy and Duke Energy Ohio's emission allowances for which impairments were recorded were determined using significant unobservable inputs (i.e., Level 3 inputs) as defined by the accounting guidance for fair value measurements.

Additionally, U.S. Franchised Electric and Gas has emission allowances and certain commitments to purchase emission allowances that, based on management's best estimate at September 30, 2008, resulted in a quantity of emission allowances in excess of the amounts projected to be utilized for operations. The excess emission allowances include forward contracts to purchase SO_2 allowances to cover forecasted shortfalls in emission allowances necessary for operations that were entered into prior to the July 11, 2008 CAIR decision. Prior to the temporary vacating of the CAIR, these forward contracts, which primarily settled in the fourth quarter of 2008 or in 2009, qualified for the NPNS exception within the accounting rules for derivatives. However, since certain of these forward contracts would no longer be considered probable of use in the normal course of operations due to the excess over forecasted needs, in September 2008, U.S. Franchised Electric and Gas determined that these contracts no longer qualified for the NPNS exception. At the time this determination was made, the fair value of the contracts was a liability of $34 million. Since U.S. Franchised Electric and Gas anticipates regulatory recovery of the cost of these emission allowances in normal course, a corresponding regulatory asset was recorded on the Consolidated Balance Sheets. These forward contracts have continued to be marked-to-market, with an offset to the regulatory asset balance, until ultimate settlement.

Combined Notes to Consolidated Financial Statements – (Continued)

As a result of the reinstatement of the CAIR in December 2008, as discussed above, all emission allowances and certain commitments to purchase emission allowances held by U.S. Franchised Electric and Gas and Commercial Power are anticipated to be utilized for future emission allowance requirements under the CAIR, unless the EPA develops a new clean air program that changes the existing requirements under the CAIR. Refer to Note 4 for further information.

Other Impairments.

As discussed in Note 4, in 2010, Duke Energy Indiana recorded a pre-tax charge to earnings of $44 million related to the Edwardsport IGCC plant that is currently under construction.

13. INVESTMENTS IN UNCONSOLIDATED AFFILIATES AND RELATED PARTY TRANSACTIONS

Duke Energy

Investments in domestic and international affiliates that are not controlled by Duke Energy, but over which it has significant influence, are accounted for using the equity method. Significant investments in affiliates accounted for under the equity method are as follows:

Commercial Power.

As of December 31, 2010 and 2009, investments accounted for under the equity method primarily consist of Duke Energy's approximate 50% ownership interest in the five Sweetwater projects (Phase I-V), which are wind power assets located in Texas that were acquired as part of the acquisition of Catamount, which is further described in Note 3.

International Energy.

As of both December 31, 2010 and 2009, investments accounted for under the equity method primarily include a 25% indirect interest in NMC, which owns and operates a methanol and MTBE business in Jubail, Saudi Arabia. As of December 31, 2010 and 2009, Duke Energy's wholly-owned subsidiary, CGP Global Greece Holdings S.A. (CGP Greece) has as its only asset the 25% indirect interest in Attiki, and its only third-party liability is a debt obligation that is secured by the 25% indirect interest in Attiki. The debt obligation is also secured by Duke Energy's indirect wholly-owned interest in CGP Greece and is otherwise non-recourse to Duke Energy. This debt obligation of $66 million and $71 million as of December 31, 2010 and 2009, respectively, is reflected in Current Maturities of Long-Term Debt on Duke Energy's Consolidated Balance Sheets. As of December 31, 2010 and 2009, Duke Energy's investment balance in Attiki was $66 million and $71 million, respectively, reflecting an $18 million impairment charge recognized in the fourth quarter of 2009 to reduce the carrying amount of the investment to its estimated fair value.

In November 2009, CGP Greece failed to make a scheduled semi-annual installment payment of principal and interest on the debt and in December 2009, Duke Energy decided to abandon its investment in Attiki and the related non-recourse debt. The decision to abandon Attiki was made in part due to the non-strategic nature of the investment. In January 2010 the counterparty to the debt issued a Notice of Event of Default, asserting its rights to exercise CGP Greece's voting rights in and receive CGP Greece's share of dividends paid by Attiki.

During 2010, the counterparty to the debt commenced a process with the joint venture parties to find a buyer for CGP Greece's 25% indirect interest in Attiki. Effective in January 2010, Duke Energy no longer accounts for Attiki under the equity method, and the investment balance remaining on Attiki was transferred to Other within Assets on the Consolidated Balance Sheet as Duke Energy retains legal ownership of the investment.

Other.

As of December 31, 2010 and 2009, investments accounted for under the equity method primarily include telecommunications investments.

As discussed in Note 3, in December 2010, Duke Energy completed the previously announced agreement with Alinda to sell a 50% ownership interest in DukeNet. As a result of the disposition transaction, DukeNet and Alinda are equal 50% owners in the new joint venture. Subsequent to the closing to the DukeNet disposition transaction, effective on December 21, 2010, DukeNet is no longer consolidated into Duke Energy's consolidated financial statements and is accounted for by Duke Energy as an equity method investment.

On December 2, 2010, Duke Energy completed the sale of its 30% equity investment in Q-Comm to Windstream Corp. (Windstream). The sale resulted in $165 million in net proceeds, including $87 million of Windstream common shares and a $109 million pre-tax gain recorded in Gains (Losses) on Sales and Impairments of Unconsolidated Affiliates on the Consolidated Statements of Operations.

Additionally, Other included Duke Energy's effective 50% interest in Crescent which, as discussed further below, has a carrying value of zero. As discussed in Note 2, Crescent emerged from bankruptcy in June 2010 and following the bankruptcy proceeding, Duke Energy no longer has any ownership interest in Crescent.

In connection with the renegotiation of its debt agreements in June 2008, Crescent management modified its existing business strategy to focus some of its efforts on producing near-term cash flows from its non-strategic real estate projects in order to improve liquidity. As a result of its revised business strategy to accelerate certain cash flows resulting from the June 2008 amendments to its debt agreements, Crescent updated its recoverability assessments for its

Combined Notes to Consolidated Financial Statements – (Continued)

real estate projects as required under the accounting guidance for asset impairments. Under the accounting guidance for asset impairments, the carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. For certain of Crescent's non-strategic assets, it was determined that some projects' projected undiscounted cash flows did not exceed the carrying value of the projects based on the revised business strategy assumptions, and an impairment loss was recorded equal to the amount by which the carrying amount of each impaired project exceeded its estimated fair value. The methods for determining fair value included discounted cash flow models, as well as valuing certain properties based on recent offer prices for bulk-sale transactions and other price data for similar assets. During the year ended December 31, 2008, Crescent recorded impairment charges on certain of its property holdings, primarily in its residential division, of which Duke Energy's proportionate pre-tax share was $238 million. Duke Energy's proportionate share of these impairment charges are recorded in Equity in Earnings (Losses) of Unconsolidated Affiliates in Duke Energy's Consolidated Statements of Operations.

As a result of the impairment charges recorded during the year ended December 31, 2008, the carrying value of Duke Energy's investment in Crescent was reduced to zero. Accordingly, Duke Energy discontinued applying the equity method of accounting to its investment in Crescent during the year ended December 31, 2008 and did not record its proportionate share of any Crescent earnings or losses in subsequent periods.

See Note 7 for a discussion of charges recorded in 2009 related to performance guarantees issued by Duke Energy on behalf of Crescent. Crescent filed Chapter 11 petitions in a U.S. Bankruptcy Court in June 2009.

As of December 31, 2010 and 2009, the carrying amount of investments in affiliates with carrying amounts greater than zero approximated the amount of underlying equity in net assets.

Impairments.

During the years ended December 31, 2010, 2009 and 2008, Duke Energy recorded pre-tax impairment charges to the carrying value of investments in unconsolidated affiliates of $11 million, $21 million and $9 million, respectively. Approximately $18 million of the impairment charge recorded during the year ended December 31, 2009 relates to International Energy's investment in Attiki, (discussed above). These impairment charges, which were recorded in Gains (Losses) on Sales and Impairments of Unconsolidated Affiliates on the Consolidated Statements of Operations, were recorded as a result of Duke Energy concluding that it would not be able to recover its carrying value in these investments, thus the carrying value of these investments were written down to their estimated fair value.

Investments in Equity Method Unconsolidated Affiliates

	As of:					
	December 31, 2010			December 31, 2009		
(in millions)	**Domestic**	**International**	**Total**	Domestic	International	Total
U.S. Franchised Electric and Gas	**$ 5**	**$—**	**$ 5**	$ 4	$ —	$ 4
Commercial Power	**174**	**1**	**175**	198	—	198
International Energy[(a)]	**—**	**83**	**83**	—	153	153
Other[(b)]	**173**	**8**	**181**	71	10	81
	$352	**$92**	**$444**	$273	$163	$436

(a) As discussed above, in 2010, International Energy's Attiki investment is no longer accounted for under the equity method. Also, in 2009, International Energy recorded an $18 million pre-tax impairment to write-down the value of its Attiki investment to fair value.
(b) As discussed above, Other includes a 50% interest in DukeNet of $137 million as of December 31, 2010.

Equity in Earnings (Losses) of Equity Method Unconsolidated Affiliates

	For the Years Ended:								
	December 31, 2010			December 31, 2009			December 31, 2008		
(in millions)	**Domestic**	**International**	**Total[(a)]**	Domestic	International	Total[(a)]	Domestic	International	Total[(a)]
U.S. Franchised Electric and Gas	**$—**	**$ —**	**$ —**	$(10)	$—	$(10)	$ (16)	$ —	$ (16)
Commercial Power	**7**	**—**	**7**	7	—	7	16	—	16
International Energy	**—**	**102**	**102**	—	72	72	—	127	127
Other[(b)]	**5**	**2**	**7**	—	1	1	(230)	1	(229)
	$12	**$104**	**$116**	$ (3)	$73	$ 70	$(230)	$128	$(102)

(a) Duke Energy's share of net earnings from these unconsolidated affiliates is reflected in the Consolidated Statements of Operations as Equity in Earnings (Losses) of Unconsolidated Affiliates.
(b) Amounts for the year ended December 31, 2008 include Duke Energy's proportionate share of impairment charges recorded by Crescent of $238 million pre-tax.

Combined Notes to Consolidated Financial Statements – (Continued)

During the years ended December 31, 2010, 2009 and 2008, Duke Energy received distributions from equity investments of $111 million, $83 million and $195 million, respectively, which are included in Other assets within Cash Flows from Operating Activities on the Consolidated Statements of Cash Flows.

Summarized Combined Financial Information of Equity Method Unconsolidated Affiliates

	As of December 31,	
(in millions)	**2010**	2009
Balance Sheet		
Current assets	**$ 413**	$1,154
Non-current assets	**1,599**	2,353
Current liabilities	**(242)**	(920)
Non-current liabilities	**(145)**	(744)
Net assets	**$1,625**	$1,843

	For the Years Ended December 31,		
(in millions)	**2010**	2009	2008
Income Statement			
Operating revenues	**$1,385**	$1,509	$2,683
Operating expenses	**924**	1,252	2,407
Net income	**430**	257	58

Other Investments.

Commercial Power had an interest in SHGP, which is a cogeneration facility containing three combustion turbines in Texas City, Texas. Although Duke Energy owned a significant portion of SHGP, it was not consolidated as Duke Energy did not hold a majority voting control or have the ability to exercise control over SHGP, nor was Duke Energy the primary beneficiary. In the fourth quarter of 2008, Duke Energy finalized an asset swap agreement with the other joint venture owner of SHGP, which gave Duke Energy the option to receive either wind assets or a cash settlement, both of which had a value of $180 million and which approximated the carrying value of Duke Energy's investment in SHGP.

Effective with the finalization of the asset swap agreement in December 2008, Duke Energy turned over of the operations of SHGP to its equity partner, and Duke Energy's 50% common equity interest in SHGP was converted to a preferred equity interest, which is considered a cost method investment. Commencing on the turnover date and continuing until either the wind asset was transferred to Duke Energy or ultimate cash settlement, Duke Energy received a fixed monthly payment in lieu of the economic benefit it would have otherwise received as a common equity member of SHGP. This payment was intended to compensate Duke Energy for normal distributions that it would otherwise be entitled to as an equity owner of SHGP; however, this payment was not economically linked to the actual earnings and operating results of SHGP.

Duke Energy exercised the cash settlement option and received total cash proceeds of $184 million in December 2010. This transaction did not result in a significant gain.

Advance SC LLC, which provides funding for economic development projects, educational initiatives, and other programs, was formed during 2004. U.S. Franchised Electric and Gas made donations of $1 million, $11 million and $11 million to the unconsolidated subsidiary during the years ended December 31, 2010, 2009 and 2008, respectively. Additionally, at December 31, 2010 and 2009, U.S. Franchised Electric and Gas had a trade payable to Advance SC LLC of $3 million and $1 million, respectively.

In early 2008, Duke Energy began discussions with Crescent to purchase certain parcels of land in North Carolina and South Carolina that potentially have strategic value to Duke Energy's regulated operations in those states. During the second quarter of 2008, Duke Energy had independent third party appraisals performed for each parcel of land in order to assist in the determination of a potential purchase price. In June 2008, Duke Energy acquired approximately 12,700 acres of land for a purchase price of $51 million. Crescent recorded a gain on the sale. Since Duke Energy was a joint venture owner in Crescent at the time, its proportionate share of the gain was eliminated and instead recorded as a reduction in the carrying amount of the purchased real estate.

Summary Condensed Financial Information

Item 4-08(g) of Regulation S-X requires the presentation of summarized financial information for individual equity method investments that meet certain quantitative thresholds.

As discussed in Note 2, since Crescent emerged from bankruptcy in June 2010, Duke Energy no longer has any ownership interest in Crescent. Summarized financial information for Crescent has not been presented for the year ended December 31, 2009 since, as discussed above, Duke Energy suspended applying the equity method of accounting to its investment in Crescent in the third quarter of 2008 as its investment in Crescent had been written down to zero. Accordingly, there were no amounts related to the operations of Crescent included in the Consolidated Statements of Operations for the years ended December 31, 2010 and 2009. Summarized financial information for Crescent for the year ended December 31, 2008 is as follows:

(in millions)	Year Ended December 31, 2008
Operating revenues	$ 407
Operating expenses	$ 754
Operating income	$ (347)
Net income[(a)]	$ (420)

(a) 2008 net income includes the gain recorded by Crescent on the sale of land to Duke Energy that was eliminated by Duke Energy, as discussed further above.

Combined Notes to Consolidated Financial Statements – (Continued)

(in millions)	December 31, 2008
Current assets	$ 77
Non-current assets	$ 1,685
Current liabilities	$ 471
Non-current liabilities	$ 1,341
Noncontrolling interest	$ (1)

Duke Energy Carolinas

Duke Energy Carolinas engages in related party transactions, which are generally performed at cost and in accordance with the applicable state and federal commission regulations. Balances due to or due from related parties included in the Consolidated Balance Sheets as of December 31, 2010 and 2009 are as follows:

Assets/(Liabilities)

(in millions)	**December 31, 2010[a]**	December 31, 2009[a]
Current assets[b]	**$ 293**	$ 149
Non-current assets[c]	**104**	34
Current liabilities[d]	**(195)**	(177)
Non-current liabilities[e]	**(93)**	(16)
Net deferred tax liabilities[f]	**(3,906)**	(3,025)

(a) Balances exclude assets or liabilities associated with accrued pension and other post-retirement benefits and money pool arrangements as discussed below.
(b) Of the balance at December 31, 2010, $90 million is classified as Receivables and $203 million is classified as Other within Current Assets on the Consolidated Balance Sheets. The balance at December 31, 2009 is classified as Other within Current Assets on the Consolidated Balance Sheets.
(c) The balances at December 31, 2010 and December 31, 2009 are classified as Other within Investments and Other Assets on the Consolidated Balance Sheets.
(d) The balance at December 31, 2010 is classified as Accounts payable on the Consolidated Balance Sheets. Of the balance at December 31, 2009, $(170) million is classified as Accounts payable and $(7) million is classified as Taxes accrued on the Consolidated Balance Sheets.
(e) The balances at December 31, 2010 and December 31, 2009 are classified as Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.
(f) Of the balance at December 31, 2010, $(3,988) million is classified as Deferred income taxes and $82 million is classified as Other within Current Assets on the Consolidated Balance Sheets. Of the balance at December 31, 2009, $(3,087) million is classified as Deferred income taxes and $62 million is classified as Other within Current Assets on the Consolidated Balance Sheets.

Duke Energy Carolinas is charged its proportionate share of corporate governance and other costs by an unconsolidated affiliate that is a consolidated affiliate of Duke Energy. Corporate governance and other shared services costs are primarily related to human resources, employee benefits, legal and accounting fees, as well as other third party costs. During the years ended December 31, 2010, 2009 and 2008, Duke Energy Carolinas recorded governance and shared services expenses of $1,016 million, $825 million and $803 million, respectively. The increase in 2010 as compared to 2009 is primarily attributable to the 2010 voluntary opportunity plan discussed further in Note 19. These amounts are recorded in Operation, Maintenance and Other within Operating Expenses on the Consolidated Statements of Operations.

Duke Energy Carolinas incurs expenses related to certain indemnification coverages through Bison, Duke Energy's wholly-owned captive insurance subsidiary. These amounts were $25 million, $28 million and $29 million for the years ended December 31, 2010, 2009 and 2008, respectively and are recorded in Operation, Maintenance and Other within Operating Expenses on the Consolidated Statements of Operations. Additionally, Duke Energy Carolinas records income associated with the rental of office space to a consolidated affiliate of Duke Energy, as well as its proportionate share of certain charged expenses from affiliates of Duke Energy. Rental income and other charged expenses, net were $3 million, $22 million and $15 million for the years ended December 31, 2010, 2009 and 2008, respectively.

As discussed further in Note 21, Duke Energy Carolinas participates in Duke Energy's qualified pension plan, non-qualified pension plan and other post-retirement benefit plans and is allocated its proportionate share of expenses associated with these plans. Beginning December 31, 2010, Duke Energy Carolinas was allocated accrued pension and other post-retirement benefit obligations of $252 million. This amount has been classified in the Consolidated Balance Sheets as follows:

(in millions)	December 31, 2010	December 31, 2009
Other current liabilities	$ 10	$—
Accrued pension and other post-retirement benefit costs	242	—

As discussed further in Note 6, Duke Energy Carolinas participates in a money pool arrangement with Duke Energy and other Duke Energy subsidiaries. Interest income associated with money pool activity, which is recorded in Other Income and Expenses, net on the Consolidated Statements of Operations, was $1 million for the year ended December 31, 2010 and insignificant for each of the years ended December 31, 2009 and 2008. Interest expense associated with money pool activity, which is recorded in Interest Expense on the Consolidated Statements of Operations, was $1 million, $3 million and $4 million for each of the years ended December 31, 2010, 2009 and 2008, respectively.

During the year ended December 31, 2010, Duke Energy Carolinas paid $350 million in dividends to its parent, Duke Energy.

During the year ended December 31, 2010, Duke Energy Carolinas received a $146 million allocation of net pension and other post-retirement benefit assets from its parent, Duke Energy. During the year ended December 31, 2009, Duke Energy Carolinas received $250 million in capital contributions from its parent, Duke Energy. Additionally, during the year ended December 31, 2009, Duke Energy Carolinas recorded an approximate $3 million increase in Member's Equity as a result of forgiveness of an advance by its parent, Duke Energy.

Duke Energy Ohio

Duke Energy Ohio engages in related party transactions, which are generally performed at cost and in accordance with the applicable

Combined Notes to Consolidated Financial Statements – (Continued)

state and federal commission regulations. Balances due to or due from related parties included in the Consolidated Balance Sheets as of December 31, 2010 and December 31, 2009 are as follows:

Assets/(Liabilities)

(in millions)	December 31, 2010(a)	December 31, 2009(a)
Current assets(b)	**$ 82**	$ 31
Non-current assets(c)	**15**	26
Current liabilities(d)	**(86)**	(200)
Non-current liabilities(e)	**(42)**	(2)
Net deferred tax liabilities(f)	**(1,579)**	(1,535)

(a) Balances exclude assets or liabilities associated with accrued pension and other post-retirement benefits, Cinergy Receivables and money pool arrangements as discussed below.

(b) Of the balance at December 31, 2010, $24 million is classified as Receivables and $58 million is classified as Other within Current Assets on the Consolidated Balance Sheets. Of the balance at December 31, 2009, $20 million is classified as Receivables and $11 million is classified as Other within Current Assets on the Consolidated Balance Sheets.

(c) The balances at December 31, 2010 and December 31, 2009 are classified as Other within Investments and Other Assets on the Consolidated Balance Sheets.

(d) Of the balance at December 31, 2010, $(83) million is classified as Accounts payable and $(3) million is classified as Other within Current Liabilities on the Consolidated Balance Sheets. Of the balance at December 31, 2009, $(191) million is classified as Accounts payable and $(9) million is classified as Other within Current Liabilities on the Consolidated Balance Sheets.

(e) The balances at December 31, 2010 and December 31, 2009, are classified as Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.

(f) Of the balance at December 31, 2010, $(1,588) million is classified as Deferred income taxes and $9 million is classified as Other within Current Assets on the Consolidated Balance Sheets. The balance at December 31, 2009 is classified as Deferred income taxes on the Consolidated Balance Sheets.

Duke Energy Ohio is charged its proportionate share of corporate governance and other costs by an unconsolidated affiliate that is a consolidated affiliate of Duke Energy. Corporate governance and other shared services costs are primarily related to human resources, legal and accounting fees, as well as other third party costs. During the years ended December 31, 2010, 2009 and 2008, Duke Energy Ohio recorded governance and shared services expenses of $369 million, $401 million and $319 million, respectively. These amounts are recorded in Operation, Maintenance and Other within Operating Expenses on the Consolidated Statements of Operations.

Duke Energy Ohio incurs expenses related to certain indemnification coverages through Bison, Duke Energy's wholly-owned captive insurance subsidiary. These amounts were $19 million, $17 million and $18 million for the years ended December 31, 2010, 2009 and 2008, respectively, and are recorded in Operation, Maintenance and Other within Operating Expenses on the Consolidated Statements of Operations. Additionally, Duke Energy Ohio records income associated with the rental of office space to a consolidated affiliate of Duke Energy, as well as income associated with certain other recoveries of cost and its proportionate share of certain charged expenses from affiliates of Duke Energy. Rental income and other cost recoveries and other charged expenses, net were $5 million, $5 million and $13 million for the years ended December 31, 2010, 2009 and 2008, respectively.

As discussed further in Note 21, Duke Energy Ohio participates in Duke Energy's qualified pension plan, non-qualified pension plan and other post-retirement benefit plans and is allocated its proportionate share of expenses associated with these plans. Additionally, Duke Energy Ohio has been allocated accrued pension and other post-retirement benefit obligations of $211 million and $253 million at December 31, 2010 and 2009, respectively. These amounts have been classified in the Consolidated Balance Sheets as follows:

(in millions)	December 31, 2010	December 31, 2009
Other current liabilities	**$ 4**	$ 4
Accrued pension and other post-retirement benefit costs	**207**	249

Additionally, as discussed in Note 17, certain trade receivables have been sold by Duke Energy Ohio to Cinergy Receivables, an unconsolidated affiliate that is consolidated by Duke Energy. The proceeds obtained from the sales of receivables are largely cash but do include a subordinated note from Cinergy Receivables for a portion of the purchase price. The interest income associated with the subordinated note, which is recorded in Other Income and Expenses, net on the Consolidated Statements of Operations, was $15 million, $15 million and $21 million for the years ended December 31, 2010, 2009 and 2008, respectively.

As discussed further in Note 6, Duke Energy Ohio participates in a money pool arrangement with Duke Energy and other Duke Energy subsidiaries. Interest income associated with money pool activity, which is recorded in Other Income and Expenses, net on the Consolidated Statements of Operations, was $1 million for the year ended December 31, 2010 and insignificant for each of the years ended December 31, 2009 and 2008. Interest expense associated with money pool activity, which is recorded in Interest Expense on the Consolidated Statements of Operations, was insignificant for each of the years ended December 31, 2010 and 2009, and $3 million for the year ended December 31, 2008.

Duke Energy Ohio enters into certain derivative positions on behalf of Duke Energy Retail, a consolidated affiliate of Duke Energy. These contracts are undesignated, thus the mark-to-market impacts of these contracts are reflected in Duke Energy Ohio's Consolidated Statements of Operations. In addition, equal and offsetting mark-to-market impacts of intercompany contracts with Duke Energy Retail are reflected in Duke Energy Ohio's Consolidated Statements of Operations representing the pass through of the economics of the original contracts to Duke Energy Retail in accordance with contractual arrangements between Due Energy Ohio and Duke Energy Retail. See Note 15 for additional information.

During the years ended December 31, 2009 and 2008, Duke Energy Ohio paid dividends to its parent, Cinergy, of $360 million and $200 million, respectively.

Combined Notes to Consolidated Financial Statements – (Continued)

Duke Energy Indiana

Duke Energy Indiana engages in related party transactions, which are generally performed at cost and in accordance with the applicable state and federal commission regulations. Balances due to or due from related parties included in the Consolidated Balance Sheets as of December 31, 2010 and December 31, 2009 are as follows:

Assets/(Liabilities)

(in millions)	December 31, 2010[a]	December 31, 2009[a]
Current assets[b]	$ 51	$ 26
Non-current assets[c]	—	16
Current liabilities[d]	(69)	(127)
Non-current liabilities[e]	(20)	(20)
Net deferred tax liabilities[f]	(932)	(679)

(a) Balances exclude assets or liabilities associated with accrued pension and other post-retirement benefits, Cinergy Receivables and money pool arrangements as discussed below.

(b) Of the balance at December 31, 2010, $27 million is classified as Receivables and $24 million is classified as Other within Current Assets on the Consolidated Balance Sheets. Of the balance at December 31, 2009, $15 million is classified as Receivables and $11 million is classified as Other within Current Assets on the Consolidated Balance Sheets.

(c) The balance at December 31, 2009 is classified as Other within Investments and Other Assets on the Consolidated Balance Sheets.

(d) Of the balance at December 31, 2010, $(67) million is classified as Accounts payable and $(2) million is classified as Taxes accrued on the Consolidated Balance Sheets. The balance at December 31, 2009 is classified as Accounts payable on the Consolidated Balance Sheets.

(e) The balances at December 31, 2010 and December 31, 2009 are classified as Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.

(f) Of the balance at December 31, 2010, $(973) million is classified as Deferred income taxes and $41 million is classified as Other within Current Assets on the Consolidated Balance Sheets. The balance at December 31, 2009 is classified as Deferred income taxes on the Consolidated Balance Sheets.

Duke Energy Indiana is charged its proportionate share of corporate governance and other costs by an unconsolidated affiliate that is a consolidated affiliate of Duke Energy. Corporate governance and other shared services costs are primarily related to human resources, legal and accounting fees, as well as other third party costs. During the years ended December 31, 2010, 2009 and 2008, Duke Energy Indiana recorded governance and shared services expenses of $364 million, $343 million and $326 million, respectively. These amounts are recorded in Operation, Maintenance and Other within Operating Expenses on the Consolidated Statements of Operations.

Duke Energy Indiana incurs expenses related to certain indemnification coverages through Bison, Duke Energy's wholly-owned captive insurance subsidiary. These amounts were $8 million, $10 million and $9 million for the years ended December 31, 2010, 2009 and 2008, respectively, and are recorded in Operation, Maintenance and Other within Operating Expenses on the Consolidated Statements of Operations. Additionally, Duke Energy Indiana records income associated with the rental of office space to a consolidated affiliate of Duke Energy, as well as its proportionate share of certain charged expenses from affiliates of Duke Energy. Rental income and other charged expenses, net were $8 million, $12 million and $7 million for the years ended December 31, 2010, 2009 and 2008, respectively.

As discussed further in Note 21, Duke Energy Indiana participates in Duke Energy's qualified pension plan, non-qualified pension plan and other post-retirement benefit plans and is allocated its proportionate share of expenses associated with these plans. Additionally, Duke Energy Indiana has been allocated accrued pension and other post-retirement benefit obligations of $272 million and $316 million at December 31, 2010 and 2009, respectively. These amounts have been classified in the Consolidated Balance Sheets as follows:

(in millions)	December 31, 2010	December 31, 2009
Other current liabilities	$ 2	$ 2
Accrued pension and other post-retirement benefit costs	270	314

Additionally, as discussed in Note 17, certain trade receivables have been sold by Duke Energy Indiana to Cinergy Receivables, an unconsolidated affiliate that is consolidated by Duke Energy. The proceeds obtained from the sales of receivables are largely cash but do include a subordinated note from Cinergy Receivables for a portion of the purchase price. The interest income associated with the subordinated note, which is recorded in Other Income and Expenses, net on the Consolidated Statements of Operations, was $13 million, $12 million and $15 million for the years ended December 31, 2010, 2009 and 2008, respectively.

As discussed further in Note 6, Duke Energy Indiana participates in a money pool arrangement with Duke Energy and other Duke Energy subsidiaries. Interest income associated with money pool activity, which is recorded in Other Income and Expenses, net on the Consolidated Statements of Operations, was insignificant, $1 million and $2 million for the years ended December 31, 2010, 2009 and 2008, respectively. Interest expense associated with money pool activity, which is recorded in Interest Expense on the Consolidated Statements of Operations, for the years ended December 31, 2010, 2009 and 2008 was $1 million, $1 million and $6 million, respectively.

During the year ended December 31, 2010 and 2009, Duke Energy Indiana received $350 million and $140 million, respectively, in capital contributions, from its parent, Cinergy.

14. RISK MANAGEMENT, DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Duke Energy Registrants closely monitor the risks associated with commodity price changes and changes in interest rates on their operations and, where appropriate, use various commodity and interest rate instruments to manage these risks.

Combined Notes to Consolidated Financial Statements – (Continued)

Certain of these derivative instruments qualify for hedge accounting and are designated as hedging instruments, while others either do not qualify as a hedge or have not been designated as hedges (hereinafter referred to as undesignated contracts). The Duke Energy Registrants' primary use of energy commodity derivatives is to hedge the generation portfolio against exposure to changes in the prices of power and fuel. Interest rate swaps are entered into to manage interest rate risk primarily associated with the Duke Energy Registrants' variable-rate and fixed-rate borrowings.

The accounting guidance for derivatives requires the recognition of all derivative instruments not identified as NPNS as either assets or liabilities at fair value in the Consolidated Balance Sheets. For derivative instruments that qualify for hedge accounting, the Duke Energy Registrants may elect to designate such derivatives as either cash flow hedges or fair value hedges. The Duke Energy Registrants offset fair value amounts recognized on their Consolidated Balance Sheets related to derivative instruments executed with the same counterparty under the same master netting agreement.

The operations of the USFE&G business segment and certain operations of the Commercial Power business segment meet the criteria for regulatory accounting treatment. Accordingly, for derivatives designated as cash flow hedges within the regulated operations, gains and losses are reflected as a regulatory liability or asset instead of as a component of AOCI. For derivatives designated as fair value hedges or left undesignated within the regulated operations, including economic hedges associated with Commercial Power's ESP load generation through the duration of the current ESP that ends in December 2011, gains and losses associated with the change in fair value of these derivative contracts would be deferred as a regulatory liability or asset, thus having no immediate earnings impact.

Within the Duke Energy Registrants' unregulated businesses, for derivative instruments that qualify for hedge accounting and are designated as cash flow hedges, the effective portion of the gain or loss is reported as a component of AOCI and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Any gains or losses on the derivative that represent either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings. For derivative instruments that qualify and are designated as a fair value hedge, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item are recognized in earnings in the current period. The Duke Energy Registrants' include the gain or loss on the derivative in the same line item as the offsetting loss or gain on the hedged item in the Consolidated Statements of Operations. Additionally, the Duke Energy Registrants' enter into derivative agreements that are economic hedges that either do not qualify for hedge accounting or have not been designated as a hedge. The changes in fair value of these undesignated derivative instruments are reflected in current earnings.

Information presented in the tables below relates to Duke Energy on a consolidated basis and Duke Energy Ohio. As regulatory accounting treatment is applied to substantially all of Duke Energy Carolinas' and Duke Energy Indiana's derivative instruments, and the carrying value of the respective derivative instruments comprise a small portion of Duke Energy's overall balance, separate disclosure for each of those registrants is not presented.

Commodity Price Risk

The Duke Energy Registrants are exposed to the impact of market changes in the future prices of electricity (energy, capacity and financial transmission rights), coal, natural gas and emission allowances (SO_2, seasonal NO_X and annual NO_X) as a result of their energy operations such as electric generation and the transportation and sale of natural gas. With respect to commodity price risks associated with electric generation, the Duke Energy Registrants are exposed to changes including, but not limited to, the cost of the coal and natural gas used to generate electricity, the prices of electricity in wholesale markets, the cost of capacity required to purchase and sell electricity in wholesale markets and the cost of emission allowances primarily at the Duke Energy Registrants' coal fired power plants. Risks associated with commodity price changes on future operations are closely monitored and, where appropriate, various commodity contracts are used to mitigate the effect of such fluctuations on operations. Exposure to commodity price risk is influenced by a number of factors, including, but not limited to, the term of the contract, the liquidity of the market and delivery location.

Commodity Fair Value Hedges.

At December 31, 2010, there were no open commodity derivative instruments that were designated as fair value hedges.

Commodity Cash Flow Hedges.

The Duke Energy Registrants use commodity instruments, such as swaps, futures, forwards and options, to protect margins for a portion of future revenues and fuel and purchased power expenses. The Duke Energy Registrants generally use commodity cash flow hedges to mitigate exposures to the price variability of the underlying commodities for, generally, a maximum period of less than a year.

Undesignated Contracts.

The Duke Energy Registrants use derivative contracts as economic hedges to manage the market risk exposures that arise from providing electric generation and capacity to large energy customers, energy aggregators, retail customers and other wholesale companies. Undesignated contracts may include contracts not designated as a hedge, contracts that do not qualify for hedge accounting, derivatives that do not or no longer qualify for the NPNS scope exception, and de-designated hedge contracts. Undesignated contracts also include contracts associated with operations that Duke Energy continues to wind down or has included as discontinued operations. As these undesignated contracts expire as late as 2021, Duke Energy has entered into economic hedges that leave it minimally exposed to changes in prices over the duration of these contracts.

Duke Energy Carolinas uses derivative contracts as economic hedges to manage the market risk exposures that arise from electric generation. Undesignated contracts at December 31, 2010 are associated with forward power sales and purchases.

Duke Energy Ohio uses derivative contracts as economic hedges to manage the market risk exposures that arise from providing electric generation and capacity to large energy customers, energy aggregators, retail customers and other wholesale companies. Undesignated contracts at December 31, 2010 are primarily associated with forward sales and purchases of power, coal and emission allowances, for the Commercial Power segment.

Duke Energy Indiana uses derivative contracts as economic hedges to manage the market risk exposures that arise from electric generation. Undesignated contracts at December 31, 2010 are primarily associated with forward power purchases, financial transmission rights and forward emission allowances.

Interest Rate Risk

The Duke Energy Registrants are exposed to risk resulting from changes in interest rates as a result of their issuance or anticipated issuance of variable and fixed-rate debt and commercial paper. Interest rate exposure is managed by limiting variable-rate exposures to a percentage of total debt and by monitoring the effects of market changes in interest rates. To manage risk associated with changes in interest rates, the Duke Energy Registrants may enter into financial contracts; primarily interest rate swaps and U.S. Treasury lock agreements. Additionally, in anticipation of certain fixed-rate debt issuances, a series of forward starting interest rate swaps may be executed to lock in components of the market interest rates at the time and terminated prior to or upon the issuance of the corresponding debt. When these transactions occur within a business that meets the criteria for regulatory accounting treatment, these contracts may be treated as undesignated and any pre-tax gain or loss recognized from inception to termination of the hedges would be recorded as a regulatory liability or asset and amortized as a component of interest expense over the life of the debt. Alternatively, these derivatives may be designated as hedges whereby, any pre-tax gain or loss recognized from inception to termination of the hedges would be recorded in AOCI and amortized as a component of interest expense over the life of the debt.

At December 31, 2010, derivative instruments related to interest rate risk are categorized as follows:

Duke Energy.

$492 million notional amount of interest rate cash flow hedges related to non-recourse long-term debt of VIEs and $34 million notional amount of undesignated interest rate contracts, both related to Commercial Power's wind business, as well as the notional amounts related to Duke Energy Carolinas and Duke Energy Ohio below. See Note 6 for additional information on non-recourse long-term debt of VIEs.

Duke Energy Carolinas.

$500 million notional amount of undesignated forward starting interest rate swaps related to hedging anticipated fixed rate debt issuances in 2012, and $25 million notional amount of interest rate fair value hedges.

Duke Energy Ohio.

$250 million notional amount of interest rate fair value hedges and $27 million notional amount of undesignated interest rate hedges.

At December 31, 2009, derivative instruments related to interest rate risk are categorized as follows:

Duke Energy.

$45 million notional amount of undesignated interest rate contracts related to Commercial Power's wind business and $19 million notional amount of cash flow hedges related to International Energy, as well as the notional amounts related to Duke Energy Carolinas and Duke Energy Ohio below.

Duke Energy Carolinas.

$25 million notional amount of interest rate fair value hedges.

Duke Energy Ohio.

$250 million notional amount of interest rate fair value hedges and $27 million notional amount of undesignated interest rate hedges.

Volumes

The following tables show information relating to the volume of Duke Energy and Duke Energy Ohio's commodity derivative activity outstanding as of December 31, 2010 and December 31, 2009. Amounts disclosed represent the notional volumes of commodities contracts accounted for at fair value. For option contracts, notional amounts include only the delta-equivalent volumes which represent the notional volumes times the probability of exercising the option based on current price volatility. Volumes associated with contracts qualifying for the NPNS exception have been excluded from the table below. Amounts disclosed represent the absolute value of notional

Combined Notes to Consolidated Financial Statements – (Continued)

amounts. Duke Energy and Duke Energy Ohio have netted contractual amounts where offsetting purchase and sale contracts exist with identical delivery locations and times of delivery. Where all commodity positions are perfectly offset, no quantities are shown below. For additional information on notional dollar amounts of debt subject to derivative contracts accounted for at fair value, see "Interest Rate Risk" section above.

Underlying Notional Amounts for Derivative Instruments Accounted for At Fair Value

Duke Energy

	December 31, 2010	December 31, 2009
Commodity contracts		
Electricity-energy (Gigawatt-hours)	**8,200**	3,687
Electricity-capacity (Gigawatt-months)	**58**	—
Emission allowances: SO_2 (thousands of tons)	**8**	9
Emission allowances: NO_X (thousands of tons)	**—**	2
Natural gas (millions of decatherms)	**37**	71
Coal (millions of tons)	**—**	2
Financial contracts		
Interest rates (dollars in millions)	**$1,328**	$ 366

Duke Energy Ohio

	December 31, 2010	December 31, 2009
Commodity contracts		
Electricity-energy (Gigawatt-hours)(a)	**13,183**	10,549
Electricity-capacity (Gigawatt-months)	**60**	—
Emission allowances: SO_2 (thousands of tons)	**—**	1
Emission allowances: NO_X (thousands of tons)	**—**	2
Coal (millions of tons)	**—**	2
Financial contracts		
Interest rates (dollars in millions)	**$ 277**	$ 277

(a) Amounts include intercompany positions that eliminate at the consolidated Duke Energy level.

The following table shows fair value amounts of derivative contracts as of December 31, 2010 and 2009, and the line item(s) in the Consolidated Balance Sheets in which such amounts are included. The fair values of derivative contracts are presented on a gross basis, even when the derivative instruments are subject to master netting arrangements where Duke Energy nets the fair value of derivative contracts subject to master netting arrangements with the same counterparty on the Consolidated Balance Sheets. Cash collateral payables and receivables associated with the derivative contracts have not been netted against the fair value amounts.

Location and Fair Value Amounts of Derivatives Reflected in the Consolidated Balance Sheets

Duke Energy

	December 31, 2010		December 31, 2009	
(in millions)	Asset	Liability	Asset	Liability
Balance Sheet Location				
Derivatives Designated as Hedging Instruments				
Commodity contracts				
Current Assets: Other	**$ —**	**$ —**	$ 1	$ —
Interest rate contracts				
Current Assets: Other	**5**	**—**	4	—
Investments and Other Assets: Other	**16**	**—**	—	—
Current Liabilities: Other	**—**	**13**	—	1
Deferred Credits and Other Liabilities: Other	**—**	**—**	—	6
Total Derivatives Designated as Hedging Instruments	**$ 21**	**$ 13**	$ 5	$ 7
Derivatives Not Designated as Hedging Instruments				
Commodity contracts				
Current Assets: Other	**$108**	**$ 54**	$ 59	$ 1
Investments and Other Assets: Other	**55**	**4**	59	2
Current Liabilities: Other	**75**	**118**	85	232
Deferred Credits and Other Liabilities: Other	**3**	**72**	44	100
Interest rate contracts				
Investments and Other Assets: Other(a)	**60**	**—**	—	—
Current Liabilities: Other	**—**	**2**	—	3
Deferred Credits and Other Liabilities: Other	**—**	**5**	—	4
Total Derivatives Not Designated as Hedging Instruments	**$301**	**$255**	$247	$342
Total Derivatives	**$322**	**$268**	$252	$349

Combined Notes to Consolidated Financial Statements – (Continued)

Duke Energy Ohio

	December 31, 2010		December 31, 2009	
(in millions)	Asset	Liability	Asset	Liability
Balance Sheet Location				
Derivatives Designated as Hedging Instruments				
Commodity contracts				
Current Assets: Other	$ —	$ —	$ 1	$ —
Interest rate contracts				
Current Assets: Other	4	—	4	—
Investments and Other Assets: Other	2	—	—	—
Deferred Credits and Other Liabilities: Other	—	—	—	6
Total Derivatives Designated as Hedging Instruments	$ 6	$ —	$ 5	$ 6
Derivatives Not Designated as Hedging Instruments				
Commodity contracts				
Current Assets: Other	$106	$ 57	$ 25	$ 1
Investments and Other Assets: Other	6	2	11	4
Current Liabilities: Other	75	98	63	191
Deferred Credits and Other Liabilities: Other	3	7	26	35
Interest rate contracts				
Current Liabilities: Other	—	1	—	1
Deferred Credits and Other Liabilities: Other	—	4	—	2
Total Derivatives Not Designated as Hedging Instruments	$190	$169	$125	$234
Total Derivatives	$196	$169	$130	$240

(a) Relates to interest rate swaps at Duke Energy Carolinas.

The following table shows the amount of the gains and losses recognized on derivative instruments designated and qualifying as cash flow hedges by type of derivative contract during the years ended December 31, 2010 and 2009, and the Consolidated Statements of Operations line items in which such gains and losses are included.

Cash Flow Hedges — Location and Amount of Pre-Tax Losses Recognized in Comprehensive Income

Duke Energy	Year Ended December 31,	
(in millions)	2010	2009
Location of Pre-tax Gains and (Losses) Reclassified from AOCI into Earnings[a]		
Commodity contracts		
Revenue, non-regulated electric, natural gas and other	$—	$(13)
Fuel used in electric generation and purchased power-non-regulated	2	(10)
Interest rate contracts		
Interest expense	(5)	(5)
Total Pre-tax Losses Reclassified from AOCI into Earnings	$(3)	$(28)

(a) Represents the gains and losses on cash flow hedges previously recorded in AOCI during the term of the hedging relationship and reclassified into earnings during the current period.

Duke Energy Ohio	Year Ended December 31,	
(in millions)	2010	2009
Location of Pre-tax Gains and (Losses) Reclassified from AOCI into Earnings[a]		
Commodity contracts		
Revenue, non-regulated electric and other	$—	$(14)
Fuel used in electric generation and purchased power-non-regulated	2	(10)
Total Pre-tax Gains (Losses) Reclassified from AOCI into Earnings	$ 2	$(24)

(a) Represents the gains and losses on cash flow hedges previously recorded in AOCI during the term of the hedging relationship and reclassified into earnings during the current period.

Duke Energy's effective portion of gains on cash flow hedges that were recognized in AOCI during the year ended December 31, 2010 were pre-tax gains of $2 million, and an insignificant amount during the year ended December 31, 2009. In addition, there was no hedge ineffectiveness during the years ended December 31, 2010 and 2009, and no gains or losses have been excluded from the assessment of hedge effectiveness during the same periods for all Duke Energy Registrants.

Duke Energy. At December 31, 2010, $32 million of pre-tax deferred net losses on derivative instruments related to commodity and interest rate cash flow hedges remains in AOCI and a $14 million pre-tax loss is expected to be recognized in earnings during the next 12 months as the hedged transactions occur.

Duke Energy Ohio. At December 31, 2010, an insignificant amount of pre-tax deferred net gains on derivative instruments related to commodity cash flow hedges remains in AOCI and an insignificant amount of these gains are expected to be recognized in earnings during the next 12 months as the hedged transactions occur.

Combined Notes to Consolidated Financial Statements – (Continued)

The following table shows the amount of the pre-tax gains and losses recognized on undesignated hedges by type of derivative instrument during the year ended December 31, 2010 and the line item(s) in the Consolidated Statements of Operations in which such gains and losses are included or deferred on the Consolidated Balance Sheets as regulatory assets or liabilities.

Undesignated Hedges — Location and Amount of Pre-Tax Gains and (Losses) Recognized in Income or as Regulatory Assets or Liabilities

Duke Energy	Year Ended December 31,	
(in millions)	**2010**	2009
Location of Pre-Tax Gains and (Losses) Recognized in Earnings		
Commodity contracts		
Revenue, regulated electric	**$ 1**	$ 1
Revenue, non-regulated electric, natural gas and other	**(38)**	1
Fuel used in electric generation and purchased power-non-regulated	**9**	10
Interest rate contracts		
Interest Expense		1
Total Pre-tax (Losses) Gains Recognized in Earnings	**$(28)**	$ 13
Location of Pre-Tax Gains and (Losses) Recognized as Regulatory Assets or Liabilities		
Commodity contracts		
Regulatory Asset	**$ 5**	$(48)
Regulatory Liability	**14**	3
Interest rate contracts		
Regulatory Asset	**(1)**	1
Regulatory Liability[(a)]	**60**	—
Total Pre-tax Gains (Losses) Recognized as Regulatory Assets or Liabilities	**$ 78**	$(44)
(in millions)	**2010**	2009
Location of Pre-Tax Gains and (Losses) Recognized in Earnings		
Commodity contracts		
Revenue, non-regulated electric and other	**(3)**	5
Fuel used in electric generation and purchased power-non-regulated	**9**	10
Interest rate contracts		
Interest expense	**(1)**	(1)
Total Pre-tax Gains Recognized in Earnings[(b)]	**$ 5**	$ 14
Location of Pre-Tax Gains and (Losses) Recognized as Regulatory Assets		
Commodity contracts		
Regulatory Asset	**$ 5**	$(80)
Interest rate contracts		
Regulatory Asset	**(1)**	5
Total Pre-tax Gains (Losses) Recognized as Regulatory Assets	**$ 4**	$(75)

(a) Relates to interest rate swaps at Duke Energy Carolinas.
(b) Amounts include intercompany positions that eliminate at the consolidated Duke Energy level.

Credit Risk

The Duke Energy Registrants' principal customers for power and natural gas marketing and transportation services are industrial end-users, marketers, local distribution companies, municipalities, electric cooperatives and utilities located throughout the U.S. and Latin America. The Duke Energy Registrants have concentrations of receivables from natural gas and electric utilities and their affiliates, as well as municipalities, electric cooperatives, industrial customers and marketers throughout these regions. These concentrations of customers may affect the Duke Energy Registrants' overall credit risk in that risk factors can negatively impact the credit quality of the entire sector. Where exposed to credit risk, the Duke Energy Registrants analyze their counterparties' financial condition prior to entering into an agreement, establish credit limits and monitor the appropriateness of those limits on an ongoing basis.

The Duke Energy Registrants' industry has historically operated under negotiated credit lines for physical delivery contracts. The Duke Energy Registrants frequently use master collateral agreements to mitigate certain credit exposures, primarily related to hedging the risks inherent in its generation portfolio. The collateral agreements provide for a counterparty to post cash or letters of credit to the exposed party for exposure in excess of an established threshold. The threshold amount represents an unsecured credit limit, determined in accordance with the corporate credit policy. Collateral agreements also provide that the inability to post collateral is sufficient cause to terminate contracts and liquidate all positions.

The Duke Energy Registrants also obtains cash, letters of credit or surety bonds from customers to provide credit support outside of collateral agreements, where appropriate, based on its financial analysis of the customer and the regulatory or contractual terms and conditions applicable to each transaction.

Certain of Duke Energy and Duke Energy Ohio's derivative contracts contain contingent credit features, such as material adverse change clauses or payment acceleration clauses that could result in immediate payments, the posting of letters of credit or the termination of the derivative contract before maturity if specific events occur, such as a downgrade of Duke Energy or Duke Energy Ohio's credit rating below investment grade.

The following table shows information with respect to derivative contracts that are in a net liability position and contain objective credit-risk related payment provisions. The amounts disclosed in the table below represents the aggregate fair value amounts of such derivative instruments at the end of the reporting period, the aggregate fair value of assets that are already posted as collateral under such derivative instruments at the end of the reporting period, and the aggregate fair value of additional assets that would be required to be transferred in the event that credit-risk-related contingent features were triggered at December 31, 2010.

Information Regarding Derivative Instruments that Contain Credit-risk Related Contingent Features

Duke Energy (in millions)	**December 31, 2010**	December 31, 2009
Aggregate Fair Value Amounts of Derivative Instruments in a Net Liability Position	**$148**	$208
Collateral Already Posted	**$ 2**	$130
Additional Cash Collateral or Letters of Credit in the Event Credit-risk-related Contingent Features were Triggered at the End of the Reporting Period	**$ 14**	$ 6
Aggregate Fair Value Amounts of Derivative Instruments in a Net Liability Position	**$147**	$208
Collateral Already Posted	**$ 2**	$130
Additional Cash Collateral or Letters of Credit in the Event Credit-risk-related Contingent Features were Triggered at the End of the Reporting Period	**$ 14**	$ 6

Netting of Cash Collateral and Derivative Assets and Liabilities Under Master Netting Arrangements.

In accordance with applicable accounting rules, Duke Energy and Duke Energy Ohio offset fair value amounts (or amounts that approximate fair value) recognized on their Consolidated Balance Sheets related to cash collateral amounts receivable or payable against fair value amounts recognized for derivative instruments executed with the same counterparty under the same master netting agreement.

At December 31, 2010 and 2009, Duke Energy had receivables related to the right to reclaim cash collateral of approximately $2 million and $112 million, respectively, and had payables related to obligations to return cash collateral of insignificant amounts that have been offset against net derivative positions in the Consolidated Balance Sheets. Duke Energy had collateral receivables of $2 million and $19 million under master netting arrangements that have not been offset against net derivative positions at December 31, 2010 and December 31, 2009, respectively. Duke Energy had cash collateral payables of $3 million under master netting arrangements that have not been offset against net derivative positions at December 31, 2010 and insignificant amounts at December 31, 2009.

At December 31, 2010 and 2009, Duke Energy Ohio had receivables related to the right to reclaim cash collateral of approximately $2 million and $112 million, respectively, and had payables related to obligations to return cash collateral of insignificant amounts that have been offset against net derivative positions in the Consolidated Balance Sheets Duke Energy Ohio had collateral receivables of insignificant amounts and $19 million under master netting arrangements that have not been offset against net derivative positions at December 31, 2010 and December 31, 2009, respectively, as these amounts primarily represent initial margin deposits related to New York Mercantile Exchange (NYMEX) futures contracts. Duke Energy Ohio had cash collateral payables of $3 million under master netting arrangements that have not been offset against net derivative positions at December 31, 2010 and insignificant amounts at December 31, 2009. See Note 15 for additional information on fair value disclosures related to derivatives.

15. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Under the accounting guidance for fair value, fair value is considered to be the exchange price in an orderly transaction between market participants to sell an asset or transfer a liability at the measurement date. The fair value definition focuses on an exit price, which is the price that would be received to sell an asset or paid to transfer a liability versus an entry price, which would be the price paid to acquire an asset or received to assume a liability.

The Duke Energy Registrants classify recurring and non-recurring fair value measurements based on the following fair value hierarchy, as prescribed by the accounting guidance for fair value, which prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1—unadjusted quoted prices in active markets for identical assets or liabilities that Duke Energy has the ability to access. An active market for the asset or liability is one in which transactions for the asset or liability occur with sufficient frequency and volume to provide ongoing pricing information. Duke Energy does not adjust quoted market prices on Level 1 for any blockage factor.

Level 2—a fair value measurement utilizing inputs other than a quoted market price that are observable, either directly or indirectly, for the asset or liability. Level 2 inputs include, but are not limited to, quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs other than quoted market prices that are observable for the asset or liability, such as interest rate curves and yield curves observable at commonly quoted intervals, volatilities, credit risk and default rates. A level 2 measurement cannot have more than an insignificant portion of the valuation based on unobservable inputs.

Level 3 — any fair value measurements which include unobservable inputs for the asset or liability for more than an insignificant portion of the valuation. A level 3 measurement may be based primarily on level 2 inputs.

The fair value accounting guidance for financial instruments permits entities to elect to measure many financial instruments and

Combined Notes to Consolidated Financial Statements – (Continued)

certain other items at fair value that are not required to be accounted for at fair value under other GAAP. There are no financial assets or financial liabilities that are not required to be accounted for at fair value under GAAP for which the option to record at fair value has been elected. However, in the future, the Duke Energy Registrants may elect to measure certain financial instruments at fair value in accordance with this accounting guidance.

Valuation methods of the primary fair value measurements disclosed below are as follows:

Investments in equity securities.

Investments in equity securities are typically valued at the closing price in the principal active market as of the last business day of the quarter. Principal active markets for equity prices include published exchanges such as NASDAQ and NYSE. Foreign equity prices are translated from their trading currency using the currency exchange rate in effect at the close of the principal active market. Prices are not adjusted to reflect for after-hours market activity. The majority of investments in equity securities are valued using Level 1 measurements.

Investments in available-for-sale auction rate securities.

Duke Energy has $149 million par value ($118 million carrying value) and $251 million par value ($198 million carrying value) as of December 31, 2010, and December 31, 2009, respectively of auction rate securities for which an active market does not currently exist. During the year ended December 31, 2010, $102 million of these investments in auction rate securities were sold at full par value plus accrued interest. Duke Energy Carolinas holds $16 million par value ($12 million carrying value) and $82 million par value ($66 million carrying value) as of December 31, 2010, and December 31, 2009, respectively of auction rate securities. During the year ended December 31, 2010, $66 million of these investments in auction rate securities were sold at full par value plus accrued interest. The vast majority of these auction rate securities are AAA rated student loan securities for which substantially all the values are ultimately backed by the U.S. government. All of these securities were valued as of December 31, 2010 using Level 3 measurements. The methods and significant assumptions used to determine the fair values of the investment in auction rate debt securities represented a combination of broker-provided quotations and estimations of fair value using internal discounted cash flow models which incorporated primarily management's own assumptions as to the term over which such investments will be recovered at par, the current level of interest rates, and the appropriate risk-adjusted (for liquidity and credit) discount rates when relevant observable inputs are not available to determine the present value of such cash flows. In preparing the valuations, all significant value drivers were considered, including the underlying collateral.

There were no other-than-temporary impairments associated with investments in auction rate debt securities during the year ended December 31, 2010 or 2009. See Note 16 for a discussion of other-than-temporary impairments associated with investments in auction rate debt securities during the year ended December 31, 2008.

Investments in debt securities.

Most debt investments (including those held in the (NDTF) are valued based on a calculation using interest rate curves and credit spreads applied to the terms of the debt instrument (maturity and coupon interest rate) and consider the counterparty credit rating. Most debt valuations are Level 2 measures. If the market for a particular fixed income security is relatively inactive or illiquid, the measurement is a Level 3 measurement. U.S. Treasury debt is typically a Level 1 measurement.

Commodity derivatives.

The pricing for commodity derivatives is primarily a calculated value which incorporates the forward price and is adjusted for liquidity (bid-ask spread), credit or non-performance risk (after reflecting credit enhancements such as collateral) and discounted to present value. The primary difference between a Level 2 and a Level 3 measurement has to do with the level of activity in forward markets for the commodity. If the market is relatively inactive, the measurement is deemed to be a Level 3 measurement. Some commodity derivatives are NYMEX contracts, which are classified as Level 1 measurements.

Goodwill and Long-Lived Assets.

See Note 12 for a discussion of the valuation for goodwill and long-lived assets.

Combined Notes to Consolidated Financial Statements – (Continued)

Duke Energy

The following tables provide the fair value measurement amounts for assets and liabilities recorded on Duke Energy's Consolidated Balance Sheets at fair value at December 31, 2010 and 2009. Derivative amounts in the table below exclude cash collateral amounts which are disclosed in Note 14.

(in millions)	Total Fair Value Amounts at December 31, 2010	Level 1	Level 2	Level 3
Description				
Investments in available-for-sale auction rate securities[(a)(b)]	**$ 118**	$ —	$ —	$ 118
Nuclear decommissioning trust fund equity securities[(b)]	**1,365**	1,313	46	6
Nuclear decommissioning trust fund debt securities[(b)]	**649**	35	573	41
Other long-term trading and available-for-sale equity securities[(a)(b)]	**164**	157	7	—
Other long-term trading and available-for-sale debt securities[(a)(b)]	**221**	10	211	—
Derivative assets[(c)]	**186**	21	81	84
Total Assets	**$2,703**	$1,536	$918	$ 249
Derivative liabilities[(d)]	**(132)**	(8)	(21)	(103)
Net Assets	**$2,571**	$1,528	$897	$ 146

(a) Included in Other within Investments and Other Assets on the Consolidated Balance Sheets.
(b) See Note 16 for additional information related to investments by major security type.
(c) Included in Other within Current Assets and Other within Investments and Other Assets on the Consolidated Balance Sheets.
(d) Included in Other within Current Liabilities and Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.

(in millions)	Total Fair Value Amounts at December 31, 2009	Level 1	Level 2	Level 3
Description				
Investments in available-for-sale auction rate securities[(a)(b)]	**$ 198**	$ —	$ —	$198
Nuclear decommissioning trust fund equity securities[(b)]	**1,156**	1,156	—	—
Nuclear decommissioning trust fund debt securities[(b)]	**609**	36	573	—
Other long-term trading and available-for-sale equity securities[(a)(b)]	**66**	60	6	—
Other long-term trading and available-for-sale debt securities[(a)(b)]	**258**	32	226	—
Derivative assets[(c)]	**120**	1	24	95
Total Assets	**$2,407**	$1,285	$829	$293
Derivative liabilities[(d)]	**(217)**	(112)	(35)	(70)
Net Assets	**$2,190**	$1,173	$794	$223

(a) Included in Other within Investments and Other Assets on the Consolidated Balance Sheets.
(b) See Note 16 for additional information related to investments by major security type.
(c) Included in Other within Current Assets and Other within Investments and Other Assets on the Consolidated Balance Sheets
(d) Included in Other within Current Liabilities and Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.

Combined Notes to Consolidated Financial Statements – (Continued)

The following table provides a reconciliation of beginning and ending balances of assets and liabilities measured at fair value on a recurring basis where the determination of fair value includes significant unobservable inputs (Level 3):

Rollforward of Level 3 Measurements

	Available-for-Sale Auction Rate Securities	Available-for-Sale NDTF Investments	Derivatives (net)	Total
Year Ended December 31, 2010				
Balance at January 1, 2010	**$ 198**	**$—**	**$ 25**	**$ 223**
Total pre-tax realized or unrealized losses included in earnings:				
Revenue, non-regulated electric, natural gas, and other	—	—	**(45)**	**(45)**
Fuel used in electric generation and purchased power-non-regulated	—	—	**(13)**	**(13)**
Total pre-tax gains (losses) included in other comprehensive income	**22**	—	**(1)**	**21**
Net purchases, sales, issuances and settlements	**(102)**	**45**	**(3)**	**(60)**
Total gains included on the Consolidated Balance Sheet as regulatory asset or liability or as non-current liability	—	**2**	**18**	**20**
Balance at December 31, 2010	**$ 118**	**$ 47**	**$(19)**	**$ 146**
Pre-tax amounts included in the Consolidated Statements of Operations related to Level 3 measurements outstanding at December 31, 2010:				
Revenue, non-regulated electric, natural gas, and other	**$ —**	**$—**	**$ 1**	**$ 1**
Fuel used in electric generation and purchased power-non-regulated	—	—	—	—
Total	**$ —**	**$—**	**$ 1**	**$ 1**
Year Ended December 31, 2009				
Balance at January 1, 2009	$ 224	$—	$ 34	$ 258
Total pre-tax realized or unrealized gains (losses) included in earnings:				
Revenue, non-regulated electric, natural gas, and other	—	—	(5)	(5)
Fuel used in electric generation and purchased power-non-regulated	—	—	16	16
Total pre-tax (losses) gains included in other comprehensive income	(10)	—	1	(9)
Net purchases, sales, issuances and settlement	(16)	—	(7)	(23)
Total losses included on the Consolidated Balance Sheet as regulatory asset or liability or as non-current liability	—	—	(14)	(14)
Balance at December 31, 2009	$ 198	$—	$ 25	$ 223
Pre-tax amounts included in the Consolidated Statements of Operations related to Level 3 measurements outstanding at December 31, 2010:				
Revenue, non-regulated electric, natural gas, and other	$ —	$—	$(14)	$ (14)
Fuel used in electric generation and purchased power-non-regulated	—	—	(12)	(12)
Total	$ —	$—	$(26)	$ (26)
Year Ended December 31, 2008				
Balance at January 1, 2008	$ 15	$—	$ 8	$ 23
Transfers in to Level 3				
Total pre-tax realized or unrealized losses included in earnings:	285	—	—	285
Revenue, non-regulated electric, natural gas, and other	—	—	(11)	(11)
Fuel used in electric generation and purchased power-non-regulated	—	—	96	96
Other income and expense, net	(3)	—	—	(3)
Total pre-tax losses included in other comprehensive income	(43)	—	(1)	(44)
Net purchases, sales, issuances and settlements	(30)	—	(84)	(114)
Total gains included on the Consolidated Balance Sheet as regulatory asset or liability or as non-current liability	—	—	26	26
Balance at December 31, 2008	$ 224	$—	$ 34	$ 258
Pre-tax amounts included in the Consolidated Statements of Operations related to Level 3 measurements outstanding at December 31, 2008:				
Revenue, non-regulated electric, natural gas, and other	$ —	$—	$ (3)	$ (3)
Fuel used in electric generation and purchased power-non-regulated	—	—	30	30
Other income and expense, net	(3)	—	—	(3)
Total	$ (3)	$—	$ 27	$ 24

Combined Notes to Consolidated Financial Statements – (Continued)

Duke Energy Carolinas

The following tables provide the fair value measurement amounts for assets and liabilities recorded on Duke Energy Carolinas' Consolidated Balance Sheets at fair value at December 31, 2010 and December 31, 2009. Amounts presented in the tables below exclude cash collateral amounts

(in millions)	Total Fair Value Amounts at December 31, 2010	Level 1	Level 2	Level 3
Description				
Investments in available-for-sale auction rate securities[a][c]	**$ 12**	$ —	$ —	$12
Nuclear decommissioning trust fund equity securities[c]	**1,365**	1,313	46	6
Nuclear decommissioning trust fund debt securities[c]	**649**	35	573	41
Derivative assets[b]	**62**	1	61	—
Total assets	**2,088**	1,349	680	59
Derivative liabilities[d]	**(1)**	(1)	—	—
Net assets	**$2,087**	$1,348	$680	$59

(a) Included in Other within Investments and Other Assets on the Consolidated Balance Sheets.
(b) Included in Other within Current Assets and Other within Investments and Other Assets on the Consolidated Balance Sheets.
(c) See Note 16 for additional information related to investments by major security type.
(d) Included in Other within Current Liabilities and Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.

(in millions)	Total Fair Value Amounts at December 31, 2009	Level 1	Level 2	Level 3
Description				
Investments in available-for-sale auction rate securities[a][c]	**$ 66**	$ —	$ —	$66
Nuclear decommissioning trust fund equity securities[b]	**1,156**	1,156	—	—
Nuclear decommissioning trust fund debt securities[b]	**609**	36	573	—
Derivative assets[c]	**1**	—	1	—
Net Assets	**$1,832**	$1,192	$574	$66

(a) Included in Other within Investments and Other Assets on the Consolidated Balance Sheets.
(b) See Note 16 for additional information related to investments by major security type.
(c) Included in Other within Current Assets and Other within Investments and Other Assets on the Consolidated Balance Sheets.

The following table provides a reconciliation of beginning and ending balances of assets measured at fair value on a recurring basis where the determination of fair value includes significant unobservable inputs (Level 3):

Rollforward of Level 3 Measurements

(in millions)	Available-for-Sale Auction Rate Securities	Available-for-Sale NDTF Investments	Total
Year Ended December 31, 2010			
Balance at January 1, 2010	**$ 66**	**$—**	**$ 66**
Total pre-tax gains included in other comprehensive income	**12**	**—**	**12**
Net purchases, sales, issuances and settlements	**(66)**	**45**	**(21)**
Total gains included on the Consolidated Balance Sheet as regulatory asset or liability or as non-current liability	**—**	**2**	**2**
Balance at December 31, 2010	**$ 12**	**$47**	**$ 59**

Combined Notes to Consolidated Financial Statements – (Continued)

(in millions)	Available-for-Sale Auction Rate Securities
Year Ended December 31, 2009	
Balance at January 1, 2009	$ 72
Total pre-tax unrealized losses included in Other Comprehensive income	(6)
Balance at December 31, 2009	$ 66
Year Ended December 31, 2008	
Balance at January 1, 2008	$ —
Total transfers in to Level 3	82
Total pre-tax unrealized losses included in Other Comprehensive income	(10)
Balance at December 31, 2008	$(72)

Duke Energy Ohio

The following tables provide the fair value measurement amounts for assets and liabilities recorded on Duke Energy Ohio's Consolidated Balance Sheets at fair value at December 31, 2010 and December 31, 2009. Amounts presented in the tables below exclude cash collateral amounts which are disclosed separately in Note 14.

(in millions)	**Total Fair Value Amounts at December 31, 2010**	Level 1	Level 2	Level 3
Description				
Derivative assets[(a)]	**$ 59**	$20	$ 6	$ 33
Derivative liabilities[(b)]	**(32)**	(7)	(5)	(20)
Net Assets	**$ 27**	$13	$ 1	$ 13

(a) Included in Other within Current Assets and Other within Investments and Other Assets on the Consolidated Balance Sheets.
(b) Included in Other within Current Liabilities and Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.

(in millions)	Total Fair Value Amounts at December 31, 2009	Level 1	Level 2	Level 3
Description				
Derivative assets[(a)]	$ 36	$ 1	$ 3	$ 32
Derivative liabilities[(b)]	(146)	(112)	(9)	(25)
Net (Liabilities) Assets	$(110)	$(111)	$(6)	$ 7

(a) Included in Other within Current Assets and Other within Investments and Other Assets on the Consolidated Balance Sheets.
(b) Included in Other within Current Liabilities and Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.

Combined Notes to Consolidated Financial Statements – (Continued)

The following table provides a reconciliation of beginning and ending balances of assets measured at fair value on a recurring basis where the determination of fair value includes significant unobservable inputs (Level 3):

Rollforward of Level 3 Measurements

	Derivatives (net)
Year Ended December 31, 2010	
Balance at January 1, 2010	**$ 7**
Total pre-tax realized or unrealized gains (losses) included in earnings:	
Revenue, non-regulated electric and other	**8**
Fuel used in electric generation and purchased power-non-regulated	**(12)**
Net purchases, sales, issuances and settlements	**8**
Total pre-tax losses included in other comprehensive income	**(1)**
Total gains included on the Consolidated Balance Sheet as regulatory asset or liability or as non-current liability	**3**
Balance at December 31, 2010	**$ 13**
Pre-tax amounts included in the Consolidated Statements of Operations related to Level 3 measurements outstanding at December 31, 2010:	
Revenue, non-regulated electric and other	**$ 17**
Fuel used in electric generation and purchased power-non-regulated	**—**
Total	**$ 17**
Year Ended December 31, 2009	
Balance at January 1, 2009	$ 8
Total pre-tax realized or unrealized (losses) gains included in earnings:	
Revenue, non-regulated electric and other	(6)
Fuel used in electric generation and purchased power-non-regulated	16
Total pre-tax gains included in other comprehensive income	1
Net purchases, sales, issuances and settlements	6
Total losses included on the Consolidated Balance Sheet as regulatory asset or liability or as non-current liability	(18)
Balance at December 31, 2009	$ 7
Pre-tax amounts included in the Consolidated Statements of Operations related to Level 3 measurements outstanding at December 31, 2009:	
Fuel used in electric generation and purchased power-non-regulated	(12)
Total	$(12)
Year Ended December 31, 2008	
Balance at January 1, 2008	$(22)
Total pre-tax realized or unrealized gains (losses) included in earnings:	
Revenue, non-regulated electric and other	(1)
Fuel used in electric generation and purchased power-non-regulated	96
Net purchases, sales, issuances and settlements	(63)
Total losses included on the Consolidated Balance Sheet as regulatory asset or liability or as non-current liability	(2)
Balance at December 31, 2008	$ 8
Pre-tax amounts included in the Consolidated Statements of Operations related to Level 3 measurements outstanding at December 31, 2008:	
Revenue, non-regulated electric and other	$ 7
Fuel used in electric generation and purchased power-non-regulated	30
Total	$ 37

Combined Notes to Consolidated Financial Statements – (Continued)

Duke Energy Indiana

The following tables provide the fair value measurement amounts for assets and liabilities recorded on Duke Energy Indiana's Consolidated Balance Sheets at fair value at December 31, 2010 and December 31, 2009. Amounts presented in the tables below exclude cash collateral amounts.

(in millions)	**Total Fair Value Amounts at December 31, 2010**	Level 1	Level 2	Level 3
Description				
Available-for-sale equity securities[a][d]	**$47**	$47	$—	$—
Available-for-sale debt securities[a][d]	**26**	—	26	—
Derivative assets[b]	**4**	—	—	4
Total Assets	**77**	47	26	4
Derivative liabilities[c]	**(2)**	—	(2)	—
Net Assets	**$75**	$47	$24	$ 4

(a) Included in Other within Investments and Other Assets on the Consolidated Balance Sheets.
(b) Included in Other within Current Assets on the Consolidated Balance Sheets.
(c) Included in Other within Current Liabilities and Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.
(d) See Note 16 for additional information related to investments by major security type

(in millions)	Total Fair Value Amounts at December 31, 2009	Level 1	Level 2	Level 3
Description				
Available-for-sale equity securities[a][d]	$42	$42	$—	$—
Available-for-sale debt securities[a][d]	28	—	28	—
Derivative assets[b]	4	—	—	4
Total Assets	74	42	28	4
Derivative liabilities[c]	(2)	—	(2)	—
Net Assets	$72	$42	$26	$ 4

(a) Included in Other within Investments and Other Assets on the Consolidated Balance Sheets.
(b) Included in Other within Current Assets on the Consolidated Balance Sheets.
(c) Included in Other within Current Liabilities and Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.
(d) See Note 16 for additional information related to investments by major security type.

Combined Notes to Consolidated Financial Statements – (Continued)

The following table provides a reconciliation of beginning and ending balances of assets measured at fair value on a recurring basis where the determination of fair value includes significant unobservable inputs (Level 3):

Rollforward of Level 3 measurements

(in millions)	Derivatives (net)
Year Ended December 31, 2010	
Balance at January 1, 2010	$ 4
Net purchases, sales, issuances and settlements	(15)
Total gains included on the Consolidated Balance Sheet as regulatory asset or liability or as current or non-current liability	15
Balance at December 31, 2010	$ 4
Year Ended December 31, 2009	
Balance at January 1, 2009	$ 10
Net purchases, sales, issuances and settlements	(9)
Total gains included on the Consolidated Balance Sheet as regulatory asset or liability or as current or non-current liability	3
Balance at December 31, 2009	$ 4
Year Ended December 31, 2008	
Balance at January 1, 2008	$ —
Net purchases, sales, issuances and settlements	(17)
Total gains included on the Consolidated Balance Sheet as regulatory asset or liability or as current or non-current liability	27
Balance at December 31, 2008	$ 10

Additional Fair Value Disclosures - Long-term debt:

The fair value of financial instruments, excluding financial assets and certain financial liabilities included in the scope of the accounting guidance for fair value measurements disclosed in the tables above, is summarized in the following table. Judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates determined as of December 31, 2010 and 2009 are not necessarily indicative of the amounts the Duke Energy Registrants could have settled in current markets.

	As of December 31, 2010							
	Duke Energy		**Duke Energy Carolinas**		**Duke Energy Ohio**		**Duke Energy Indiana**	
(in millions)	**Book Value**	**Approximate Fair Value**	**Book Value**	**Approximate Fair Value**	**Book Value**	**Approximate Fair Value**	**Book Value**	**Approximate Fair Value**
Long-term debt, including current maturities[(a)]	**$18,210**	**$19,484**	**$7,770**	**$8,376**	**$2,564**	**$2,614**	**$3,472**	**$3,746**

(a) Includes Non-recourse long-term debt of variable interest entities of $976 million for Duke Energy and $300 million for Duke Energy Carolinas.

	As of December 31, 2009							
	Duke Energy		Duke Energy Carolinas		Duke Energy Ohio		Duke Energy Indiana	
(in millions)	**Book Value**	**Approximate Fair Value**	Book Value	Approximate Fair Value	Book Value	Approximate Fair Value	Book Value	Approximate Fair Value
Long-term debt, including current maturities[(a)]	**$17,015**	**$16,899**	$7,666	$7,312	$2,592	$2,529	$3,090	$3,239

a) Includes Non-recourse long-term debt of variable interest entities of $381 million for Duke Energy and $300 million for Duke Energy Carolinas.

At both December 31, 2010 and December 31, 2009, the fair value of cash and cash equivalents, accounts and notes receivable, accounts payable and commercial paper, as well as restricted funds held in trust at Duke Energy Ohio, are not materially different from their carrying amounts because of the short-term nature of these instruments and/or because the stated rates approximate market rates.

See Note 21 for disclosure of fair value measurements for investments that support Duke Energy's qualified, non-qualified and other post-retirement benefit plans.

16. INVESTMENTS IN DEBT AND EQUITY SECURITIES

The Duke Energy Registrants classify their investments in debt and equity securities into two categories – trading and available-for-sale. Investments in debt and equity securities held in grantor trusts associated with certain deferred compensation plans and certain other investments are classified as trading securities and are reported at fair value in the Consolidated Balance Sheets with net realized and unrealized gains and losses included in earnings each period. All other investments in debt and equity securities are classified as available-for-sale securities, which are also reported at fair value on the Consolidated Balance Sheets with unrealized gains and losses excluded from earnings and reported either as a regulatory asset or liability, as discussed further below, or as a component of other comprehensive income until realized.

Trading Securities. Duke Energy holds investments in debt and equity securities in grantor trusts that are associated with certain deferred compensation plans. At December 31, 2010 and December 31, 2009, the fair value of these investments was $29 million and $33 million, respectively. Additionally, at December 31, 2010 Duke Energy held Windstream Corp. equity securities, which were received as proceeds from the sale of Duke Energy's equity investment in Q-Comm during the fourth quarter of 2010 (see note 3). The fair value of these securities at December 31, 2010 was $87 million. Duke Energy subsequently sold these securities in the first quarter of 2011. The sale did not result in a material gain or loss.

Available for Sale Securities. Duke Energy's available-for-sale securities are primarily comprised of investments held in the NDTF at Duke Energy Carolinas, investments in a grantor trust at Duke Energy Indiana related to other post-retirement benefit plans as required by the IURC, Duke Energy captive insurance investment portfolio and investments of Duke Energy and Duke Energy Carolinas in auction rate debt securities. The investments within the Duke Energy Carolinas NDTF and the Duke Energy Indiana grantor trust are managed by independent investment managers with discretion to buy, sell and invest pursuant to the objectives set forth by the trust agreements. Therefore, Duke Energy Carolinas and Duke Energy Indiana have limited oversight of the day-to-day management of these investments. Since day-to-day investment decisions, including buy and sell decisions, are made by the investment manager, the ability to hold investments in unrealized loss positions is outside the control of Duke Energy Carolinas and Duke Energy Indiana. Accordingly, all unrealized losses associated with equity securities within the Duke Energy Carolinas NDTF and the Duke Energy Indiana grantor trust are considered other-than-temporary and are recognized immediately when the fair value of individual investments is less than the cost basis of the investment. Pursuant to regulatory accounting, substantially all unrealized losses associated with investments in debt and equity securities within the Duke Energy Carolinas NDTF and the Duke Energy Indiana grantor trust are deferred as a regulatory asset, thus there is no immediate impact on the earnings of Duke Energy Carolinas and Duke Energy Indiana as a result of any other-than-temporary impairments that would otherwise be required to be recognized in earnings. For investments in debt and equity securities held in the captive insurance investment portfolio and investments in auction rate debt securities, unrealized gains and losses are included in other comprehensive income until realized, unless it is determined that the carrying value of an investment is other-than-temporarily impaired, at which time the write-down to fair value may be included in earnings based on the criteria discussed below.

For available-for-sale securities outside of the Duke Energy Carolinas NDTF and the Duke Energy Indiana grantor trust, which are discussed separately above, Duke Energy analyzes all investment holdings each reporting period to determine whether a decline in fair value should be considered other-than-temporary. Criteria used to evaluate whether an impairment associated with equity securities is other-than-temporary includes, but is not limited to, the length of time over which the market value has been lower than the cost basis of the investment, the percentage decline compared to the cost of the investment and management's intent and ability to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in market value. If a decline in fair value is determined to be other-than-temporary, the investment is written down to its fair value through a charge to earnings.

With respect to investments in debt securities, under the accounting guidance for other-than-temporary impairment, if the entity does not have an intent to sell the security and it is not more likely than not that management will be required to sell the debt security before the recovery of its cost basis, the impairment write-down to fair value would be recorded as a component of other comprehensive income, except for when it is determined that a credit loss exists. In determining whether a credit loss exists, management considers, among other things, the length of time and the extent to which the fair value has been less than the amortized cost basis, changes in the financial condition of the issuer of the security, or in the case of an asset backed security, the financial condition of the underlying loan obligors, consideration of underlying collateral and guarantees of amounts by government entities, ability of the issuer of the security to make scheduled interest or principal payments and any changes to the rating of the security by rating agencies. If it is determined that a credit loss exists, the amount of impairment write-down to fair value would be split between the credit loss, which would be recognized in earnings, and the amount attributable to all other factors, which would be recognized in other comprehensive income. Since management believes, based on consideration of the criteria above, that no credit loss exists as of December 31, 2010 and 2009, and management does not have the intent to sell such investments in auction rate debt securities and the investments in debt securities within its captive insurance investment portfolio, and it is not more likely than not that management will be required to sell

Combined Notes to Consolidated Financial Statements – (Continued)

these securities before the anticipated recovery of their cost basis, management concluded that there were no other-than-temporary impairments necessary as of December 31, 2010 and 2009. Accordingly, all changes in the market value of investments in auction rate debt securities and captive insurance investments were reflected as a component of other comprehensive income in 2010 and 2009. However, during the year ended December 31, 2008, Duke Energy recorded a pre-tax impairment charge to earnings of approximately $13 million related to the credit risk of certain investments including auction rate debt securities. The remaining changes in fair value of investments in auction rate debt securities and captive insurance investments in 2008 were considered temporary and were reflected as a component of other comprehensive income. See Note 15 for additional information related to fair value measurements for investments in auction rate debt securities that were not part of its NDTF or captive insurance investment portfolio.

Management will continue to monitor the carrying value of its entire portfolio of investments in the future to determine if any additional other-than-temporary impairment losses should be recorded.

Investments in debt and equity securities are classified as either short-term investments or long-term investments based on management's intent and ability to sell these securities, taking into consideration liquidity factors in the current markets with respect to certain short-term investments that have historically provided for a high degree of liquidity, such as investments in auction rate debt securities.

Short-term investments.

During the year ended December 31, 2010 and 2009, there were no purchases or sales of short-term investments.

Long-term investments.

Duke Energy classifies its investments in debt and equity securities held in the Duke Energy Carolinas NDTF (see Note 15 for further information), the Duke Energy Indiana grantor trust and the captive insurance investment portfolio as long-term. Additionally, Duke Energy has classified $118 million carrying value ($149 million par value) and $198 million carrying value ($251 million par value) of investments in auction rate debt securities as long-term at December 31, 2010 and 2009, respectively, due to market illiquidity factors as a result of continued failed auctions. All of these investments are classified as available-for-sale and, therefore, are reflected on the Consolidated Balance Sheets at estimated fair value based on either quoted market prices or management's best estimate of fair value based on expected future cash flow using appropriate risk-adjusted discount rates. Since management does not intend to use these investments in current operations, these investments are classified as long-term.

The cost of securities sold is determined using the specific identification method. During the years ended December 31, 2010, 2009 and 2008, Duke Energy purchased long-term investments of $2,166 million, $3,013 million and $3,076 million, respectively, and received proceeds on sales of $2,261 million $2,988 million and $3,030 million, respectively. The majority of these purchases and sales relate to activity within the Duke Energy Carolinas NDTF, including annual contributions to the NDTF of $48 million pursuant to an order by the NCUC (see Note 9).

The estimated fair values of investments classified as available-for-sale are as follows (in millions):

Duke Energy

	December 31, 2010			December 31, 2009		
	Gross Unrealized Holding Gains[(a)]	**Gross Unrealized Holding Losses[(a)]**	**Estimated Fair Value**	Gross Unrealized Holding Gains[(a)]	Gross Unrealized Holding Losses[(a)]	Estimated Fair Value
Equity Securities	**$481**	**$(16)**	**$1,435**	$337	$ (30)	$1,216
Corporate Debt Securities	**12**	**(3)**	**270**	14	(2)	256
Municipal Bonds	**1**	**(9)**	**69**	2	(8)	83
U.S. Government Bonds	**10**	**(1)**	**235**	11	(1)	290
Auction Rate Debt Securities	**—**	**(31)**	**118**	—	(53)	198
Other	**11**	**(5)**	**274**	18	(18)	211
Total long-term investments	**$515**	**$(65)**	**$2,401**	$382	$(112)	$2,254

(a) The table above includes unrealized gains and losses of $505 million and $32 million, respectively, at December 31, 2010 and unrealized gains and losses of $374 million and $56 million, respectively, at December 31, 2009 associated with investments held in the Duke Energy Carolinas NDTF. Additionally, the table above includes unrealized gains of $6 million and an insignificant amount of unrealized losses, respectively, at December 31, 2010 and unrealized gains of $1 million and an insignificant amount of unrealized losses, respectively, at December 31, 2009 associated with investments held in the Duke Energy Indiana grantor trust. As discussed above, unrealized losses on investments within the NDTF and Duke Energy Indiana grantor trust are deferred as a regulatory asset pursuant to regulatory accounting treatment.

Combined Notes to Consolidated Financial Statements – (Continued)

For the years ended December 31, 2009 and 2008, a pre-tax gain of $7 million and a pre-tax loss of $1 million, respectively, were reclassified out of AOCI into earnings.

Debt securities held at December 31, 2010, which excludes auction rate securities based on the stated maturity date, mature as follows: $34 million in less than one year, $171 million in one to five years, $186 million in six to 10 years and $456 million thereafter.

The fair values and gross unrealized losses of available-for-sale debt and equity securities which are in an unrealized loss position for which other-than-temporary impairment losses have not been recorded in the Consolidated Statement of Operations, summarized by investment type and length of time that the securities have been in a continuous loss position, are presented in the table below as of December 31, 2010 and 2009.

	As of December 31, 2010			As of December 31, 2009		
	Estimated Fair Value[a]	Unrealized Loss Position >12 months	Unrealized Loss Position <12 months	Estimated Fair Value[a]	Unrealized Loss Position >12 months	Unrealized Loss Position <12 months
Equity Securities	$ 85	(11)	$ (5)	$164	$ (7)	$(23)
Corporate Debt Securities	73	(2)	(2)	38	—	(2)
Municipal Bonds	42	(8)	(1)	59	—	(8)
U.S. Government Bonds	38	—	(1)	93	(1)	—
Auction Rate Debt Securities[b]	118	(31)	—	198	(53)	—
Other	84	(1)	(3)	51	(15)	(3)
Total long-term investments	$440	$(53)	$(12)	$603	$(76)	$(36)

(a) The table above includes fair values of $226 million and $298 million at December 31, 2010 and December 31, 2009, respectively, associated with investments held in the Duke Energy Carolinas NDTF. Additionally, the table above includes fair values of $5 million and $27 million at December 31, 2010 and December 31, 2009, respectively, associated with investments held in the Duke Energy Indiana grantor trust.

(b) See Note 15 for information about fair value measurements related to investments in auction rate debt securities.

Duke Energy Carolinas

	December 31, 2010			December 31, 2009		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
Equity Securities	$475	$(16)	$1,365	$336	$(27)	$1,156
Corporate Debt Securities	10	(3)	227	10	(2)	195
Municipal Bonds	1	(9)	43	1	(8)	56
U.S. Government Bonds	10	—	224	11	(1)	258
Auction Rate Debt Securities	—	(3)	12	—	(16)	66
Other	9	(4)	155	16	(18)	100
Total long-term investments	$505	$(35)	$2,026	$374	$(72)	$1,831

For the years ended December 31, 2010, 2009, and 2008, there were no gains reclassified out of AOCI into earnings.

Debt securities held at December 31, 2010, which excludes auction rate securities based on the stated maturity date, mature as follows: $29 million in less than one year, $126 million in one to five years, $145 million in six to 10 years and $349 million thereafter.

Combined Notes to Consolidated Financial Statements – (Continued)

The fair values and gross unrealized losses of available-for-sale debt and equity securities which are in an unrealized loss position for which other-than-temporary impairment losses have not been recorded, summarized by investment type and length of time that the securities have been in a continuous loss position, are presented in the table below as of December 31, 2010 and December 31, 2009.

	As of December 31, 2010			As of December 31, 2009		
	Estimated Fair Value	Unrealized Loss Position >12 months	Unrealized Loss Position <12 months	Estimated Fair Value	Unrealized Loss Position >12 months	Unrealized Loss Position <12 months
Equity Securities	$ 79	(11)	$ (5)	$145	$ (4)	$(23)
Corporate Debt Securities	59	(2)	(1)	27	—	(2)
Municipal Bonds	28	(8)	(1)	32	—	(8)
U.S. Government Bonds	33	—	—	64	(1)	—
Auction Rate Debt Securities[a]	12	(3)	—	66	(16)	—
Other	27	(1)	(3)	30	(16)	(2)
Total long-term investments	$238	$(25)	$(10)	$364	$(37)	$(35)

(a) See Note 15 for information about fair value measurements related to investments in auction rate debt securities.

Duke Energy Indiana

	December 31, 2010			December 31, 2009		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
Equity Securities	$ 6	$—	$47	$—	$—	$42
Municipal Bonds	—	—	26	1	—	27
Other	—	—	—	—	—	1
Total long-term investments	$ 6	$—	$73	$ 1	$—	$70

Debt securities held at December 31, 2010 mature as follows: $1 million in less than one year, $15 million in one to five years, $8 million in six to 10 years and $2 million thereafter.

At Duke Energy Indiana, as of December 31, 2010 and December 31, 2009, $14 million and $27 million, respectively, carrying value of available-for-sale equity and debt securities were in an insignificant unrealized loss position for which other-than-temporary impairment losses have not been recorded.

17. VARIABLE INTEREST ENTITIES

A VIE is an entity that is evaluated for consolidation using more than a simple analysis of voting control. The analysis to determine whether an entity is a VIE considers contracts with an entity, credit support for an entity, the adequacy of the equity investment of an entity and the relationship of voting power to the amount of equity invested in an entity. This analysis is performed either upon the creation of a legal entity or upon the occurrence of an event requiring reevaluation, such as a significant change in an entity's assets or activities. If an entity is determined to be a VIE, a qualitative analysis of control determines the party that consolidates a VIE based on what party has the power to direct the most significant activities of a legal entity that impact its economic performance as well as what party has rights to receive benefits or is obligated to absorb losses that are significant to the VIE. The analysis of the party that consolidates a VIE is a continual reassessment.

As discussed in Note 1, the Duke Energy Registrants adopted new accounting rules associated with VIEs effective January 1, 2010. There were no material changes in decisions on consolidation of VIEs except for the adoption of new accounting rules that required Duke Energy to consolidate Cinergy Receivables, as discussed in Note 1.

Combined Notes to Consolidated Financial Statements – (Continued)

CONSOLIDATED VIEs

The table below shows the VIEs that Duke Energy and Duke Energy Carolinas consolidate and how these entities impact Duke Energy's and Duke Energy Carolinas' respective Consolidated Balance Sheets. All entities listed in the table below are consolidated by Duke Energy, while only DERF is consolidated by Duke Energy Carolinas. None of these entities is consolidated by Duke Energy Ohio or Duke Energy Indiana.

No financial support was provided to any of the consolidated VIEs during the years ended December 31, 2010 and 2009, respectively, or is expected to be provided in the future, that was not previously contractually required.

(in millions)	Cinergy Receivables	DERF	CinCap V	Renewables	Other	Total Duke Energy
At December 31, 2010						
VIE Balance Sheets						
Restricted Receivables of VIEs	$629	$637	$ 12	$ 20	$ 4	$1,302
Other Current Assets	—	—	4	282	8	294
Intangibles, net	—	—	—	13	—	13
Restricted Other Assets of VIEs	—	—	76	(2)	65	139
Other Assets	—	—	23	—	—	23
Property, Plant and Equipment Cost, VIES	—	—	—	892	50	942
Less Accumulated Depreciation and Amortization	—	—	—	(26)	(29)	(55)
Other Assets	—	—	—	24	(3)	21
Total Assets	629	637	115	1,203	95	2,679
Accounts Payable	—	—	—	2	2	4
Non-Recourse Notes Payable	216	—	—	—	—	216
Taxes Accrued	—	—	—	1	—	1
Current Maturities of Long-Term Debt	—	—	9	45	7	61
Other Current Liabilities	—	—	5	16	—	21
Non-Recourse Long-Term Debt	—	300	71	518	87	976
Deferred Income Taxes	—	—	—	191	—	191
Asset Retirement Obligation	—	—	—	12	—	12
Other Liabilities	—	—	22	4	—	26
Total Liabilities	216	300	107	789	96	1,508
Noncontrolling interests	—	—	—	—	1	1
Net Duke Energy Corporation Shareholder's Equity	$413	$337	$ 8	$ 414	$ (2)	$1,170

Cinergy Receivables.

Cinergy Receivables was formed in order to secure low cost financing for Duke Energy Ohio, including Duke Energy Kentucky, and Duke Energy Indiana. Duke Energy Ohio, Duke Energy Kentucky and Duke Energy Indiana sell on a revolving basis at a discount, nearly all of their customer accounts receivable and related collections to Cinergy Receivables. The receivables which are sold are selected in order to avoid any significant concentration of credit risk and exclude delinquent receivables. The receivables sold are securitized by Cinergy Receivables through a facility managed by two unrelated third parties and the receivables are used as collateral for commercial paper issued by the unrelated third parties. These loans provide the cash portion of the proceeds paid by Cinergy Receivables to Duke Energy Ohio, Duke Energy Kentucky and Duke Energy Indiana. The proceeds obtained by Duke Energy Ohio, Duke Energy Kentucky and Duke Energy Indiana from the sales of receivables are cash and a subordinated note from Cinergy Receivables (subordinated retained interest in the sold receivables) for a portion of the purchase price (typically approximates 25% of the total proceeds). The amount borrowed by Cinergy Receivables against these receivables is non-recourse to the general credit of Duke Energy, and the associated cash collections from the accounts receivable sold is the sole source of funds to satisfy the related debt obligation. Borrowing is limited to approximately 75% of the transferred receivables. Losses on collection in excess of the discount are first absorbed by the equity of Cinergy Receivables and next by the subordinated retained interests held by Duke Energy Ohio, Duke Energy Kentucky and Duke Energy Indiana. The discount on the receivables reflects interest expense plus an allowance for bad debts net of a servicing fee charged by Duke Energy Ohio, Duke Energy Kentucky and Duke Energy Indiana. Duke Energy Ohio, Duke Energy Kentucky and Duke Energy Indiana are responsible for the servicing of the receivables (collecting and applying the cash to the appropriate receivables). Depending on the experience with collections, additional equity infusions to Cinergy Receivables may be required to be made by Duke Energy in order to maintain a minimum equity balance of $3 million. The amount borrowed fluctuates based on the amount of receivables sold. The debt is short-term because the facility has an expiration date of less than one year from the balance sheet date. The current expiration date is October 2011.

As noted above, Cinergy Receivables is required to maintain a minimum net worth of $3 million. For the years ending December 31, 2010 and 2009, Duke Energy infused $10 million and $11 million, respectively, of equity to Cinergy Receivables to remedy net worth deficiencies. There were no equity infusions by Duke Energy in 2008. The net worth deficiencies were partially attributable to the economic downturn starting in 2008 having a negative impact on customers' ability to pay their utility bills. Cinergy Receivables, Duke Energy Ohio, Duke Energy Kentucky and Duke Energy Indiana continue to monitor arrearages to determine whether an other-than-temporary impairment of receivables has occurred.

Cinergy Receivables is considered a VIE because the equity capitalization is insufficient to support its operations, the power to direct the most significant activities of the entity are not performed by the equity holder, Cinergy, and deficiencies in the net worth of Cinergy Receivables are not funded by Cinergy, but by Duke Energy. The most significant activity of Cinergy Receivables relates to the decisions made with respect to the management of delinquent receivables. These decisions, as well as the requirement to make up deficiencies in net worth, are made by Duke Energy and not by Duke Energy Ohio, Duke Energy Kentucky or Duke Energy Indiana. Thus, as discussed in Note 1, effective January 1, 2010, Duke Energy began consolidating Cinergy Receivables. Neither Duke Energy Ohio or Duke Energy Indiana consolidate Cinergy Receivables.

Prior to the consolidation of Cinergy Receivables by Duke Energy, Duke Energy's Consolidated Balance Sheets reflected the retained interest in the accounts receivable transferred to Cinergy Receivables as Receivables and its equity in Cinergy Receivables within Investments in Equity Method Unconsolidated Affiliates. The retained interest balance of $340 million at December 31, 2009 has been reclassified to Restricted Receivables of Variable Interest Entities on Duke Energy's Consolidated Balance Sheets to conform to current year presentation.

DERF.

Duke Energy Carolinas securitizes certain accounts receivable through DERF, a bankruptcy remote, special purpose subsidiary. DERF is a wholly-owned limited liability company of Duke Energy Carolinas with a separate legal existence from its parent, and its assets are not intended to be generally available to creditors of Duke Energy Carolinas. As a result of the securitization, on a daily basis Duke Energy Carolinas sells certain accounts receivable, arising from the sale of electricity and/or related services as part of Duke Energy Carolinas' franchised electric business, to DERF. In order to fund its purchases of accounts receivable, DERF has a $300 million secured credit facility with a commercial paper conduit, which expires in August 2012. Duke Energy Carolinas provides the servicing for the receivables (collecting and applying the cash to the appropriate receivables). Duke Energy Carolinas' borrowing under the credit facility is limited to the amount of qualified receivables sold, which has been and is expected to be in excess of the amount borrowed, which is maintained at $300 million. The debt is classified as long-term since the facility has an expiration date of greater than one year from the balance sheet date.

The obligations of DERF under the facility are non-recourse to Duke Energy Carolinas. Duke Energy and its subsidiaries have no requirement to provide liquidity, purchase assets of DERF or guarantee performance. DERF is considered a VIE because the equity capitalization is insufficient to support its operations. If deficiencies in the net worth of DERF were to occur, those deficiencies would be cured through funding from Duke Energy Carolinas. In addition, the most significant activity of DERF relates to the decisions made with respect to the management of delinquent receivables. Since those decisions are made by Duke Energy Carolinas and any net worth deficiencies of DERF would be cured through funding from Duke Energy Carolinas, Duke Energy Carolinas met the accounting requirements to consolidate DERF effective January 1, 2010.

As DERF has historically been consolidated by Duke Energy Carolinas, the adoption of the new accounting rules related to VIEs effective January 1, 2010 had no significant impact on Duke Energy Carolinas' Consolidated Financial Statements.

See Note 6 for further information.

CinCap V.

CinCap V was created to finance and execute a power sale agreement with Central Maine Power Company for approximately 35 MW of capacity and energy. This agreement expires in 2016. CinCap V is considered a VIE because the equity capitalization is insufficient to support its operations. As Cinergy has the power to direct the most significant activities of the entity, which are the decisions to hedge and finance the power sales agreement, CinCap V is consolidated by Duke Energy. As CinCap V has historically been consolidated by Duke Energy, the adoption of the new accounting rules related to VIEs effective January 1, 2010 had no significant impact on Duke Energy's Consolidated Financial Statements.

In addition to the amounts included in the above table for the year ended December 31, 2010, CinCap V was also consolidated by Duke Energy for the year ended December 31, 2009 and included, $94 million of notes receivable which are included on the Consolidated Balance Sheets at December 31, 2009. Of this amount, $8 million is included in Receivables on the Consolidated Balance Sheets and $86 million is included in Restricted Assets of Variable Interest Entities on the Consolidated Balance Sheets at December 31, 2009. Also, $89 million of non-recourse debt was included on the Consolidated Balance Sheets, of which $8 million is included in Current Maturities of Long-Term Debt on the Consolidated Balance Sheets and $81 million is included in Non-Recourse Long-Term Debt of Variable Interest Entities on the Consolidated Balance

Combined Notes to Consolidated Financial Statements – (Continued)

Sheets at December 31, 2009. In addition, miscellaneous other assets and liabilities are included on Duke Energy's Consolidated Balance Sheets at December 31, 2009.

CinCap V has a note receivable with one counterparty whose credit rating is BBB+. The cash flows from the note receivable is designed to repay debt. The note receivable, with a balance of $85 million and $94 million at December 31, 2010 and 2009, respectively, bears an effective interest rate of 9.23% and matures in December 2016.

The maturity dates of the note receivable at CinCap V at December 31, 2010 are as follows: $10 million in 2011, $11 million in 2012, $13 million in 2013, $15 million in 2014, $17 million in 2015 and $19 million thereafter.

CinCap V's debt was obtained from a bank and is non-recourse to the general credit of Duke Energy. Duke Energy and its subsidiaries have no requirement to provide liquidity, purchase assets of Cincap V or guarantee performance.

Renewables.

As discussed in Note 6, during the second quarter of 2010, Green Frontier Windpower, LLC, a subsidiary of DEGS, an indirect wholly-owned subsidiary of Duke Energy, entered into a long-term loan agreement for $325 million. The collateral for this loan is a group of five renewable energy facilities located in Wyoming, Colorado and Pennsylvania. Also, as discussed in Note 6, in December 2010, Top of the World Wind Energy LLC, a subsidiary of DEGS and an indirect wholly-owned subsidiary of Duke Energy, entered into a long-term loan agreement for $193 million principal amount maturing in December 2028. The collateral for this loan is substantially all of the assets of the Top of the World wind energy facility.

In the second quarter of 2010, TX Solar I, LLC, a subsidiary of DEGS and an indirect wholly-owned subsidiary of Duke Energy, entered into a long-term note purchase agreement for $45 million. The collateral for this note purchase agreement is substantially all of the assets of the TX Solar photovoltaic energy facility.

These renewable energy facilities are VIEs due to power purchase agreements with terms that approximate the expected life of the projects. These fixed price agreements effectively transfer the commodity price risk to the buyer of the power. Duke Energy has consolidated these entities since inception because the most significant activities that impact the economic performance of these renewable energy facilities were the decisions associated with the siting, negotiation of the purchase power agreement, engineering, procurement and construction, all of which were made solely by Duke Energy.

The debt is non-recourse to the general credit of Duke Energy. Duke Energy and its subsidiaries have no requirement to provide liquidity, purchase the assets of these renewable energy facilities or guarantee performance except for a Green Frontier Windpower, LLC $37 million multi-purpose letter of credit, Top of the World Wind Energy, LLC's debt service reserve and operations and maintenance reserve guarantees with liability caps of $11 million and $10, million respectively and a TX Solar I, LLC $2 million debt service reserve guarantee. The assets are restricted and they cannot be pledged as collateral or sold to third parties without the prior approval of the debt holders.

Other.

Duke Energy has other VIEs with restricted assets and non-recourse debt. These VIEs include certain on-site power generation facilities. Duke Energy consolidates these particular on-site power generation entities because Duke Energy has the power to direct the majority of the most significant activities, which, most notably involve the oversight of operation and maintenance related activities that impact the economic performance of these entities.

Combined Notes to Consolidated Financial Statements – (Continued)

NON-CONSOLIDATED VIES

The table below shows the VIEs that the Duke Energy Registrants do not consolidate and how these entities impact Duke Energy's, Duke Energy Ohio's and Duke Energy Indiana's respective Consolidated Balance Sheets. As discussed above and in Note 1, while Duke Energy began consolidating Cinergy Receivables effective January 1, 2010, Duke Energy Ohio and Duke Energy Indiana do not consolidate Cinergy Receivables as they are not the primary beneficiary. The non-consolidated VIEs related to Commercial Power's renewables business and other DEGS' businesses are reflected only in Duke Energy's Consolidated Financial Statements. The adoption of new accounting rules related to VIEs effective January 1, 2010 did not have a significant impact on the presentation of these non-consolidated VIEs on any of the Duke Energy Registrants' Consolidated Financial Statements.

	Cinergy Receivables-Duke Energy Ohio	Cinergy Receivables-Duke Energy Indiana	DukeNet	Renewables	Other	Eliminations	Total Duke Energy
At December 31, 2010							
Consolidated Balance Sheets							
Receivables	**$216**	**$192**	**$ —**	**$—**	**$ —**	**$(408)**	**$ —**
Investments in equity method unconsolidated affiliates	**—**	**—**	**137**	**95**	**23**	**—**	**255**
Intangibles	**—**	**—**	**—**	**—**	**119**	**—**	**119**
Total Assets	**216**	**192**	**137**	**95**	**142**	**(408)**	**374**
Other Current Liabilities	**—**	**—**	**—**	**—**	**3**	**—**	**3**
Deferred Credits and Other Liabilities	**—**	**—**	**—**	**—**	**28**	**—**	**28**
Total Liabilities	**—**	**—**	**—**	**—**	**31**	**—**	**31**
Net Duke Energy Corporation Shareholder's Equity	**$216**	**$192**	**$137**	**$95**	**$111**	**$(408)**	**$343**

No financial support that was not previously contractually required was provided to any of the unconsolidated VIEs during the year ended December 31, 2010, or is expected to be provided in the future.

With the exception of the power purchase agreement with the Ohio Valley Electric Corporation (OVEC), which is discussed below, and various guarantees, reflected in the table above as "Deferred Credits and Other Liabilities", which are discussed further in Note 7, the Duke Energy Registrants are not aware of any situations where the maximum exposure to loss significantly exceeds the carrying values shown above.

Cinergy Receivables.

As discussed above and in Note 1, Cinergy Receivables is consolidated only by Duke Energy. Accordingly, the retained interest in the sold receivables recorded on the Consolidated Balance Sheets of Duke Energy Ohio and Duke Energy Indiana are eliminated in consolidation at Duke Energy.

The proceeds obtained from the sales of receivables are largely cash but do include a subordinated note from Cinergy Receivables for a portion of the purchase price (typically approximates 25% of the total proceeds). The note, which amounts to $216 million and $193 million at December 31, 2010 and December 31, 2009, respectively, for Duke Energy Ohio, and $192 million and $146 million at December 31, 2010 and December 31, 2009, respectively, for Duke Energy Indiana, is subordinate to senior loans that Cinergy Receivables obtains from commercial paper conduits controlled by unrelated financial institutions. The subordinated note is a retained interest (right to receive a specified portion of cash flows from the sold assets) and is classified within Receivables in Duke Energy Ohio's and Duke Energy Indiana's Consolidated Balance Sheets at December 31, 2010 and December 31, 2009. The retained interests reflected on the Consolidated Balance Sheets of Duke Energy Ohio and Duke Energy Indiana approximate fair value.

The carrying values of the retained interests are determined by allocating the carrying value of the receivables between the assets sold and the interests retained based on relative fair value. The key assumptions used in estimating the fair value for Duke Energy Ohio in 2010 were an anticipated credit loss ratio of 0.8%, a discount rate of 2.7% and a receivable turnover rate of 12.6%. The key assumptions used in estimating the fair value for Duke Energy Indiana in 2010 were an anticipated credit loss ratio of 0.5%, a discount rate of 2.7% and a receivable turnover rate of 10.2%. Because the receivables generally turnover in less than two months, credit losses are reasonably predictable due to the broad customer base and lack of significant concentration, and the purchased beneficial interest (equity in Cinergy Receivables) is subordinate to all retained interests and thus would absorb losses first, the allocated basis of the subordinated notes are not materially different than their face value. The hypothetical effect on the fair value of the retained interests assuming both a 10% and a 20% unfavorable variation in

Combined Notes to Consolidated Financial Statements – (Continued)

credit losses or discount rates is not material due to the short turnover of receivables and historically low credit loss history. Interest accrues to Duke Energy Ohio, Duke Energy Indiana and Duke Energy Kentucky on the retained interests using the accretable yield method, which generally approximates the stated rate on the notes since the allocated basis and the face value are nearly equivalent. An impairment charge is recorded against the carrying value of both the retained interests and purchased beneficial interest whenever it is determined that an other-than-temporary impairment has occurred.

The following table shows the gross and net receivables sold, retained interests, sales, and cash flows during the years ended December 31, 2010, 2009 and 2008, respectively:

	Duke Energy Ohio	Duke Energy Indiana
Receivables sold as of December 31, 2010	**$373**	**$284**
Less: Retained interests	**216**	**192**
Net receivables sold as of December 31, 2010	**$157**	**$ 92**

	Duke Energy Ohio	Duke Energy Indiana
Receivables sold as of December 31, 2009	$376	$243
Less: Retained interests	193	146
Net receivables sold as of December 31, 2009	$183	$ 97

	Duke Energy Ohio	Duke Energy Indiana
Receivables sold as of December 31, 2008	$473	$225
Less: Retained interests	174	117
Net receivables sold as of December 31, 2008	$299	$108

	Duke Energy Ohio	Duke Energy Indiana
Year Ended December 31, 2010		
Sales		
Receivables sold	**$2,858**	**$2,537**
Loss recognized on sale	**26**	**17**
Cash flows		
Cash proceeds from receivables sold	**$2,809**	**$2,474**
Collection fees received	**1**	**1**
Return received on retained interests	**15**	**13**

	Duke Energy Ohio	Duke Energy Indiana
Year Ended December 31, 2009		
Sales		
Receivables sold	$3,108	$2,398
Loss recognized on sale	26	16
Cash flows		
Cash proceeds from receivables sold	$3,063	$2,353
Collection fees received	2	1
Return received on retained interests	15	12

	Duke Energy Ohio	Duke Energy Indiana
Year Ended December 31, 2008		
Sales		
Receivables sold	$3,316	$2,401
Loss recognized on sale	38	22
Cash flows		
Cash proceeds from receivables sold	$3,276	$2,389
Collection fees received	3	—
Return received on retained interests	21	15

Cash flows from the sale of receivables are reflected within Operating Activities on Duke Energy Ohio's and Duke Energy Indiana's Consolidated Statements of Cash Flows.

Collection fees received in connection with the servicing of transferred accounts receivable are included in Operation, Maintenance and Other on Duke Energy Ohio's and Duke Energy Indiana's Consolidated Statements of Operations.

The loss recognized on the sale of receivables is calculated monthly by multiplying the receivables sold during the month by the required discount which is derived monthly utilizing a three year weighted average formula that considers charge-off history, late charge history, and turnover history on the sold receivables, as well as a component for the time value of money. The discount rate, or component for the time value of money, is calculated monthly by summing the prior month-end LIBOR plus a fixed rate of 2.39%.

DukeNet

As discussed in Note 3, on December 20, 2010, Duke Energy sold a 50% ownership interest in DukeNet to Alinda for a net gain of $139 million. The sale resulted in DukeNet becoming a joint venture with Duke Energy and Alinda each owning a 50% interest. In connection with the formation of the new DukeNet joint venture, a five-year, $150 million senior secured credit facility was executed with a syndicate of ten external financial institutions. DukeNet is considered a VIE because it has entered into certain contractual arrangements that provide DukeNet with additional forms of subordinated financial support. The most significant activities that impact DukeNet's economic performance relate to its business development and fiber optic capacity marketing and management activities. The power to direct these activities is jointly and equally shared by Duke Energy and Alinda. As a result, neither Duke Energy nor Alinda consolidate the DukeNet joint venture. Accordingly, DukeNet is now considered by Duke Energy as a non-consolidated VIE that is reported as an equity method investment.

Unless consent by Duke Energy is given otherwise, Duke Energy and its subsidiaries have no requirement to provide liquidity, purchase the assets of DukeNet, or guarantee performance.

Renewables.

Duke Energy's Commercial Power business segment has investments in various entities that generate electricity through the use of renewable energy technology. Some of these entities, which were part of the Catamount acquisition, are VIEs which are not consolidated due to the joint ownership of the entities when they were created. Instead, Duke Energy's investment is recorded under the equity method of accounting. These entities are VIEs due to power purchase agreements with terms that approximate the expected life of the project. These fixed price agreements effectively transfer the commodity price risk to the buyer of the power.

Other.

Duke Energy's Commercial Power business segment has investments in various other entities that are VIEs which are not consolidated. The most significant of these investments is a 9% ownership interest in OVEC. Through its ownership interest in OVEC, Duke Energy Ohio has a contractual arrangement through March 2026 to buy power from OVEC's power plants. The proceeds from the sale of power by OVEC to its power purchase agreement counterparties, including Duke Energy Ohio, are designed to be sufficient for OVEC to meet its operating expenses, fixed costs, debt amortization and interest expense, as well as earn a return on equity. Accordingly, the value of this contract is subject to variability due to fluctuations in power prices and changes in OVEC's costs of business, including costs associated with its 2,256 megawatts of coal-fired generation capacity. As discussed in Note 5, the proposed rulemaking on CCP's could increase the costs of OVEC which would be passed through to Duke Energy Ohio. The initial carrying value of this contract was recorded as an intangible asset when Duke Energy acquired Cinergy in April 2006.

In addition, the company has guaranteed the performance of certain entities in which the company no longer has an equity interest. As a result, the company has a variable interest in certain VIEs that are non-consolidated. For a further discussion refer to Note 7.

18. EARNINGS PER SHARE

Basic earnings per share (EPS) is computed by dividing net income attributable to Duke Energy common stockholders, adjusted for distributed and undistributed earnings allocated to participating securities, by the weighted-average number of common shares outstanding during the period. Diluted EPS is computed by dividing net income attributable to Duke Energy common stockholders, as adjusted, by the diluted weighted-average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution that could occur if securities or other agreements to issue common stock, such as stock options, phantom shares and stock-based performance unit awards were exercised or settled.

Effective January 1, 2009, Duke Energy began applying revised accounting guidance for EPS related to participating securities, whereby unvested share-based payment awards that have non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) when dividends are paid to common stockholders, irrespective of whether the award ultimately vests, constitute participation rights and should be included in the computation of basic EPS using the two-class method. All prior period EPS data was retrospectively adjusted to conform to these revised accounting provisions.

Combined Notes to Consolidated Financial Statements – (Continued)

The following table illustrates Duke Energy's basic and diluted EPS calculations and reconciles the weighted-average number of common shares outstanding to the diluted weighted-average number of common shares outstanding for the years ended December 31, 2010, 2009, and 2008.

(in millions, except per share amounts)	Income	Average Shares	EPS
2010			
Income from continuing operations attributable to Duke Energy common shareholders, as adjusted for participating securities — basic	**$1,315**	**1,318**	**$1.00**
Effect of dilutive securities:			
Stock options, performance and restricted stock		**1**	
Income from continuing operations attributable to Duke Energy common shareholders, as adjusted for participating securities — diluted	**$1,315**	**1,319**	**$1.00**
2009			
Income from continuing operations attributable to Duke Energy common shareholders, as adjusted for participating securities — basic	$1,061	1,293	$0.82
Effect of dilutive securities:			
Stock options, performance and restricted stock		1	
Income from continuing operations attributable to Duke Energy common shareholders, as adjusted for participating securities — diluted	$1,061	1,294	$0.82
2008			
Income from continuing operations attributable to Duke Energy common shareholders, as adjusted for participating securities — basic	$1,276	1,265	$1.01
Effect of dilutive securities:			
Stock options, performance and restricted stock		2	
Income from continuing operations attributable to Duke Energy common shareholders, as adjusted for participating securities — diluted	$1,276	1,267	$1.01

As of December 31, 2010, 2009 and 2008, 13 million, 20 million and 15 million, respectively, of stock options, unvested stock and performance awards were not included in the "effect of dilutive securities" in the above table because either the option exercise prices were greater than the average market price of the common shares during those periods, or performance measures related to the awards had not yet been met.

Beginning in the fourth quarter of 2008, Duke Energy began issuing authorized but previously unissued shares of common stock to fulfill obligations under its Dividend Reinvestment Plan (DRIP) and other internal plans, including 401(k) plans. During the years ended December 31, 2010, 2009 and 2008, Duke Energy received proceeds of $288 million, $494 million and $100 million, respectively, from the sale of common stock associated with these plans.

19. SEVERANCE

In January 2010, Duke Energy announced plans to offer a voluntary severance plan to approximately 8,750 eligible employees. As this is a voluntary plan, all severance benefits offered under this plan are considered special termination benefits under GAAP. Special termination benefits are measured upon employee acceptance and recorded immediately absent a significant retention period. If a significant retention period exists, the cost of the special termination benefits are recorded ratably over the remaining service periods of the affected employees. The window for employees to request to voluntarily end their employment under this plan opened on February 3, 2010 and closed on February 24, 2010 for approximately 8,400 eligible employees. Also in January 2010, Duke Energy announced that it will consolidate certain corporate office functions, resulting in transitioning over the next two years of approximately 350 positions from its offices in the Midwest to its corporate headquarters in Charlotte, North Carolina. Employees who do not relocate have the option to elect to participate in the voluntary plan discussed above, find a regional position within Duke Energy or remain with Duke Energy through a transition period, at which time a severance benefit would be paid under Duke Energy's ongoing severance plan. For employees affected by the consolidation of Duke Energy's corporate functions in Charlotte, North Carolina, the window closed March 31, 2010. Approximately 900 employees accepted the voluntary severance program.

Duke Energy recorded total expenses of $172 million for the year ended December 31, 2010, of which $99 million was recorded by Duke Energy Carolinas, $24 million was recorded by Duke Energy Ohio and $33 million was recorded by Duke Energy Indiana. The severance costs discussed above for Duke Energy Carolinas, Duke Energy Ohio and Duke Energy Indiana, include an allocation of their proportionate share of severance costs for employees of Duke Energy's shared services affiliate that provides support to Duke Energy Carolinas, Duke Energy Ohio and Duke Energy Indiana. Amounts included in the table below represent the severance liability recorded by Duke Energy Carolinas and Duke Energy Indiana for employees of those registrants, and excludes costs allocated from and paid by Duke Energy's shared services affiliate.

(in millions)	Balance at December 31, 2009	Provision/ Adjustments	Cash Reductions	**Balance at December 31, 2010**
Duke Energy	$ 7	$186	$(106)	**$87**
Duke Energy Carolinas	1	60	(40)	**21**
Duke Energy Indiana	—	4	(3)	**1**

20. STOCK-BASED COMPENSATION

For employee awards, equity classified stock-based compensation cost is measured at the service inception date or the grant date, based on the estimated achievement of certain performance metrics or the fair value of the award, and is recognized as expense or capitalized as a component of property, plant and equipment over the requisite service period.

Duke Energy's 2010 Long-Term Incentive Plan (the 2010 Plan) reserved 75 million shares of common stock for awards to employees and outside directors. The 2010 Plan superseded the 2006 Long-Term Incentive Plan, as amended (the 2006 Plan), and no additional grants will be made from the 2006 Plan. Under the 2010 Plan, the exercise price of each option granted cannot be less than the market price of Duke Energy's common stock on the date of grant and the maximum option term is 10 years. The vesting periods range from immediate to three years. Duke Energy has historically issued new shares upon exercising or vesting of share-based awards. In 2011, Duke Energy may use a combination of new share issuances and open market repurchases for share-based awards which are exercised or become vested; however Duke Energy has not determined with certainty the amount of such new share issuances or open market repurchases.

The 2010 Plan allows for a maximum of 18.75 million shares of common stock to be issued under various stock-based awards other than options and stock appreciation rights.

Stock-Based Compensation Expense

Pre-tax stock-based compensation expense recorded in the Consolidated Statements of Operations is as follows:

	For the Years Ended December 31,		
(in millions)	**2010[(a)]**	2009[(a)]	2008[(a)]
Stock Options	**$ 2**	$ 2	$ 2
Phantom Awards	**26**	17	17
Performance Awards	**39**	20	23
Other Stock Awards	**—**	1	1
Total	**$ 67**	$40	$43

(a) Excludes stock-based compensation cost capitalized as a component of property, plant and equipment of $4 million, $4 million and $3 million for the years ended December 31, 2010, 2009 and 2008, respectively.

The tax benefit associated with the stock-based compensation expense for the years ended December 31, 2010, 2009 and 2008 was $26 million, $16 million and $17 million, respectively.

Stock Option Activity

	Options (in thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Life (in years)	Aggregate Intrinsic Value (in millions)
Outstanding at December 31, 2009	17,306	$18		
Granted	1,103	16		
Exercised	(1,335)	11		
Forfeited or expired	(3,193)	24		
Outstanding at December 31, 2010	13,881	$17	3.2	$35
Exercisable at December 31, 2010	12,376	$17	2.3	$32
Options Expected to Vest	1,505	$16	8.8	$ 3

On December 31, 2009 and 2008, Duke Energy had 17 million and 19 million exercisable options, respectively, with a weighted-average exercise price of $18 and $17, respectively. The total intrinsic value of options exercised during the years ended December 31, 2010, 2009 and 2008 was $8 million, $6 million and $11 million, respectively, with a related tax benefit of $3 million, $2 million and $4 million, respectively. Cash received from options exercised during the years ended December 31, 2010, 2009 and 2008 was $14 million, $24 million and $30 million, respectively. There were 1,103,448 stock options granted during the year ended December 31, 2010, 603,015 stock options granted during the year ended December 31, 2009, and no stock options granted during the year ended December 31, 2008. The options granted in 2010 were expensed immediately, therefore, there is no future compensation cost associated with these options.

These assumptions were used to determine the grant date fair value of the stock options granted during 2010:

Weighted-Average Assumptions for Option Pricing	
Risk-free interest rate[a]	2.9%
Expected dividend yield[b]	6.3%
Expected life[c]	6.0 yrs.
Expected volatility[d]	20.4%

(a) The risk free rate is based upon the U.S. Treasury Constant Maturity rates as of the grant date.
(b) The expected dividend yield is based upon annualized dividends and the 1-year average closing stock price.
(c) The expected term of options is derived from historical data.
(d) Volatility is based upon 50% historical and 50% implied volatility. Historic volatility is based on Duke Energy's historical volatility over the expected life using daily stock prices. Implied volatility is the average for all option contracts with a term greater than six months using the strike price closest to the stock price on the valuation date.

Phantom Stock Awards

Phantom stock awards issued and outstanding under the 2006 and 2010 Plans generally vest over periods from immediate to three years. Phantom stock awards issued and outstanding under the 1998 Plan generally vest over periods from immediate to five years. Duke Energy awarded 1,046,902 shares (fair value of $17 million, based on the market price of Duke Energy's common stock at the grant date) during the year ended December 31, 2010, 1,095,935 shares (fair value of $16 million based on the market price of Duke Energy's common stock at the grant date) during the year ended December 31, 2009, and 973,515 shares (fair value of $17 million based on the market price of Duke Energy's common stock at the grant date) during the year ended December 31, 2008.

The following table summarizes information about phantom stock awards outstanding at December 31, 2010:

	Shares (in thousands)	Weighted Average Grant Date Fair Value
Number of Phantom Stock Awards:		
Outstanding at December 31, 2009	2,366	$19
Granted	1,047	16
Vested	(1,492)	20
Forfeited	(158)	17
Outstanding at December 31, 2010	**1,763**	**$17**
Phantom Stock Awards Expected to Vest	**1,639**	**$17**

The total grant date fair value of the shares vested during the years ended December 31, 2010, 2009 and 2008 was $29 million, $23 million and $20 million, respectively. At December 31, 2010, Duke Energy had $21 million of unrecognized compensation cost which is expected to be recognized over a weighted-average period of 2.8 years.

Employees who chose to leave Duke Energy under the voluntary severance plan were not eligible to receive any share-based awards during 2010 regardless of their release date. The annual share-based awards were granted on February 22, 2010 which was during the window of time for employees to request to voluntarily end their employment. Due to the timing of the grant, the awards related to those employees who accepted the voluntary severance program were considered granted and then subsequently forfeited for reporting purposes. Approximately 79,000 phantom award shares were granted and then subsequently forfeited as a result.

Performance Awards

Stock-based awards issued and outstanding under the 2010 Plan and the 1998 Plan generally vest over three years if performance targets are met. Vesting for certain stock-based performance awards can occur in three years, at the earliest, if performance is met. Certain performance awards granted in 2010, 2009 and 2008 contain market conditions based on the total shareholder return (TSR) of Duke Energy stock relative to a pre-defined peer group (relative TSR). These awards are valued using a path-dependent model that incorporates expected relative TSR into the fair value determination of Duke Energy's performance-based share awards. The model uses three year historical volatilities and correlations for all companies in the pre-defined peer group, including Duke Energy, to simulate Duke Energy's relative TSR as of the end of the performance period. For each simulation, Duke Energy's relative TSR associated with the simulated stock price at the end of the performance period plus expected dividends within the period results in a value per share for the award portfolio. The average of these simulations is the expected portfolio value per share. Actual life to date results of Duke Energy's relative TSR for each grant is incorporated within the model. Other performance awards not containing market conditions were awarded in 2010, 2009 and 2008. The performance goal for the 2010 award is Duke Energy's Return on Equity (ROE) over a three year period. The performance goal for the 2009 and 2008 is Duke Energy's compounded annual growth rate (CAGR) of annual diluted EPS, adjusted for certain items, over a three year period. All of these awards are measured at grant date price. Duke Energy awarded 2,733,950 shares (fair value of $38 million) during the year ended December 31, 2010, 3,426,244 shares (fair value of $44 million) during the year ended December 31, 2009, and 2,407,755 shares (fair value of $37 million) during the year ended December 31, 2008.

Combined Notes to Consolidated Financial Statements – (Continued)

The following table summarizes information about stock-based performance awards outstanding at the maximum level at December 31, 2010:

	Shares (in thousands)	Weighted Average Grant Date Fair Value
Number of Stock-based Performance Awards:		
Outstanding at December 31, 2009	6,869	$14
Granted	2,734	14
Vested	(981)	15
Forfeited	(1,072)	15
Outstanding at December 31, 2010	**7,550**	**$14**
Stock-based Performance Awards Expected to Vest	**7,252**	**$14**

The total grant date fair value of the shares vested during the years ended December 31, 2010, 2009 and 2008 was $15 million, $20 million and $20 million, respectively. At December 31, 2010, Duke Energy had $25 million of unrecognized compensation cost which is expected to be recognized over a weighted-average period of 1.4 years.

Employees who chose to leave Duke Energy under the voluntary severance plan were not eligible to receive any share-based awards during 2010 regardless of their release date. The annual share-based awards were granted on February 22, 2010 which was during the window of time for employees to request to voluntarily end their employment. Due to the timing of the grant, the awards related to those employees who accepted the voluntary severance program were considered granted and then subsequently forfeited for reporting purposes. Approximately 178,000 performance award shares were granted and then subsequently forfeited as a result.

Other Stock Awards

Other stock awards issued and outstanding under the 1998 Plan vest over periods from three to five years. There were no other stock awards issued during the years ended December 31, 2010, 2009 or 2008.

The following table summarizes information about other stock awards outstanding at December 31, 2010:

	Shares (in thousands)	Weighted Average Grant Date Fair Value
Number of Other Stock Awards:		
Outstanding at December 31, 2009	168	$28
Vested	(23)	28
Forfeited	(14)	28
Outstanding at December 31, 2010	**131**	**$28**
Other Stock Awards Expected to Vest	**131**	**$28**

The total fair value of the shares vested during the years ended December 31, 2010, 2009 and 2008 was $1 million, $1 million, and $2 million, respectively.

21. EMPLOYEE BENEFIT PLANS

Duke Energy Corporation

Defined Benefit Retirement Plans

Duke Energy and its subsidiaries (including legacy Cinergy businesses) maintain qualified, non-contributory defined benefit retirement plans. The plans cover most U.S. employees using a cash balance formula. Under a cash balance formula, a plan participant accumulates a retirement benefit consisting of pay credits that are based upon a percentage (which varies with age and years of service) of current eligible earnings and current interest credits. Certain legacy Cinergy U.S. employees are covered under plans that use a final average earnings formula. Under a final average earnings formula, a plan participant accumulates a retirement benefit equal to a percentage of their highest 3-year average earnings, plus a percentage of their highest 3-year average earnings in excess of covered compensation per year of participation (maximum of 35 years), plus a percentage of their highest 3-year average earnings times years of participation in excess of 35 years. Duke Energy also maintains non-qualified, non-contributory defined benefit retirement plans which cover certain executives.

Duke Energy's policy is to fund amounts on an actuarial basis to provide assets sufficient to meet benefit payments to be paid to plan participants. Duke Energy made contributions to its U.S. qualified defined benefit pension plans of $400 million and $800 million during the years ended December 31, 2010 and 2009, respectively. Duke Energy made no contributions to its U.S. qualified defined benefit pension plans during the year ended December 31, 2008. Duke Energy anticipates making $200 million in contributions to its

U.S. qualified defined benefit pension plans during the year ended December 31, 2011.

Actuarial gains and losses subject to amortization are amortized over the average remaining service period of the active employees. The average remaining service period of active employees covered by the qualified retirement plans is 10 years. The average remaining service period of active employees covered by the non-qualified retirement plans is nine years. Duke Energy determines the market-related value of plan assets using a calculated value that recognizes changes in fair value of the plan assets in a particular year on a straight line basis over the next five years.

Net periodic benefit costs disclosed in the tables below for the qualified, non-qualified and other post-retirement benefit plans represent the cost of the respective benefit plan for the periods presented. However, portions of the net periodic benefit costs disclosed in the tables below have been capitalized as a component of property, plant and equipment.

As required by the applicable accounting rules, Duke Energy uses a December 31 measurement date for its defined benefit retirement plan assets and obligations.

Qualified Pension Plans

Components of Net Periodic Pension Costs: Qualified Pension Plans

(in millions)	For the Years Ended December 31, 2010[(a)]	2009[(a)]	2008[(a)]
Service cost	**$ 96**	$ 85	$ 92
Interest cost on projected benefit obligation	**248**	257	254
Expected return on plan assets	**(378)**	(362)	(340)
Amortization of prior service cost	**5**	7	7
Amortization of actuarial loss	**50**	2	13
Settlement and contractual termination benefit cost	**13**	—	—
Other	**18**	17	20
Net periodic pension costs	**$ 52**	$ 6	$ 46

(a) These amounts exclude $16 million, $10 million and $13 million for the years ended December 31, 2010, 2009 and 2008, respectively, of regulatory asset amortization resulting from purchase accounting adjustments associated with Duke Energy's merger with Cinergy in April 2006.

Qualified Pension Plans — Other Changes in Plan Assets and Projected Benefit Obligations

Recognized in Accumulated Other Comprehensive Income and Regulatory Assets[(a)]

(in millions)	For the year ended December 31, 2010	2009
Regulatory assets, net increase (decrease)	**$ 350**	$(22)
Accumulated other comprehensive (income)/loss		
Deferred income tax asset	**143**	9
Actuarial gains arising during the year	**(5)**	(8)
Amortization of prior year actuarial losses	**(16)**	(1)
Reclassification of actuarial losses to regulatory assets	**(365)**	—
Prior service cost arising during the year	**—**	(7)
Amortization of prior year prior service cost	**(3)**	(4)
Reclassification of prior service cost to regulatory assets	**(19)**	—
Net amount recognized in accumulated other comprehensive (income)/loss	**$(265)**	$(11)

(a) Excludes actuarial losses of $3 million in 2010 and gains of $9 million in 2009 recognized in other accumulated comprehensive income, net of tax, associated with a Brazilian retirement plan.

Reconciliation of Funded Status to Net Amount Recognized: Qualified Pension Plans

(in millions)	As of and for the Years Ended December 31, 2010	2009
Change in Projected Benefit Obligation		
Obligation at prior measurement date	**$4,695**	$4,161
Service cost	**96**	85
Interest cost	**248**	257
Actuarial losses (gains)	**190**	415
Plan amendments	**2**	(9)
Obligation assumed from plan merger	**—**	7
Settlement and contractual termination benefit cost	**13**	—
Benefits paid	**(383)**	(221)
Obligation at measurement date	**$4,861**	$4,695

The accumulated benefit obligation was $4,611 million and $4,409 million at December 31, 2010 and 2009, respectively.

(in millions)	As of and for the Years Ended December 31, 2010	2009
Change in Fair Value of Plan Assets		
Plan assets at prior measurement date	**$4,224**	$2,853
Actual return on plan assets	**556**	787
Benefits paid	**(383)**	(221)
Assets received from plan merger	**—**	5
Employer contributions	**400**	800
Plan assets at measurement date	**$4,797**	$4,224

Combined Notes to Consolidated Financial Statements – (Continued)

Qualified Pension Plans — Amounts Recognized in the Consolidated Balance Sheets:

The following table provides the amounts related to Duke Energy's qualified pension plans that are reflected in Other within Investments and Other Assets and Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets at December 31, 2010 and 2009:

	As of December 31,	
(in millions)	**2010**	2009
Prefunded pension cost	**$ 101**	$ —
Accrued pension liability	**(165)**	(471)
Net amount recognized	**$ (64)**	$(471)

The following table provides the amounts related to Duke Energy's qualified pension plans that are reflected in Other within Regulatory Assets and Deferred Debits and AOCI on the Consolidated Balance Sheets at December 31, 2010 and 2009:

	As of December 31,	
(in millions)	**2010**	2009
Regulatory assets	**$1,259**	$ 909
Accumulated other comprehensive (income) loss		
Deferred income tax asset	**(63)**	(206)
Prior service cost	**5**	27
Net actuarial loss	**141**	528
Net amount recognized in accumulated other comprehensive (income) loss[(a)]	**$ 83**	$ 349

(a) Excludes accumulated other comprehensive income of $17 million and $21 million as of December 31, 2010 and 2009, respectively, net of tax, associated with a Brazilian retirement plan.

Of the amounts above, $77 million of unrecognized net actuarial loss and $5 million of unrecognized prior service cost will be recognized in net periodic pension costs in 2011.

Additional Information:

Qualified Pension Plans — Information for Plans with Accumulated Benefit Obligation in Excess of Plan Assets

	As of December 31,	
(in millions)	**2010**	2009
Projected benefit obligation	**$1,052**	$4,695
Accumulated benefit obligation	**956**	4,409
Fair value of plan assets	**951**	4,224

Assumptions Used for Pension Benefits Accounting

	As of December 31,		
(percentages)	**2010**	2009	2008
Benefit Obligations			
Discount rate	**5.00**	5.50	6.50
Salary increase (graded by age)	**4.10**	4.50	4.50

	2010	2009	2008
Determined Expense			
Discount rate	**5.50**	6.50	6.00
Salary increase	**4.50**	4.50	5.00
Expected long-term rate of return on plan assets	**8.50**	8.50	8.50

The discount rate used to determine the current year pension obligation and following year's pension expense is based on a yield curve approach. Under the yield curve approach, expected future benefit payments for each plan are discounted by a rate on a third-party bond yield curve corresponding to each duration. The yield curve is based on a bond universe of AA and AAA-rated long-term corporate bonds. A single discount rate is calculated that would yield the same present value as the sum of the discounted cash flows.

Non-Qualified Pension Plans

Components of Net Periodic Pension Costs: Non-Qualified Pension Plans

	For the Years Ended December 31,		
(in millions)	**2010**	2009	2008
Service cost	**$ 1**	$ 2	$ 2
Interest cost on projected benefit obligation	**9**	10	10
Amortization of prior service cost	**2**	2	3
Amortization of actuarial loss	**—**	—	1
Settlement credit	**—**	(1)	—
Net periodic pension costs	**$12**	$13	$16

Combined Notes to Consolidated Financial Statements – (Continued)

Other Changes in Plan Assets and Projected Benefit Obligations

Recognized in Regulatory Assets, Regulatory Liabilities and Accumulated Other Comprehensive Income: Non-qualified Pension Plans

(in millions)	For the year ended December 31, 2010	2009
Regulatory assets, net increase	**$ 23**	$—
Regulatory liabilities, net increase	**3**	—
Accumulated other comprehensive (income)/loss		
Deferred income tax asset	**8**	(4)
Actuarial (gains) losses arising during the year	**(8)**	15
Amortization of prior year actuarial losses	**—**	(1)
Reclassification of actuarial losses to regulatory assets	**(1)**	—
Reclassification of actuarial losses to regulatory liabilities	**—**	—
Amortization of prior year prior service cost	**(2)**	(3)
Reclassification of prior services cost to regulatory assets	**(1)**	—
Reclassification of prior services cost to regulatory liabilities	**(8)**	—
Net amount recognized in accumulated other comprehensive (income)/loss	**$(12)**	$ 7

Reconciliation of Funded Status to Net Amount Recognized: Non-Qualified Pension Plans

(in millions)	As of and for the Years Ended December 31, 2010	2009
Change in Projected Benefit Obligation		
Obligation at prior measurement date	**$173**	$166
Service cost	**1**	2
Interest cost	**9**	10
Actuarial losses (gains)	**2**	14
Benefits paid	**(18)**	(19)
Obligation at measurement date	**$167**	$173
Change in Fair Value of Plan Assets		
Benefits paid	**$ (18)**	$ (19)
Employer contributions	**18**	19
Plan assets at measurement date	**$ —**	$ —

The accumulated benefit obligation was $160 million and $159 million at December 31, 2010 and 2009, respectively.

Amounts Recognized in the Consolidated Balance Sheets: Non-Qualified Pension Plans

The following table provides the amounts related to Duke Energy's non-qualified pension plans that are reflected in Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets at December 31, 2010 and 2009:

(in millions)	As of December 31, 2010	2009
Accrued pension liability[a]	**$(167)**	$(173)

(a) Includes $19 million and $15 million recognized in Other within Current Liabilities on the Consolidated Balance Sheets as of December 31, 2010 and 2009, respectively.

The following table provides the amounts related to Duke Energy's non-qualified pension plans that are reflected in Other within Regulatory Assets and Deferred Debits, Other within Deferred Credits and Other Liabilities and AOCI on the Consolidated Balance Sheets at December 31, 2010 and 2009:

(in millions)	As of December 31, 2010	2009
Regulatory assets	**$23**	$—
Regulatory liabilities	**3**	—
Accumulated other comprehensive (income) loss		
Deferred income tax liability (asset)	**1**	(7)
Prior service cost	**1**	12
Net actuarial (gain) loss	**(1)**	8
Net amount recognized in accumulated other comprehensive (income) loss	**$ 1**	$13

Of the amounts above, $1 million of unrecognized prior service cost and $1 million of unrecognized net actuarial loss will be recognized in net periodic pension costs in 2011.

Additional Information: Non-Qualified Pension Plans

Information for Plans with Accumulated Benefit Obligation in Excess of Plan Assets

(in millions)	As of December 31, 2010	2009
Projected benefit obligation	**$167**	$173
Accumulated benefit obligation	**160**	159
Fair value of plan assets	**—**	—

Combined Notes to Consolidated Financial Statements – (Continued)

Assumptions Used for Pension Benefits Accounting

	As of December 31,		
(percentages)	**2010**	2009	2008
Benefit Obligations			
Discount rate	**5.00**	5.50	6.50
Salary increase (graded by age)	**4.10**	4.50	4.50

	2010	2009	2008
Determined Expense			
Discount rate	**5.50**	6.50	6.00
Salary increase	**4.50**	4.50	5.00

The discount rate used to determine the current year pension obligation and following year's pension expense is based on a yield curve approach. Under the yield curve approach, expected future benefit payments for each plan are discounted by a rate on a third-party bond yield curve corresponding to each duration. The yield curve is based on a bond universe of AA and AAA-rated long-term corporate bonds. A single discount rate is calculated that would yield the same present value as the sum of the discounted cash flows.

Other Post-Retirement Benefit Plans

Duke Energy and most of its subsidiaries provide some health care and life insurance benefits for retired employees on a contributory and non-contributory basis. Employees are eligible for these benefits if they have met age and service requirements at retirement, as defined in the plans.

Duke Energy did not make any contributions to its other post-retirement benefit plans during the years ended December 31, 2010, 2009 or 2008.

These benefit costs are accrued over an employee's active service period to the date of full benefits eligibility. The net unrecognized transition obligation is amortized over 20 years. Actuarial gains and losses are amortized over the average remaining service period of the active employees. The average remaining service period of the active employees covered by the plan is 11 years.

Components of Net Periodic Other Post-Retirement Benefit Costs

	For the Years Ended December 31,		
(in millions)	**2010**[(a)]	2009[(a)]	2008[(a)]
Service cost	**$ 7**	$ 7	$ 7
Interest cost on accumulated post-retirement benefit obligation	**38**	46	44
Expected return on plan assets	**(15)**	(16)	(16)
Amortization of prior service credit	**(8)**	(8)	(8)
Amortization of net transition liability	**11**	10	11
Amortization of actuarial gain	**(5)**	(5)	(2)
Prior period accounting true-up adjustment[(b)]	**—**	—	(55)
Net periodic other post-retirement benefit costs	**$ 28**	$ 34	$(19)

(a) These amounts exclude $9 million, $9 million and $9 million for the years ended December 31, 2010, 2009 and 2008, respectively, of regulatory asset amortization resulting from purchase accounting adjustments associated with Duke Energy's merger with Cinergy in April 2006.

(b) Represents the correction of errors, primarily in periods prior to 2008, related to the accounting for Duke Energy's other post-retirement benefit plans that would have reduced amounts recorded as other post-retirement benefit expense during those historical periods. Of this amount, $15 million was capitalized as a component of property, plant and equipment.

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (Modernization Act) introduced a prescription drug benefit under Medicare (Medicare Part D) as well as a federal subsidy to sponsors of retiree health care benefit plans. Accounting guidance issued and adopted by Duke Energy in 2004 prescribes the appropriate accounting for the federal subsidy. The after-tax effect on net periodic post-retirement benefit cost was a decrease of $4 million in 2010, $3 million in 2009 and $3 million in 2008. Duke Energy recognized a $1 million and $5 million subsidy receivable as of December 31, 2010 and 2009, respectively, which is included in Receivables on the Consolidated Balance Sheets.

Combined Notes to Consolidated Financial Statements – (Continued)

Other Changes in Plan Assets and Projected Benefit Obligations Recognized in Accumulated Other Comprehensive Income, Regulatory Assets and Regulatory Liabilities: Other Post-Retirement Benefit Plans

	For the year ended December 31,	
(in millions)	**2010**	2009
Regulatory assets, net (decrease) increase	**$(14)**	$66
Regulatory liabilities, net (decrease) increase	**(5)**	91
Accumulated other comprehensive (income)/loss		
Deferred income tax liability	**1**	(2)
Actuarial (gain) loss arising during the year	**(3)**	3
Amortization of prior year actuarial gains	**1**	1
Reclassification of actuarial losses to regulatory liabilities	**(8)**	—
Amortization of prior year prior service credit	**2**	2
Reclassification of prior service credit to regulatory liabilities	**9**	—
Amortization of prior year net transition liability	**(2)**	(2)
Reclassification of net transition liability to regulatory liabilities	**(2)**	—
Net amount recognized in accumulated other comprehensive (income)/loss	**$ (2)**	$ 2

Reconciliation of Funded Status to Accrued Other Post-Retirement Benefit Costs

	As of and for the Years Ended December 31,	
(in millions)	**2010**	2009
Change in Benefit Obligation		
Accumulated post-retirement benefit obligation at prior measurement date	**$728**	$738
Service cost	**7**	7
Interest cost	**38**	46
Plan participants' contributions	**35**	21
Actuarial gain	**(12)**	(11)
Plan transfer	**—**	2
Benefits paid	**(79)**	(80)
Accrued retiree drug subsidy	**6**	5
Accumulated post-retirement benefit obligation at measurement date	**$723**	$728
Change in Fair Value of Plan Assets		
Plan assets at prior measurement date	**$169**	$169
Actual return on plan assets	**19**	28
Benefits paid	**(79)**	(80)
Employer contributions	**42**	31
Plan participants' contributions	**35**	21
Plan assets at measurement date	**$186**	$169

Amounts Recognized in the Consolidated Balance Sheets: Other Post-Retirement Benefit Plans

The following table provides the amounts related to Duke Energy's other post-retirement benefit plans that are reflected in Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets at December 31, 2010 and 2009:

	As of December 31,	
(in millions)	**2010**	2009
Accrued other post-retirement liability[a]	**$(537)**	$(559)

(a) Includes $2 million and $3 million recognized in Other within Current Liabilities on the Consolidated Balance Sheets as of December 31, 2010 and 2009, respectively.

The following table provides the amounts related to Duke Energy's other post-retirement benefit plans that are reflected in Other within Regulatory Assets and Deferred Debits, Other within Deferred Credits and Other Liabilities and AOCI on the Consolidated Balance Sheets at December 31, 2010 and 2009:

	As of December 31,	
(in millions)	**2010**	2009
Regulatory assets	**$59**	$ 73
Regulatory liabilities	**86**	91
Accumulated other comprehensive (income)/loss:		
Deferred income tax liability	**3**	2
Net transition obligation	**—**	4
Prior service credit	**(3)**	(14)
Net actuarial loss (gain)	**(7)**	3
Net amount recognized in accumulated other comprehensive (income)/loss	**$ (7)**	$ (5)

Of the amounts above, $10 million of unrecognized net transition obligation, $3 million of unrecognized gains and $8 million of unrecognized prior service credit (which will reduce pension expense) will be recognized in net periodic pension costs in 2011.

Assumptions Used for Other Post-Retirement Benefits Accounting

	As of December 31,		
(percentages)	**2010**	2009	2008
Determined Benefit Obligations			
Discount rate	**5.00**	5.50	6.50
	2010	2009	2008
Determined Expense			
Discount rate	**5.50**	6.50	6.00
Expected long-term rate of return on plan assets	**5.53-8.50**	5.53-8.50	5.53-8.50
Assumed tax rate[a]	**35.0**	35.0	35.0

(a) Applicable to the health care portion of funded post-retirement benefits.

Combined Notes to Consolidated Financial Statements – (Continued)

The discount rate used to determine the current year other post-retirement benefits obligation and following year's other post-retirement benefits expense is based on a yield curve approach. Under the yield curve approach, expected future benefit payments for each plan are discounted by a rate on a third-party bond yield curve corresponding to each duration. The yield curve is based on a bond universe of AA and AAA-rated long-term corporate bonds. A single discount rate is calculated that would yield the same present value as the sum of the discounted cash flows.

Assumed Health Care Cost Trend Rates[(a)]

	Medicare Trend Rate		Prescription Drug Trend Rate	
	2010	2009	**2010**	2009
Health care cost trend rate assumed for next year	**8.50%**	8.50%	**9.80%**	11.00%
Rate to which the cost trend is assumed to decline (the ultimate trend rate)	**5.00%**	5.00%	**5.00%**	5.00%
Year that the rate reaches the ultimate trend rate	**2020**	2019	**2025**	2024

(a) Health care cost trend rates include prescription drug trend rate due to the effect of the Modernization Act.

Sensitivity to Changes in Assumed Health Care Cost Trend Rates

(in millions)	1-Percentage-Point Increase	1-Percentage-Point Decrease
Effect on total service and interest costs	$ 2	$ (2)
Effect on post-retirement benefit obligation	37	(33)

Expected Benefit Payments: Defined Benefit Retirement Plans

The following table presents Duke Energy's expected benefit payments to participants in its qualified, non-qualified and other post-retirement benefit plans over the next 10 years, which are primarily paid out of the assets of the various trusts. These benefit payments reflect expected future service, as appropriate.

(in millions)	Qualified Plans	Non-Qualified Plans	Other Post-Retirement Plans[(a)]	Total
Years Ended December 31,				
2011	$ 438	$20	$ 59	$ 517
2012	442	16	59	517
2013	431	15	59	505
2014	428	16	60	504
2015	417	14	61	492
2016 – 2020	2,032	64	309	2,405

(a) Duke Energy expects to receive future subsidies under Medicare Part D of $4 million in each of the years 2011-2015, and a total of $23 million during the years 2016-2020.

Plan Assets

Master Retirement Trust.

Assets for both the qualified pension and other post-retirement benefits are maintained in a Master Retirement Trust (Master Trust). Approximately 97% of Master Trust assets were allocated to qualified pension plans and approximately 3% were allocated to other post-retirement plans, as of December 31, 2010 and 2009, respectively. The investment objective of the Master Trust is to achieve reasonable returns, subject to a prudent level of portfolio risk, for the purpose of enhancing the security of benefits for plan participants. The long-term rate of return of 8.25% as of December 31, 2010 for the Master Trust was developed using a weighted-average calculation of expected returns based primarily on future expected returns across asset classes considering the use of active asset managers. The weighted-average returns expected by asset classes were 2.6% for U.S. equities, 1.45% for non-U.S. equities, 1.0% for global equities, 2.0% for debt securities, 0.3% for global private equity, 0.3% for hedge funds, 0.3% for real estate and 0.3% for other global securities. The asset allocation targets were set after considering the investment objective and the risk profile. U.S. equities are held for their high expected return. Non-U.S. equities, debt securities, and real estate are held for diversification. Investments within asset classes are to be diversified to achieve broad market participation and reduce the impact of individual managers or investments. Duke Energy regularly reviews its actual asset allocation and periodically rebalances its investments to the targeted allocation when considered appropriate.

The Duke Energy Subsidiary Registrants' qualified pension and other post-retirement benefits are derived from the Master Trust, as such, each are allocated their proportionate share of the assets discussed below.

The following table presents target and actual asset allocations for the Master Trust at December 31, 2010 and 2009:

	Target Allocation	Percentage at December 31, 2010	2009
Asset Category			
U.S. equity securities	28%	**30%**	33%
Non-U.S. equity securities	15	**19**	20
Global equity securities	10	**10**	10
Debt securities	32	**27**	28
Global private equity securities	3	**—**	—
Hedge funds	4	**3**	—
Real estate and cash	4	**7**	9
Other global securities	4	**4**	—
Total	100%	**100%**	100%

Combined Notes to Consolidated Financial Statements – (Continued)

VEBA I/II.

Duke Energy also invests other post-retirement assets in the Duke Energy Corporation Employee Benefits Trust (VEBA I) and the Duke Energy Corporation Post-Retirement Medical Benefits Trust (VEBA II). The investment objective of the VEBAs is to achieve sufficient returns, subject to a prudent level of portfolio risk, for the purpose of promoting the security of plan benefits for participants. The VEBAs are passively managed.

The following tables present target and actual asset allocations for the VEBA I and VEBA II at December 31, 2010 and 2009:

VEBA I	Target Allocation	Percentage at December 31, 2010	Percentage at December 31, 2009
Asset Category			
U.S. equity securities	30%	**22%**	23%
Debt securities	45	**34**	37
Cash	25	**44**	40
Total	100%	**100%**	100%

VEBA II

	Target Allocation	Percentage at December 31, 2010	Percentage at December 31, 2009
Asset Category			
U.S. equity securities	50%	**1%**	—%
Debt securities	50	**69**	92
Cash	—	**30**	8
Total	100%	**100%**	100%

Fair Value Measurements.

On December 31, 2009, Duke Energy adopted the new fair value disclosure requirements for pension and other post-retirement benefit plan assets. The accounting guidance for fair value defines fair value, establishes a framework for measuring fair value in GAAP in the U.S. and expands disclosure requirements about fair value measurements. Under the accounting guidance for fair value, fair value is considered to be the exchange price in an orderly transaction between market participants to sell an asset or transfer a liability at the measurement date. The fair value definition focuses on an exit price, which is the price that would be received by Duke Energy to sell an asset or paid to transfer a liability versus an entry price, which would be the price paid to acquire an asset or received to assume a liability. Although the accounting guidance for fair value does not require additional fair value measurements, it applies to other accounting pronouncements that require or permit fair value measurements.

Duke Energy classifies recurring and non-recurring fair value measurements based on the following fair value hierarchy, as prescribed by the accounting guidance for fair value, which prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 — unadjusted quoted prices in active markets for identical assets or liabilities that Duke Energy has the ability to access. An active market for the asset or liability is one in which transactions for the asset or liability occurs with sufficient frequency and volume to provide ongoing pricing information. Duke Energy does not adjust quoted market prices on Level 1 for any blockage factor.

Level 2 — a fair value measurement utilizing inputs other than a quoted market price that are observable, either directly or indirectly, for the asset or liability. Level 2 inputs include, but are not limited to, quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs other than quoted market prices that are observable for the asset or liability, such as interest rate curves and yield curves observable at commonly quoted intervals, volatilities, credit risk and default rates. A Level 2 measurement cannot have more than an insignificant portion of the valuation based on unobservable inputs.

Level 3 — any fair value measurements which include unobservable inputs for the asset or liability for more than an insignificant portion of the valuation. A Level 3 measurement may be based primarily on Level 2 inputs.

The following table provides the fair value measurement amounts for Master Trust qualified pension and other post-retirement assets at December 31, 2010:

(in millions)	Total Fair Value Amounts at December 31, 2010[a]	Level 1	Level 2	Level 3
Master Trust				
Equity securities	**$2,978**	$2,019	$ 959	$ —
Corporate bonds	**1,062**	11	1,040	11
Short-term investment funds	**484**	469	15	—
Partnership interests	**108**	—	—	108
Hedge funds	**94**	—	94	—
Real estate investment trust	**66**	—	—	66
U.S. Government securities	**138**	—	138	—
Other investments [b]	**(121)**	(84)	3	(40)
Guaranteed investment contracts	**38**	—	—	38
Government bonds — Foreign	**35**	—	34	1
Cash	**2**	2	—	—
Asset backed securities	**9**	—	8	1
Government and commercial mortgage backed securities	**8**	—	8	—
Total Assets	**$4,901**	$2,417	$2,299	$185

(a) Excludes $23 million in net receivables and payables associated with security purchases and sales.
(b) Includes pending investment sales (net of investment purchases) of $(139) million.

The following table provides the fair value measurement amounts for Master Trust qualified pension and other post-retirement assets at December 31, 2009:

(in millions)	Total Fair Value Amounts at December 31, 2009(a)	Level 1	Level 2	Level 3
Master Trust				
Equity securities	$2,587	$1,733	$ 831	$ 23
Corporate bonds	1,008	—	989	19
Short-term investment funds	341	39	302	—
Partnership interests	109	—	—	109
Real estate investment trust	64	—	—	64
U.S. Government securities	57	—	57	—
Other investments	43	38	4	1
Guaranteed investment contracts	38	—	—	38
Government bonds — Foreign	33	—	32	1
Asset backed securities	19	—	18	1
Government and commercial mortgage backed securities	14	—	14	—
Total Assets	$4,313	$1,810	$2,247	$256

(c) Excludes $22 million in net receivables and payables associated with security purchases and sales.

The following table provides the fair value measurement amounts for VEBA I and VEBA II other post-retirement assets at December 31, 2010:

(in millions)	**Total Fair Value Amounts at December 31, 2010**	Level 1	Level 2	Level 3
VEBA I/II				
Cash and cash equivalents	**$30**	$—	$30	$—
Equity securities	**12**	—	12	—
Debt securities	**17**	—	17	—
Total Assets	**$59**	$—	$59	$—

The following table provides the fair value measurement amounts for VEBA I and VEBA II other post-retirement assets at December 31, 2009:

(in millions)	Total Fair Value Amounts at December 31, 2009	Level 1	Level 2	Level 3
VEBA I/II				
Cash and cash equivalents	$27	$—	$27	$—
Equity securities	12	11	1	—
Debt securities	19	—	19	—
Total Assets	$58	$11	$47	$—

The following table provides a reconciliation of beginning and ending balances of Master Trust assets measured at fair value on a recurring basis where the determination of fair value includes significant unobservable inputs (Level 3) for the year ended December 31, 2010:

Year Ended December 31, 2010

Master Trust	
Balance at January 1, 2010	**$ 256**
Purchases, sales, issuances and settlements (net)	**(71)**
Total gains/(losses), realized and unrealized and other	**—**
Balance at December 31, 2010	**$ 185**

The following table provides a reconciliation of beginning and ending balances of Master Trust assets measured at fair value on a recurring basis where the determination of fair value includes significant unobservable inputs (Level 3) for the year ended December 31, 2009:

Year Ended December 31, 2009

Master Trust	
Balance at January 1, 2009	$318
Purchases, sales, issuances and settlements (net)	(23)
Total losses, (realized and unrealized) and other	(39)
Balance at December 31, 2009	$256

Valuation methods of the primary fair value measurements disclosed above are as follows:

Investments in equity securities:

Investments in equity securities are typically valued at the closing price in the principal active market as of the last business day of the quarter. Principal active markets for equity prices include published exchanges such as NASDAQ and NYSE. Foreign equity prices are translated from their trading currency using the currency exchange rate in effect at the close of the principal active market. Duke Energy has not adjusted prices to reflect for after-hours market activity. Most equity security valuations are Level 1 measures. Investments in equity securities with unpublished prices are valued as Level 2 if they are redeemable at the measurement date. Investments in equity securities with redemption restrictions are valued as Level 3.

Investments in corporate bonds and U.S. government securities:

Most debt investments are valued based on a calculation using interest rate curves and credit spreads applied to the terms of the debt instrument (maturity and coupon interest rate) and consider the counterparty credit rating. Most debt valuations are Level 2 measures. If the market for a particular fixed income security is relatively inactive or illiquid, the measurement is a Level 3 measurement.

Combined Notes to Consolidated Financial Statements – (Continued)

Investments in short-term investment funds:

Valued at the net asset value of units held at year end. Investments in short-term investment funds with published prices are valued as Level 1. Investments in short-term investment funds with unpublished prices are valued as Level 2.

Investments in real estate investment trust:

Valued based upon property appraisal reports prepared by independent real estate appraisers. The Chief Real Estate Appraiser of the asset manager is responsible for assuring that the valuation process provides independent and reasonable property market value estimates. An external appraisal management firm not affiliated with the asset manager has been appointed to assist the Chief Real Estate Appraiser in maintaining and monitoring the independence and the accuracy of the appraisal process.

Employee Savings Plans

Duke Energy sponsors employee savings plans that cover substantially all U.S. employees. Most employees participate in a matching contribution formula where Duke Energy provides a matching contribution generally equal to 100% of before-tax employee contributions, of up to 6% of eligible pay per pay period. Duke Energy made pre-tax employer matching contributions of $85 million in 2010, $80 million in 2009 and $78 million in 2008. Dividends on Duke Energy shares held by the savings plans are charged to retained earnings when declared and shares held in the plans are considered outstanding in the calculation of basic and diluted earnings per share.

DUKE ENERGY CAROLINAS

Duke Energy Retirement Plans.

Duke Energy Carolinas participates in Duke Energy sponsored qualified non-contributory defined benefit retirement plans. The plans cover most U.S. employees using a cash balance formula. Under a cash balance formula, a plan participant accumulates a retirement benefit consisting of pay credits that are based upon a percentage (which may vary with age and years of service) of current eligible earnings and current interest credits. Duke Energy Carolinas also participates in Duke Energy sponsored non-qualified, non-contributory defined benefit pension plans which cover certain executives.

Duke Energy's policy is to fund amounts on an actuarial basis to provide assets sufficient to meet benefits to be paid to plan participants. Duke Energy Carolinas made contributions to Duke Energy's qualified defined benefit pension plans of $158 million during each of the years ended December 31, 2010 and 2009. Duke Energy Carolinas made no contributions to Duke Energy's qualified defined benefit pension plans during the year ended December 31, 2008.

Actuarial gains and losses subject to amortization are amortized over the average remaining service period of the active employees. The average remaining service period of the active employees covered by the qualified retirement plans is 10 years. The average remaining service period of active employees covered by the non-qualified retirement plans is nine years. Duke Energy determines the market-related value of plan assets using a calculated value that recognizes changes in fair value of the plan assets in a particular year on a straight-line basis over the next five years.

Net periodic pension costs disclosed in the tables below for the qualified, non-qualified and other post-retirement benefit plans represent the cost of the respective plan for the periods presented. However, portions of the net periodic pension costs (benefits) disclosed in the tables have been capitalized as a component of property, plant and equipment.

As required by applicable accounting rules, Duke Energy uses a December 31 measurement date for its defined benefit retirement plan assets and obligations.

Prior to the year ended December 31, 2010, Duke Energy Carolinas did not have any amounts reflected on its Consolidated Balance Sheets associated with Duke Energy sponsored qualified pension, non-qualified pension and other post-retirement benefit plans.

Amounts presented in the tables below represent the amounts of pension and other post-retirement benefit cost allocated by Duke Energy for employees of Duke Energy Carolinas. Additionally, Duke Energy Carolinas is allocated its proportionate share of pension and other post-retirement benefit cost for employees of Duke Energy's shared services affiliate that provides support to Duke Energy Carolinas. These allocated amounts are included in the governance and shared services costs discussed in Note 13.

Qualified Pension Plans

Components of Net Periodic Pension (Benefit) Costs as allocated by Duke Energy: Qualified Pension Plans

	For the Years Ended December 31,		
(in millions)	**2010**	2009	2008
Service cost benefit earned during the year	**$ 36**	$ 31	$ 34
Interest cost on projected benefit obligation	**91**	95	94
Expected return on plan assets	**(147)**	(142)	(141)
Amortization of prior service cost	**1**	1	1
Amortization of actuarial loss	**27**	2	9
Other	**8**	7	9
Net periodic pension (benefit) costs	**$ 16**	$ (6)	$ 6

Combined Notes to Consolidated Financial Statements – (Continued)

Other Changes in Plan Assets and Projected Benefit Obligations Recognized in Regulatory Assets: Qualified Pension Plans

	For the year ended December 31,	
(in millions)	**2010**	2009
Regulatory assets, net increase	**$628**	$—

Reconciliation of Funded Status to Net Amount Recognized: Qualified Pension Plans

	As of and for the Years Ended December 31,	
(in millions)	**2010**	2009
Change in Projected Benefit Obligation		
Obligation at prior measurement date	**$1,737**	$1,537
Service cost	**36**	31
Interest cost	**91**	95
Actuarial losses	**57**	154
Transfers	**(5)**	(6)
Benefits paid	**(130)**	(74)
Obligation at measurement date	**$1,786**	$1,737

The accumulated benefit obligation was $1,743 million and $1,687 million at December 31, 2010 and 2009, respectively.

	As of and for the Years Ended December 31,	
(in millions)	**2010**	2009
Change in Fair Value of Plan Assets		
Plan assets at prior measurement date	**$1,602**	$1,225
Actual return on plan assets	**212**	299
Benefits paid	**(130)**	(74)
Transfers	**(5)**	(6)
Employer contributions	**158**	158
Plan assets at measurement date	**$1,837**	$1,602

Amounts Recognized in the Consolidated Balance Sheets: Qualified Pension Plans

The following table provides the amounts related to Duke Energy's Carolinas' qualified pension plans that are reflected in Other within Investments and Other Assets on the Consolidated Balance Sheets at December 31, 2010 and 2009:

	As of and for the Years Ended December 31,	
(in millions)	**2010**	2009
Prefunded pension cost	**$51**	$—

The following table provides the amounts related to Duke Energy Carolinas' qualified pension plans that are reflected in Other within Regulatory Assets and Deferred Debits on the Consolidated Balance Sheets at December 31, 2010 and 2009:

	As of December 31,	
(in millions)	**2010**	2009
Regulatory Assets	**$628**	$—

Of the amounts above, $36 million of unrecognized net actuarial loss and $1 million of unrecognized prior service cost will be recognized in net periodic pension costs in 2011.

Additional Information: Qualified Pension Plans

Information for Plans with Accumulated Benefit Obligation in Excess of Plan Assets: as allocated by Duke Energy

	As of December 31,	
(in millions)	**2010**	2009
Projected benefit obligation	**$—**	$1,737
Accumulated benefit obligation	**—**	1,687
Fair value of plan assets	**—**	1,602

Assumptions Used for Pension Benefits Accounting

	As of December 31,		
(percentages)	**2010**	2009	2008
Benefit Obligations			
Discount rate	**5.00**	5.50	6.50
Salary increase (graded by age)	**4.10**	4.50	4.50
	2010	2009	2008
Determined Expense			
Discount rate	**5.50**	6.50	6.00
Salary increase	**4.50**	4.50	5.00
Expected long-term rate of return on plan assets	**8.50**	8.50	8.50

The discount rate used to determine the current year pension obligation and following year's pension expense is based on a yield curve approach. Under the yield curve approach, expected future benefit payments for each plan are discounted by a rate on a third-party bond yield curve corresponding to each duration. The yield curve is based on a bond universe of AA and AAA-rated long-term corporate bonds. A single discount rate is calculated that would yield the same present value as the sum of the discounted cash flows.

Combined Notes to Consolidated Financial Statements – (Continued)

Non-Qualified Pension Plans

Components of Net Periodic Pension Costs as allocated by Duke Energy: Non-Qualified Pension Plans

	For the Years Ended December 31,		
(in millions)	**2010**	2009	2008
Amortization of prior service cost	**$1**	$1	$1
Interest cost on projected benefit obligation	**1**	1	1
Net periodic pension costs	**$2**	$2	$2

Other Changes in Plan Assets and Projected Benefit Obligations Recognized in Regulatory Assets: Non-Qualified Pension Plans

	For the year ended December 31,	
(in millions)	**2010**	2009
Regulatory assets, net increase	**$3**	$—

Reconciliation of Funded Status to Net Amount Recognized: Non-Qualified Pension Plans

	As of and for the Years Ended December 31,	
(in millions)	**2010**	2009
Change in Projected Benefit Obligation		
Obligation at prior measurement date	**$22**	$20
Service cost	**—**	—
Interest cost	**1**	1
Actuarial losses	**1**	4
Benefits paid	**(3)**	(3)
Obligation at measurement date	**$21**	$22
Change in Fair Value of Plan Assets		
Benefits paid	**$ (3)**	$ (3)
Employer contributions	**3**	3
Plan assets at measurement date	**$—**	$—

The accumulated benefit obligation was $20 million and $21 million at December 31, 2010 and 2009, respectively.

Amounts Recognized in the Consolidated Balance Sheets: Non-Qualified Pension Plans

The following table provides the amounts related to Duke Energy Carolinas' non-qualified pension plans that are reflected in Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets at December 31, 2010 and 2009:

	As of December 31,	
(in millions)	**2010**	2009
Accrued pension liability[(a)]	**$(21)**	$—

(a) Includes $5 million and zero recognized in Other within Current Liabilities on the Consolidated Balance Sheets as of December 31, 2010 and 2009, respectively.

The following table provides the amounts related to Duke Energy's non-qualified pension plans that are reflected in Other within Regulatory Assets and Deferred Debits on the Consolidated Balance Sheets at December 31, 2010 and 2009:

	As of December 31,	
(in millions)	**2010**	2009
Regulatory assets	**$3**	$—

Of the amounts above, an insignificant amount will be recognized in net periodic pension costs in 2011.

Additional Information: Non-Qualified Pension Plans

Information for Plans with Accumulated Benefit Obligation in Excess of Plan Assets: as allocated by Duke Energy

	As of December 31,	
(in millions)	**2010**	2009
Projected benefit obligation	**$21**	$22
Accumulated benefit obligation	**20**	21
Fair value of plan assets	**—**	—

Assumptions Used for Pension Benefits Accounting

	As of December 31,		
(percentages)	**2010**	2009	2008
Benefit Obligations			
Discount rate	**5.00**	5.50	6.50
Salary increase	**4.10**	4.50	4.50
	2010	2009	2008
Determined Expense			
Discount rate	**5.50**	6.50	6.00
Salary increase	**4.50**	4.50	5.00

The discount rate used to determine the current year pension obligation and following year's pension expense is based on a yield curve approach. Under the yield curve approach, expected future benefit payments for each plan are discounted by a rate on a third-party bond yield curve corresponding to each duration. The yield curve is based on a bond universe of AA and AAA-rated long-term corporate bonds. A single discount rate is calculated that would yield the same present value as the sum of the discounted cash flows.

Other Post-Retirement Benefit Plans

In conjunction with Duke Energy, Duke Energy Carolinas provides some health care and life insurance benefits for retired employees on a contributory and non-contributory basis. Employees are eligible for these benefits if they have met age and service requirements at retirement, as defined in the plans.

Combined Notes to Consolidated Financial Statements – (Continued)

These benefit costs are accrued over an employee's active service period to the date of full benefits eligibility. The net unrecognized transition obligation is amortized over 20 years. Actuarial gains and losses are amortized over the average remaining service period of the active employees. The average remaining service period of the active employees covered by the plan is 11 years.

Components of Net Periodic Other Post-Retirement Benefit Costs as allocated by Duke Energy

	For the Years Ended December 31,		
(in millions)	**2010**	2009	2008
Service cost benefit earned during the year	**$ 2**	$ 2	$ 2
Interest cost on accumulated post-retirement benefit obligation	**17**	21	21
Expected return on plan assets	**(10)**	(11)	(11)
Amortization of prior service credit	**(5)**	(5)	(5)
Amortization of net transition liability	**9**	9	9
Amortization of actuarial loss	**3**	1	2
Net periodic other post-retirement benefit costs	**$ 16**	$ 17	$ 18

Other Changes in Plan Assets and Projected Benefit Obligations Recognized in Regulatory Assets: Other Post-Retirement Benefit Plans

	For the year ended December 31,	
(in millions)	**2010**	2009
Regulatory assets, net increase	**$49**	$—

Reconciliation of Funded Status to Accrued Other Post-Retirement Benefit Costs

	As of and for the Years Ended December 31,	
(in millions)	**2010**	2009
Change in Benefit Obligation		
Accumulated post-retirement benefit obligation at prior measurement date	**$338**	$342
Service cost	**2**	2
Interest cost	**17**	21
Plan participants' contributions	**24**	18
Actuarial gain	**(14)**	(2)
Transfer	**(1)**	(1)
Plan transfer	**—**	2
Benefits paid	**(44)**	(47)
Accrued retiree drug subsidy	**4**	3
Accumulated post-retirement benefit obligation at measurement date	**$326**	$338

	As of and for the Years Ended December 31,	
(in millions)	**2010**	2009
Change in Fair Value of Plan Assets		
Plan assets at prior measurement date	**$114**	$120
Actual return on plan assets	**13**	18
Benefits paid	**(44)**	(47)
Employer contributions	**18**	5
Plan participants' contributions	**24**	18
Plan assets at measurement date	**$125**	$114

Amounts Recognized in the Consolidated Balance Sheets: Other Post-Retirement Benefit Plans

The following table provides the amounts related to Duke Energy Carolinas' other post-retirement benefit plans that are reflected in Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets at December 31, 2010 and 2009:

	As of December 31,	
(in millions)	**2010**	2009
Accrued other post-retirement liability	**$(201)**	$—

The following table provides the amounts related to Duke Energy Carolinas' other post-retirement benefit plans that are reflected in Other within Regulatory Assets and Deferred Debits on the Consolidated Balance Sheets at December 31, 2010 and 2009:

	As of December 31,	
(in millions)	**2010**	2009
Regulatory assets	**$49**	$—

Of the amounts above, $9 million of unrecognized net transition obligation, $3 million of unrecognized losses and $5 million of unrecognized prior service credit (which will reduce pension expense) will be recognized in net periodic pension costs in 2011.

Assumptions Used for Other Post-Retirement Benefits Accounting

(percentages)	**2010**	2009	2008
Determined Benefit Obligations			
Discount rate	**5.00**	5.50	6.50
	2010	2009	2008
Determined Expense			
Discount rate	**5.50**	6.50	6.00
Expected long-term rate of return on plan assets	**5.53-8.50**	5.53-8.50	5.53-8.50
Assumed tax rate[(a)]	**35.0**	35.0	35.0

(a) Applicable to the health care portion of funded post-retirement benefits.

Combined Notes to Consolidated Financial Statements – (Continued)

The discount rate used to determine the current year other post-retirement benefits obligation and following year's other post-retirement benefits expense is based on a yield curve approach. Under the yield curve approach, expected future benefit payments for each plan are discounted by a rate on a third-party bond yield curve corresponding to each duration. The yield curve is based on a bond universe of AA and AAA-rated long-term corporate bonds. A single discount rate is calculated that would yield the same present value as the sum of the discounted cash flows.

Assumed Health Care Cost Trend Rates[a]

	Medicare Trend Rate		Prescription Drug Trend Rate	
	2010	2009	**2010**	2009
Health care cost trend rate assumed for next year	**8.50%**	8.50%	**9.80%**	11.00%
Rate to which the cost trend is assumed to decline (the ultimate trend rate)	**5.00%**	5.00%	**5.00%**	5.00%
Year that the rate reaches the ultimate trend rate	**2020**	2019	**2025**	2024

(a) Health care cost trend rates include prescription drug trend rate due to the effect of the Modernization Act.

Sensitivity to Changes in Assumed Health Care Cost Trend Rates

(in millions)	1-Percentage-Point Increase	1-Percentage-Point Decrease
Effect on total service and interest costs	$ 1	$ (1)
Effect on post-retirement benefit obligation	16	(14)

Expected Benefit Payments : Defined Benefit Retirement Plans

The following table presents Duke Energy's expected benefit payments made on behalf of Duke Energy Carolinas to participants in its qualified, non-qualified and other post-retirement benefit plans over the next 10 years, which are primarily paid out of the assets of the various trusts. These benefit payments reflect expected future service, as appropriate.

(in millions)	Qualified Plans	Non-Qualified Plans	Other Post-Retirement Plans[a]	Total
Years Ended December 31,				
2011	$177	$5	$ 26	$208
2012	182	3	26	211
2013	185	2	26	213
2014	187	2	26	215
2015	177	2	26	205
2016 – 2020	830	7	132	969

(a) Duke Energy expects to receive on behalf of Duke Energy Carolinas, future subsidies under Medicare Part D of $3 million in each of the years 2011-2012, $3 million in each of the years 2013-2015 and a total of $13 million during the years 2016-2020.

Employee Savings Plans

Duke Energy sponsors, and Duke Energy Carolinas participates in, an employee savings plan that covers substantially all U.S. employees. Duke Energy contributes a matching contribution equal to 100% of before-tax employee contributions, of up to 6% of eligible pay per pay period. Duke Energy Carolinas expensed pre-tax plan contributions, as allocated by Duke Energy, of $36 million in 2010, $36 million in 2009 and $35 million in 2008.

DUKE ENERGY OHIO

Duke Energy Retirement Plans.

Duke Energy Ohio participates in qualified and non-qualified defined benefit pension plans and other post-retirement benefit plans sponsored by Duke Energy. Duke Energy allocates pension and other post-retirement obligations and costs related to these plans to Duke Energy Ohio.

Net periodic benefit cost disclosed in the tables below for the qualified, non-qualified and other post-retirement benefit plans represent the cost of the respective plan for the periods presented. However, portions of the net periodic benefit cost disclosed in the tables have been capitalized as a component of property, plant and equipment.

As required by the applicable accounting rules, Duke Energy uses a December 31 measurement date for its defined benefit retirement plan assets and obligations.

Amounts presented in the tables below represent the amounts of pension and other post-retirement benefit cost allocated to Duke Energy Ohio. Additionally, Duke Energy Ohio is allocated its proportionate share of pension and other post-retirement benefit cost for employees of Duke Energy's shared services affiliate that provides support to Duke Energy Ohio. These allocated amounts are included in the governance and shared services costs discussed in Note 13.

Qualified Pension Plans

Duke Energy's qualified defined benefit pension plans cover substantially all employees meeting certain minimum age and service requirements. The plans cover most employees using a cash balance formula. Under a cash balance formula, a plan participant accumulates a retirement benefit consisting of pay credits that are based upon a percentage (which varies with age and years of service) of current eligible earnings and current interest credits. Certain legacy Cinergy employees are covered under plans that use a final average earnings formula. Under a final average earnings formula, a plan participant accumulates a retirement benefit equal to a percentage of their highest 3-year average earnings, plus a percentage of their highest 3-year average earnings in excess of covered compensation per year of participation (maximum of 35 years), plus a percentage of their highest 3-year average earnings times years of participation in excess of 35 years. Duke Energy Ohio also participates in Duke

Combined Notes to Consolidated Financial Statements – (Continued)

Energy sponsored non-qualified, non-contributory defined benefit pension plans which cover certain executives.

Duke Energy's policy is to fund amounts on an actuarial basis to provide assets sufficient to meet benefits to be paid to plan participants. In 2010, Duke Energy Ohio made a cash contribution of approximately $45 million, which represented its proportionate share of a $400 million total contribution to Duke Energy's qualified pension plans. In 2009, Duke Energy Ohio made a cash contribution of $210 million, which represented its proportionate share of an $800 million total contribution to Duke Energy's qualified pension plans. Duke Energy did not make any contributions to its defined benefit retirement plans in 2008.

Actuarial gains and losses are amortized over the average remaining service period of active employees. The average remaining service period of active employees covered by the qualified retirement plans is 10 years. The average remaining service period of active employees covered by the non-qualified retirement plans is nine years. Duke Energy determines the market-related value of plan assets using a calculated value that recognizes changes in fair value of the plan assets over five years.

Components of Net Periodic Pension Costs as allocated by Duke Energy: Qualified Pension Plans

	For the Years Ended December 31,		
(in millions)	**2010[a]**	2009[a]	2008[a]
Service cost earned during the year	**$ 7**	$ 8	$ 12
Interest cost on projected benefit obligation	**33**	38	42
Expected return on plan assets	**(44)**	(43)	(46)
Amortization of prior service cost	**1**	1	1
Amortization of actuarial loss	**4**	—	—
Other	**2**	2	3
Net periodic pension costs	**$ 3**	$ 6	$ 12

(a) These amounts exclude $7 million, $4 million and $4 million for the years ended December 31, 2010, 2009 and 2008, respectively, of regulatory asset amortization resulting from purchase accounting adjustments associated with Duke Energy's merger with Cinergy in April 2006.

Other Changes in Plan Assets and Projected Benefit Obligations Recognized in Regulatory Assets and AOCI: Qualified Pension Plans

	For the year ended December 31,	
(in millions)	**2010**	2009
Regulatory assets, net increase	**$ 6**	$ 1
Accumulated other comprehensive (income)/loss		
Deferred income tax asset	**4**	—
Actuarial (gain) loss arising during the year	**(9)**	2
Prior service credit arising during the year	**—**	(1)
Amortization of prior year actuarial losses	**(1)**	—
Amortization of prior year prior service cost	**(1)**	—
Net amount recognized in accumulated other comprehensive (income)/loss	**$(7)**	$ 1

Reconciliation of Funded Status to Net Amount Recognized: Qualified Pension Plans

	As of and for the Years Ended December 31,	
(in millions)	**2010**	2009
Change in Projected Benefit Obligation		
Obligation at prior measurement date	**$689**	$694
Service cost	**7**	8
Interest cost	**33**	38
Actuarial losses	**24**	67
Plan amendments	**—**	(2)
Transfers	**(54)**	(76)
Benefits paid	**(48)**	(40)
Obligation at measurement date	**$651**	$689

The accumulated benefit obligation was $616 million and $640 million at December 31, 2010 and 2009, respectively.

	As of and for the Years Ended December 31,	
(in millions)	**2010**	2009
Change in Fair Value of Plan Assets		
Plan assets at prior measurement date	**$557**	$360
Actual return on plan assets	**65**	103
Transfers	**(54)**	(76)
Benefits paid	**(48)**	(40)
Employer contributions	**45**	210
Plan assets at measurement date	**$565**	$557

Combined Notes to Consolidated Financial Statements – (Continued)

Amounts Recognized in the Consolidated Balance Sheets: Qualified Pension Plans

The following table provides the amounts related to Duke Energy Ohio's qualified pension plans that are reflected in Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets at December 31, 2010 and 2009:

	As of and for the Years Ended December 31,	
(in millions)	**2010**	2009
Accrued pension liability	**$(86)**	$(132)

The following table provides the amounts related to Duke Energy Ohio's qualified pension plans that are reflected in Other within Regulatory Assets and Deferred Debits and AOCI on the Consolidated Balance Sheets at December 31, 2010 and 2009:

	As of December 31,	
(in millions)	**2010**	2009
Regulatory Assets	**$111**	$105
Accumulated Other Comprehensive Loss (Income)		
Deferred income tax asset	**$ (16)**	$ (20)
Prior service cost	**1**	2
Net actuarial loss	**45**	55
Net amount recognized accumulated other comprehensive loss (income)	**$ 30**	$ 37

Of the amounts above, approximately $8 million of unrecognized net actuarial loss and approximately $1 million of unrecognized prior service cost will be recognized in net periodic pension costs in 2011.

Additional Information:

Qualified Pension Plans—Information for Plans with Accumulated Benefit Obligation in Excess of Plan Assets: as allocated by Duke Energy

	As of December 31,	
(in millions)	**2010**	2009
Projected benefit obligation	**$651**	$689
Accumulated benefit obligation	**616**	640
Fair value of plan assets	**565**	557

Assumptions Used for Pension Benefits Accounting

	As of December 31,		
(percentages)	**2010**	2009	2008
Benefit Obligations			
Discount rate	**5.00**	5.50	6.50
Salary increase (graded by age)	**4.10**	4.50	4.50
Determined Expense			
Discount rate	**5.50**	6.50	6.00
Salary increase	**4.50**	4.50	5.00
Expected long-term rate of return on plan assets	**8.50**	8.50	8.50

The discount rate used to determine the current year pension obligation and following year's pension expense is based on a yield curve approach. Under the yield curve approach, expected future benefit payments for each plan are discounted by a rate on a third-party bond yield curve corresponding to each duration. The yield curve is based on a bond universe of AA and AAA-rated long-term corporate bonds. A single discount rate is calculated that would yield the same present value as the sum of the discounted cash flows.

Non-Qualified Pension Plans

Components of Net Periodic Pension Costs as allocated by Duke Energy: Non-Qualified Pension Plans

Duke Energy Ohio's non-qualified pension plan pre-tax net periodic pension benefit costs as allocated by Duke Energy was insignificant for the years ended December 31, 2010, 2009 and 2008.

Other Changes in Plan Assets and Projected Benefit Obligations

Recognized in Regulatory Assets and Accumulated Other Comprehensive Income: Non-Qualified Pension Plans

Duke Energy Ohio's non-qualified pension plan Other Changes in Plan Assets and Projected Benefit Obligations Recognized in Regulatory Assets and Accumulated Other Comprehensive Income as allocated by Duke Energy was insignificant for the years ended December 31, 2010 and 2009.

Reconciliation of Funded Status to Net Amount Recognized: Non-Qualified Pension Plans

	As of and for the Years Ended December 31,	
(in millions)	**2010**	2009
Change in Projected Benefit Obligation		
Obligation at prior measurement date	**$ 4**	$ 6
Service cost	**—**	—
Interest cost	**—**	—
Actuarial losses	**3**	—
Benefits paid	**(1)**	(2)
Obligation at measurement date	**$ 6**	$ 4

Combined Notes to Consolidated Financial Statements – (Continued)

(in millions)	As of and for the Years Ended December 31, 2010	2009
Change in Fair Value of Plan Assets		
Benefits paid	**$(1)**	$(2)
Employer contributions	**1**	2
Plan assets at measurement date	**$—**	$—

The accumulated benefit obligation was $6 million and $4 million at December 31, 2010 and 2009, respectively.

Amounts Recognized in the Consolidated Balance Sheets: Non-Qualified Pension Plans

The following table provides the amounts related to Duke Energy Ohio's non-qualified pension plans that are reflected in Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets at December 31, 2010 and 2009:

(in millions)	As of December 31, 2010	2009
Accrued pension liability[(a)]	**$(6)**	$(5)

(a) Includes $1 million and $1 million recognized in Other within Current Liabilities on the Consolidated Balance Sheets as of December 31, 2010 and 2009, respectively.

Amounts related to Duke Energy Ohio's non-qualified pension plans that are reflected in Other within Regulatory Assets and Deferred Debits and AOCI on the Consolidated Balance Sheets were insignificant at December 31, 2010 and 2009.

Additional Information: Non-Qualified Pension Plans

Information for Plans with Accumulated Benefit Obligation in Excess of Plan Assets: as allocated by Duke Energy

(in millions)	As of December 31, 2010	2009
Projected benefit obligation	**$ 6**	$ 4
Accumulated benefit obligation	**6**	4
Fair value of plan assets	**—**	—

The discount rate used to determine the current year pension obligation and following year's pension expense is based on a yield curve approach. Under the yield curve approach, expected future benefit payments for each plan are discounted by a rate on a third-party bond yield curve corresponding to each duration. The yield curve is based on a bond universe of AA and AAA-rated long-term corporate bonds. A single discount rate is calculated that would yield the same present value as the sum of the discounted cash flows.

Assumptions Used for Pension Benefits Accounting

(percentages)	As of December 31, 2010	2009	2008
Benefit Obligations			
Discount rate	**5.00**	5.50	6.50
Salary increase	**4.10**	4.50	4.50
Net Periodic Benefit Cost			
Discount rate	**5.50**	6.50	6.00
Salary increase	**4.50**	4.50	5.00

Other Post-Retirement Benefit Plans

Duke Energy Ohio participates in other post-retirement benefit plans sponsored by Duke Energy. Prior to January 1, 2008, Cinergy was the sponsor of the other post-retirement benefit plans. Effective January 1, 2008, Duke Energy became the sponsor of these other post-retirement benefit plans. Duke Energy provides certain health care and life insurance benefits to retired employees and their eligible dependents on a contributory and non-contributory basis. These benefits are subject to minimum age and service requirements. The health care benefits include medical coverage, dental coverage, and prescription drug coverage and are subject to certain limitations, such as deductibles and co-payments. These benefit costs are accrued over an employee's active service period to the date of full benefits eligibility. The net unrecognized transition obligation is amortized over approximately 20 years.

Actuarial gains and losses are amortized over the average remaining service period of the active employees. The average remaining service period of the active employees covered by the plan is 11 years. During 2008, Duke Energy Ohio recorded pre-tax income of $20 million related to the correction of errors in actuarial valuations prior to 2008 that would have reduced amounts recorded as other post-retirement benefit expense recorded during those historical periods. Duke Energy did not make any contributions to its other post-retirement plans in 2010, 2009 or 2008.

Components of Net Periodic Other Post-Retirement Benefit Costs as allocated by Duke Energy

(in millions)	For the Years Ended December 31, 2010[(a)]	2009[(a)]	2008[(a)]
Service cost	**$ 1**	$ 1	$ 1
Interest cost on accumulated post-retirement benefit obligation	**3**	4	4
Expected return on plan assets	**(1)**	(1)	(1)
Amortization of prior service credit	**(1)**	(1)	(1)
Prior period accounting true-up adjustment[(b)]	**—**	—	(18)
Amortization of actuarial gain	**(2)**	(2)	(1)
Net periodic other post-retirement benefit costs	**$—**	$ 1	$(16)

Combined Notes to Consolidated Financial Statements – (Continued)

(a) These amounts exclude $2 million for each of the years ended December 31, 2010, 2009 and 2008 of regulatory asset amortization resulting from purchase accounting adjustments associated with Duke Energy's merger with Cinergy in April 2006.
(b) Includes the recognition of the approximate $20 million correction of errors discussed above.

Other Changes in Plan Assets and Projected Benefit Obligations Recognized in Accumulated Other Comprehensive Income, Regulatory Assets and Regulatory Liabilities: Other Post-Retirement Benefit Plans

	For the year ended December 31,	
(in millions)	**2010**	2009
Regulatory assets, net increase	**$—**	$32
Regulatory liabilities, net (decrease) increase	**(4)**	27
Accumulated other comprehensive (income)/loss		
Deferred income tax liability	**3**	(2)
Actuarial gain arising during the year	**(3)**	—
Amortization of prior year prior service credit	**—**	—
Amortization of prior year actuarial gains	**1**	1
Amortization of prior year net transition liability	**—**	—
Net amount recognized in accumulated other comprehensive (income)/loss	**$ 1**	$ (1)

Reconciliation of Funded Status to Accrued Other Post-Retirement Benefit Costs

	As of and for the Years Ended December 31,	
(in millions)	**2010**	2009
Change in Benefit Obligation		
Accumulated post-retirement benefit obligation at prior measurement date	**$70**	$ 76
Service cost	**1**	1
Interest cost	**3**	4
Plan participants' contributions	**1**	—
Actuarial loss	**2**	3
Transfers	**(6)**	(10)
Benefits paid	**(5)**	(5)
Accrued retiree drug subsidy	**—**	1
Accumulated post-retirement benefit obligation at measurement date	**$66**	$ 70
Change in Fair Value of Plan Assets		
Plan assets at prior measurement date	**$ 7**	$ 6
Actual return on plan assets	**2**	1
Benefits paid	**(5)**	(5)
Employer contributions	**3**	5
Plan participants' contributions	**1**	—
Plan assets at measurement date	**$ 8**	$ 7

Amounts Recognized in the Consolidated Balance Sheets: Other Post-Retirement Benefit Plans

The following table provides the amounts related to Duke Energy Ohio's other post-retirement benefit plans that are reflected in Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets at December 31, 2010 and 2009:

	As of December 31,	
(in millions)	**2010**	2009
Accrued other post-retirement liability(a)	**$(58)**	$(63)

(a) Includes $2 million and $2 million recognized in Other within Current Liabilities on the Consolidated Balance Sheets as of December 31, 2010 and 2009, respectively.

The following table provides the amounts related to Duke Energy Ohio's other post-retirement benefit plans that are reflected in Other within Deferred Credits and Other Liabilities and AOCI on the Consolidated Balance Sheets at December 31, 2010 and 2009:

	As of December 31,	
(in millions)	**2010**	2009
Regulatory liabilities	**$ 20**	$ 24
Accumulated other comprehensive income		
Deferred income tax liability	**$ 5**	$ 2
Prior service credit	**(1)**	(1)
Net actuarial loss gain	**(12)**	(10)
Net amount recognized in accumulated other comprehensive (income)/loss	**$ (8)**	$ (9)

Of the amounts above, $2 million of unrecognized gains and $1 million of unrecognized prior service credit (which will reduce pension expense) will be recognized in net periodic pension costs in 2011.

Assumptions Used for Other Post-retirement Benefits Accounting

(percentages)	**2010**	2009	2008
Benefit Obligations			
Discount rate	**5.00**	5.50	6.50
Net Periodic Benefit Cost			
Discount rate	**5.50**	6.50	6.00
Expected long-term rate of return on plan assets	**8.50**	8.50	8.50

Assumed Health Care Cost Trend Rates

	Medicare Trend Rate		Prescription Drug Trend Rate	
	2010	2009	**2010**	2009
Health care cost trend rate assumed for next year	**8.50%**	8.50%	**9.80%**	11.00%
Rate to which the cost trend is assumed to decline (the ultimate trend rate)	**5.00%**	5.00%	**5.00%**	5.00%
Year that the rate reaches the ultimate trend rate	**2020**	2019	**2025**	2024

Combined Notes to Consolidated Financial Statements – (Continued)

Sensitivity to Changes in Assumed Health Care Cost Trend Rates

(in millions)	1-Percentage-Point Increase	1-Percentage-Point Decrease
Effect on total service and interest costs	$ 1	$ (1)
Effect on post-retirement benefit obligation	21	(18)

Expected Benefit Payments

The following table presents Duke Energy's expected benefit payments made on behalf of Duke Energy Ohio to participants in its qualified, non-qualified and other post-retirement benefit plans over the next 10 years, which are primarily paid out of the assets of the various trusts. These benefit payments reflect expected future service, as appropriate.

(in millions)	Qualified Plans	Non-Qualified Plans	Other Post-Retirement Plans	Total
Years Ended December 31,				
2011	$ 48	$ 1	$ 5	$ 54
2012	47	1	5	53
2013	47	—	5	52
2014	46	—	5	51
2015	47	—	5	52
2016 – 2020	239	2	27	268

Employee Savings Plans

Duke Energy sponsors, and Duke Energy Ohio participates in, an employee savings plan that covers substantially all U.S. employees. Duke Energy contributes a matching contribution equal to 100% of before-tax employee contributions, of up to 6% of eligible pay per period. Duke Energy Ohio expensed pre-tax plan contributions, as allocated by Duke Energy, of $4 million in 2010, $4 million in 2009 and $6 million in 2008.

DUKE ENERGY INDIANA

Duke Energy Retirement Plans.

Duke Energy Indiana participates in qualified and non-qualified defined benefit pension plans and other post-retirement benefit plans sponsored by Duke Energy. Duke Energy allocates pension and other post-retirement obligations and costs related to these plans to Duke Energy Indiana.

Net periodic benefit cost disclosed below for the qualified, non-qualified and other post-retirement benefit plans represent the cost of the respective plan for the periods presented. However, portions of the net periodic benefit cost disclosed have been capitalized as a component of property, plant and equipment.

As required by the applicable accounting rules, Duke Energy uses a December 31 measurement date for its defined benefit retirement plan assets and obligations.

Amounts presented below represent the amounts of pension and other post-retirement benefit cost allocated to Duke Energy Indiana. Additionally, Duke Energy Indiana is allocated its proportionate share of pension and other post-retirement benefit cost for employees of Duke Energy's shared services affiliate that provides support to Duke Energy Indiana. These allocated amounts are included in the governance and shared services costs discussed in Note 13.

Qualified Pension Plans

Duke Energy's qualified defined benefit pension plans cover substantially all employees meeting certain minimum age and service requirements. The plans cover most employees using a cash balance formula. Under a cash balance formula, a plan participant accumulates a retirement benefit consisting of pay credits that are based upon a percentage (which varies with age and years of service) of current eligible earnings and current interest credits. Certain legacy Cinergy employees are covered under plans that use a final average earnings formula. Under a final average earnings formula, a plan participant accumulates a retirement benefit equal to a percentage of their highest 3-year average earnings, plus a percentage of their highest 3-year average earnings in excess of covered compensation per year of participation (maximum of 35 years), plus a percentage of their highest 3-year average earnings times years of participation in excess of 35 years. Duke Energy Indiana also participates in Duke Energy sponsored non-qualified, non-contributory defined benefit pension plans which cover certain executives.

Duke Energy's policy is to fund amounts on an actuarial basis to provide assets sufficient to meet benefits to be paid to plan participants. Duke Energy made qualified pension benefit contributions of $400 million to its qualified pension plans in 2010, of which $46 million represents contributions made by Duke Energy Indiana for the year ended December 31, 2010. Duke Energy made qualified pension benefit contributions of $800 million to its qualified pension plans in 2009, of which $140 million represents contributions made by Duke Energy Indiana for the year ended December 31, 2009. Duke Energy did not make any contributions to its defined benefit retirement plans in 2008.

Actuarial gains and losses are amortized over the average remaining service period of the active employees. The average remaining service period of the active employees covered by the qualified retirement plans is 10 years. The average remaining service period of the active employees covered by the qualified retirement plans is nine years. Duke Energy determines the market-related value of plan assets using a calculated value that recognizes changes in fair value of the plan assets over five years.

Combined Notes to Consolidated Financial Statements – (Continued)

Components of Net Periodic Pension (Benefit) Costs as allocated by Duke Energy: Qualified Pension Plans

(in millions)	For the Years Ended December 31, 2010	2009	2008
Service cost	**$ 11**	$ 9	$ 11
Interest cost on projected benefit obligation	**32**	33	33
Expected return on plan assets	**(45)**	(42)	(37)
Amortization of prior service cost	**2**	2	2
Amortization of actuarial loss	**12**	5	6
Other	**2**	2	2
Net periodic pension costs	**$ 14**	$ 9	$ 17

Other Changes in Plan Assets and Projected Benefit Obligations Recognized in Regulatory Assets

(in millions)	For the year ended December 31, 2010	2009
Regulatory assets, net decrease	**$(4)**	$(16)

Reconciliation of Funded Status to Net Amount Recognized: Qualified Pension Plans

(in millions)	As of and for the Years Ended December 31, 2010	2009
Change in Projected Benefit Obligation		
Obligation at prior measurement date	**$602**	$551
Service cost	**11**	9
Interest cost	**32**	33
Actuarial losses	**32**	45
Plan amendments	**2**	—
Transfers	**(7)**	(5)
Benefits paid	**(44)**	(31)
Obligation at measurement date	**$628**	$602

The accumulated benefit obligation was $578 million and $556 million at December 31, 2010 and 2009, respectively.

(in millions)	As of and for the Years Ended December 31, 2010	2009
Change in Fair Value of Plan Assets		
Plan assets at prior measurement date	**$505**	$307
Actual return on plan assets	**65**	94
Benefits paid	**(44)**	(31)
Transfers	**(7)**	(5)
Employer contributions	**46**	140
Plan assets at measurement date	**$565**	$505

Amounts Recognized in the Consolidated Balance Sheets: Qualified Pension Plans

The following table provides the amounts related to Duke Energy Indiana's qualified pension plans that are reflected in Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets at December 31, 2010 and 2009

(in millions)	As of and for the Years Ended December 31, 2010	2009
Accrued pension liability	**$(63)**	$(97)

The following table provides the amounts related to Duke Energy Indiana's qualified pension plans that are reflected in Other within Regulatory Assets and Deferred Debits on the Consolidated Balance Sheets at December 31, 2010 and 2009:

(in millions)	As of December 31, 2010	2009
Regulatory Assets	**$224**	$228

Additional Information: Qualified Pension Plans

Information for Plans with Accumulated Benefit Obligation in Excess of Plan Assets: as allocated by Duke Energy

(in millions)	As of December 31, 2010	2009
Projected benefit obligation	**$628**	$602
Accumulated benefit obligation	**578**	556
Fair value of plan assets	**565**	505

Assumptions Used for Pension Benefits Accounting

(percentages)	As of December 31, 2010	2009	2008
Benefit Obligations			
Discount rate	**5.00**	5.50	6.50
Salary increase	**4.10**	4.50	4.50
Net Periodic Benefit Cost			
Discount rate	**5.50**	6.50	6.00
Salary increase	**4.50**	4.50	5.00
Expected long-term rate of return on plan assets	**8.50**	8.50	8.50

Non-Qualified Pension Plans

Components of Net Periodic Pension Costs as allocated by Duke Energy: Non-Qualified Pension Plans

Duke Energy Indiana's non-qualified pension plan pre-tax net periodic pension benefit costs, as allocated by Cinergy, were

Combined Notes to Consolidated Financial Statements – (Continued)

insignificant for the years ended December 31, 2010 and 2009 $1 million for the year ended December 31, 2008.

Other Changes in Plan Assets and Projected Benefit Obligations Recognized in Regulatory Assets: Non-Qualified Pension Plans

(in millions)	For the year ended December 31, 2010	2009
Regulatory assets, net increase (decrease)	**$1**	$(1)

Reconciliation of Funded Status to Net Amount Recognized: Non-Qualified Pension Plans

(in millions)	As of and for the Years Ended December 31, 2010	2009
Change in Projected Benefit Obligation		
Obligation at prior measurement date	**$ 6**	$ 6
Service cost	—	—
Interest cost	—	—
Actuarial losses	—	—
Benefits paid	—	—
Obligation at measurement date	**$ 6**	$ 6
Change in Fair Value of Plan Assets		
Benefits paid	**$(—)**	$(—)
Employer contributions	—	—
Plan assets at measurement date	**$ —**	$ —

The accumulated benefit obligation was $6 million and $6 million at December 31, 2010 and 2009, respectively.

Amounts Recognized in the Consolidated Balance Sheets: Non-Qualified Pension Plans

The following table provides the amounts related to Duke Energy Indiana's non-qualified pension plans that are reflected in Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets at December 31, 2010 and 2009:

(in millions)	As of December 31, 2010	2009
Accrued pension liability[(a)]	**$(6)**	$(6)

(a) Includes $1 million and $1 million recognized in Other within Current Liabilities on the Consolidated Balance Sheets as of December 31, 2010 and 2009, respectively.

The following table provides the amounts related to Duke Energy Indiana's non-qualified pension plans that are reflected in Regulatory Assets on the Consolidated Balance Sheets at December 31, 2010 and 2009:

(in millions)	As of December 31, 2010	2009
Regulatory assets	**$3**	$2

Of the amounts above, an insignificant amount will be recognized in net periodic pension costs in 2011.

Additional Information: Non-Qualified Pension Plans

Information for Plans with Accumulated Benefit Obligation in Excess of Plan Assets: as allocated by Duke Energy

(in millions)	As of December 31, 2010	2009
Projected benefit obligation	**$ 6**	$ 6
Accumulated benefit obligation	**6**	6
Fair value of plan assets	**—**	—

The discount rate used to determine the current year pension obligation and following year's pension expense is based on a yield curve approach. Under the yield curve approach, expected future benefit payments for each plan are discounted by a rate on a third-party bond yield curve corresponding to each duration. The yield curve is based on a bond universe of AA and AAA-rated long-term corporate bonds. A single discount rate is calculated that would yield the same present value as the sum of the discounted cash flows.

Assumptions Used for Pension Benefits Accounting: Non-Qualified Plans

(percentages)	As of December 31, 2010	2009	2008
Benefit Obligations			
Discount rate	**5.00**	5.50	6.50
Salary increase	**4.10**	4.50	4.50
Net Periodic Benefit Cost			
Discount rate	**5.50**	6.50	6.00
Salary increase	**4.50**	4.50	5.00

Other Post-Retirement Benefit Plans

Duke Energy Indiana participates in other post-retirement benefit plans sponsored by Duke Energy. Prior to January 1, 2008, Cinergy was the sponsor of the other post-retirement benefit plans. Effective January 1, 2008, Duke Energy became the sponsor of these other post-retirement benefit plans. Duke Energy provides certain health care and life insurance benefits to retired employees and their eligible dependents on a contributory and non-contributory basis. These benefits are subject to minimum age and service requirements. The health care benefits include medical coverage, dental coverage, and prescription drug coverage and are subject to certain limitations, such as deductibles and co-payments. These benefit costs are accrued over an employee's active service period to the date of full benefits eligibility. The net unrecognized transition obligation is amortized over approximately 20 years. Actuarial gains and losses are amortized over the average remaining service period of the active employees. The average remaining service period of the active employees covered by the plan is 10 years.

Combined Notes to Consolidated Financial Statements – (Continued)

During the fourth quarter of 2008, Duke Energy Indiana recorded pre-tax income of $19 million related to the correction of errors in actuarial valuations prior to 2008 that would have reduced amounts recorded as other post-retirement benefit expense recorded during those historical periods. Duke Energy did not make any contributions to its other post-retirement plans in 2010, 2009 or 2008.

Components of Net Periodic Other Post-Retirement Benefit Costs as allocated by Duke Energy

	For the Years Ended December 31,		
(in millions)	**2010**	2009	2008
Service cost	**$ 1**	$ 1	$ 1
Interest cost on accumulated post-retirement benefit obligation	**8**	11	10
Expected return on plan assets	**(1)**	(1)	(1)
Amortization of net transition liability	**—**	—	9
Amortization of actuarial loss (gain)	**1**	2	(4)
Net periodic other post-retirement benefit costs	**$ 9**	$13	$14

Other Changes in Plan Assets and Projected Benefit Obligations Recognized in Regulatory Assets and Regulatory Liabilities: Other Post-Retirement Benefit Plans

	For the year ended December 31,	
(in millions)	**2010**	2009
Regulatory assets, net decrease	**$(12)**	$ (6)
Regulatory liabilities, net (decrease) increase	**(6)**	16

Reconciliation of Funded Status to Accrued Other Post-Retirement Benefit Costs

	As of and for the Years Ended December 31,	
(in millions)	**2010**	2009
Change in Benefit Obligation		
Accumulated post-retirement benefit obligation at prior measurement date	**$154**	$175
Service cost	**1**	1
Interest cost	**8**	11
Plan participants' contributions	**3**	—
Actuarial (gain) loss	**1**	(19)
Benefits paid	**(15)**	(14)
Transfers	**(1)**	(1)
Accrued retiree drug subsidy	**1**	1
Accumulated post-retirement benefit obligation at measurement date	**$152**	$154

	As of and for the Years Ended December 31,	
(in millions)	**2010**	2009
Change in Fair Value of Plan Assets		
Plan assets at prior measurement date	**$ 13**	$ 10
Actual return on plan assets	**2**	3
Benefits paid	**(15)**	(14)
Employer contributions	**11**	14
Plan participants' contributions	**3**	—
Plan assets at measurement date	**$ 14**	$ 13

Amounts Recognized in the Consolidated Balance Sheets: Other Post-Retirement Benefit Plans

The following table provides the amounts related to Duke Energy Indiana's other post-retirement benefit plans that are reflected in Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets at December 31, 2010 and 2009:

	As of December 31,	
(in millions)	**2010**	2009
Accrued other post-retirement liability[(a)]	**$(138)**	$(141)

(a) Includes an insignificant amount recognized in Other within Current Liabilities on the Consolidated Balance Sheets as of December 31, 2010 and 2009, respectively.

The following table provides the amounts related to Duke Energy Indiana's other post-retirement benefit plans that are reflected in Other within Regulatory Assets and Deferred Debits and within Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets at December 31, 2010 and 2009:

	As of December 31,	
(in millions)	**2010**	2009
Regulatory assets	**$90**	$102
Regulatory liabilities	**58**	64

Assumptions Used for Other Post-retirement Benefits Accounting

	As of December 31,		
(percentages)	**2010**	2009	2008
Benefit Obligations			
Discount rate	**5.00**	5.50	6.50
Net Periodic Benefit Cost			
Discount rate	**5.50**	6.50	6.00
Expected long-term rate of return on plan assets	**8.50**	8.50	8.50

Combined Notes to Consolidated Financial Statements – (Continued)

Assumed Health Care Cost Trend Rates

	Medicare Trend Rate		Prescription Drug Trend Rate	
	2010	2009	**2010**	2009
Health care cost trend rate assumed for next year	**8.50%**	8.50%	**9.80%**	11.00%
Rate to which the cost trend is assumed to decline (the ultimate trend rate)	**5.00%**	5.00%	**5.00%**	5.00%
Year that the rate reaches the ultimate trend rate	**2020**	2019	**2025**	2024

Sensitivity to Changes in Assumed Health Care Cost Trend Rates

(in millions)	1-Percentage-Point Increase	1-Percentage-Point Decrease
Effect on total service and interest costs	$ 1	$ (1)
Effect on post-retirement benefit obligation	21	(18)

Expected Benefit Payments

The following table presents Duke Energy's expected benefit payments to participants on behalf of Duke Energy Indiana in its qualified, non-qualified and other post-retirement benefit plans over the next 10 years, which are primarily paid out of the assets of the various trusts. These benefit payments reflect expected future service, as appropriate.

(in millions)	Qualified Plans	Non-Qualified Plans	Other Post-Retirement Plans[(a)]	Total
Years Ended December 31,				
2011	$ 40	$—	$13	$ 53
2012	40	—	14	54
2013	38	—	14	52
2014	39	—	15	54
2015	41	—	15	56
2016 – 2020	220	2	73	295

(a) Duke Energy expects to receive future subsidies under Medicare Part D on behalf of Duke Energy Indiana of $1 million in each of the years 2010-2014, $2 million in 2015, and a total of $8 million during the years 2016-2020.

Employee Savings Plans

Duke Energy sponsors, and Duke Energy Indiana participates in, an employee savings plan that covers substantially all U.S. employees. Duke Energy contributes a matching contribution equal to 100% of before-tax employee contributions, of up to 6% of eligible pay per period. Duke Energy Indiana expensed pre-tax plan contributions, as allocated by Duke Energy, of $6 million in 2010, $5 million in 2009 and $5 million in 2008.

22. INCOME TAXES

Duke Energy and its subsidiaries file income tax returns in the U.S. with federal and various state governmental authorities, and in certain foreign jurisdictions. The taxable income of Duke Energy and its subsidiaries is reflected in Duke Energy's U.S. federal and state income tax returns. These subsidiaries have a tax sharing agreement with Duke Energy where the separate return method is used to allocate tax expenses and benefits to the subsidiaries whose investments or results of operations provide these tax expenses and benefits. The accounting for income taxes essentially represents the income taxes that each of these subsidiaries would incur if it were a separate company filing its own tax return as a C-Corporation.

The following details the components of income tax expense:

INCOME TAX EXPENSE

	For the Year Ended December 31, 2010			
(in millions)	**Duke Energy**	**Duke Energy Carolinas**	**Duke Energy Ohio**	**Duke Energy Indiana**
Current income taxes				
Federal	**$ (5)**	**$ 3**	**$107**	**$ (3)**
State	**39**	**(2)**	**8**	**16**
Foreign	**125**	**—**	**—**	**—**
Total current income taxes	**159**	**1**	**115**	**13**
Deferred income taxes				
Federal	**639**	**388**	**6**	**123**
State	**83**	**75**	**12**	**22**
Foreign	**20**	**—**	**—**	**—**
Total deferred income taxes	**742**	**463**	**18**	**145**
Investment tax credit amortization	**(11)**	**(7)**	**(1)**	**(2)**
Total income tax expense from continuing operations	**890**	**457**	**132**	**156**
Total income tax benefit from discontinued operations	**(1)**	**—**	**—**	**—**
Total income tax expense included in Consolidated Statements of Operations[(a)]	**$889**	**$457**	**$132**	**$156**

(a) Included in the "Total current income taxes" line above are uncertain tax benefits relating primarily to certain temporary differences of $392 million at Duke Energy, $300 million at Duke Energy Carolinas, $3 million at Duke Energy Ohio and $7 million at Duke Energy Indiana.

Combined Notes to Consolidated Financial Statements – (Continued)

(in millions)	For the Year Ended December 31, 2009 Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
Current income taxes				
Federal	$(271)	$(196)	$ 77	$ 2
State	3	(27)	7	5
Foreign	96	—	—	—
Total current income taxes	(172)	(223)	84	7
Deferred income taxes				
Federal	767	518	97	89
State	148	89	7	22
Foreign	27	—	—	—
Total deferred income taxes	942	607	104	111
Investment tax credit amortization	(12)	(7)	(2)	(2)
Total income tax expense from continuing operations	758	377	186	116
Total income tax benefit from discontinued operations	(2)	—	—	—
Total income tax expense included in Consolidated Statements of Operations[(a)]	$ 756	$ 377	$186	$116

(a) Included in the "Total current income taxes" line above are uncertain tax benefits relating primarily to certain temporary differences of $91 million at Duke Energy, uncertain tax expenses of $42 million, $22 million and $20 million at Duke Energy Carolinas, Duke Energy Ohio, and Duke Energy Indiana, respectively.

(in millions)	For the Year Ended December 31, 2008 Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
Current income taxes				
Federal	$ 60	$ (20)	$ 110	$126
State	17	17	9	39
Foreign	68	—	—	—
Total current income taxes	145	(3)	119	165
Deferred income taxes				
Federal	388	329	52	(11)
State	50	54	2	(1)
Foreign	46	—	—	—
Total deferred income taxes	484	383	54	(12)
Investment tax credit amortization	(13)	(8)	(2)	(3)
Total income tax expense from continuing operations	616	372	171	150
Total income tax benefit from discontinued operations	(3)	—	—	—
Total income tax expense from extraordinary item	37	—	37	—
Total income tax expense included in Consolidated Statements of Operations[(a)]	$ 650	$ 372	$ 208	$150

(a) Included in the "Total current income taxes" line above are uncertain tax benefits relating primarily to certain temporary differences of $46 million at Duke Energy, uncertain tax expenses of $2 million at Duke Energy Carolinas, uncertain tax benefits of $17 million at Duke Energy Ohio and uncertain tax benefits of $18 million at Duke Energy Indiana.

Duke Energy Income from Continuing Operations before Income Taxes

(in millions)	For the Years Ended December 31, 2010	2009	2008
Domestic	**$1,731**	$1,433	$1,575
Foreign	**479**	398	316
Total income from continuing operations before income taxes	**$2,210**	$1,831	$1,891

Combined Notes to Consolidated Financial Statements – (Continued)

Reconciliation of Income Tax Expense at the U.S. Federal Statutory Tax Rate to the Actual Tax Expense from Continuing Operations (Statutory Rate Reconciliation)

	For the Year Ended December 31, 2010			
(in millions)	Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
Income tax expense, computed at the statutory rate of 35%	$ 774	$ 454	$ (108)	$ 155
State income tax, net of federal income tax effect	82	48	14	26
Tax differential on foreign earnings	(22)	—	—	—
Goodwill impairment charges	175	—	237	—
AFUDC equity income	(82)	(61)	(2)	(20)
Other items, net	(37)	16	(9)	(5)
Total income tax expense from continuing operations	$ 890	$ 457	$ 132	$ 156
Effective tax rate	40.3%	35.3%	(43.0)%	35.5%

	For the Year Ended December 31, 2009			
(in millions)	Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
Income tax expense, computed at the statutory rate of 35%	$ 641	$ 378	$ (84)	$ 111
State income tax, net of federal income tax effect	98	40	9	18
Tax differential on foreign earnings	(16)	—	—	—
Goodwill impairment charges	130	—	254	—
AFUDC equity income	(53)	(44)	1	(10)
Other items, net	(42)	3	6	(3)
Total income tax expense from continuing operations	$ 758	$ 377	$ 186	$ 116
Effective tax rate	41.4%	34.9%	(77.5)%	36.7%

	For the Year Ended December 31, 2008			
(in millions)	Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
Income tax expense, computed at the statutory rate of 35%	$ 663	$ 372	$ 160	$ 143
State income tax, net of federal income tax effect	43	46	7	25
Tax differential on foreign earnings	3	—	—	—
AFUDC equity income	(52)	(33)	(3)	(16)
Other items, net	(41)	(13)	7	(2)
Total income tax expense from continuing operations	$ 616	$ 372	$ 171	$ 150
Effective tax rate	32.5%	35.0%	37.3%	36.8%

Valuation allowances have been established for certain foreign and state net operating loss carryforwards that reduce deferred tax assets to an amount that will be realized on a more-likely-than-not basis. The net change in the total valuation allowance is included in Tax differential on foreign earnings and State income tax, net of federal income tax effect in the above table.

Net Deferred Income Tax Liability Components

	For the Year Ended December 31, 2010			
(in millions)	Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
Deferred credits and other liabilities	$ 679	$ 204	$ 61	$ 70
Tax Credit Carryforwards[a]	392	52	—	100
Other	262	15	19	5
Total deferred income tax assets	1,333	271	80	175
Valuation allowance	(145)	—	—	—
Net deferred income tax assets	1,188	271	80	175
Investments and other assets	(781)	(675)	(11)	(41)
Accelerated depreciation rates	(6,052)	(2,990)	(1,529)	(973)
Regulatory assets and deferred debits	(996)	(513)	(171)	(93)
Total deferred income tax liabilities	(7,829)	(4,178)	(1,711)	(1,107)
Net deferred income tax liabilities	$(6,641)	$(3,907)	$(1,631)	$ (932)

Combined Notes to Consolidated Financial Statements – (Continued)

(a) Of the tax credit carryforwards, $247 million relate to investment tax credits expiring in 2029 and subsequent periods and $145 million relates to alternative minimum tax credits that have no expiration.

(in millions)	For the Year Ended December 31, 2009 Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
Deferred credits and other liabilities	$ 591	$ 321	$ 35	$ 87
Tax Credit Carryforwards	290	48	—	89
Other	260	20	13	3
Total deferred income tax assets	1,141	389	48	179
Valuation allowance	(163)	—	—	—
Net deferred income tax assets	978	389	48	179
Investments and other assets	(594)	(539)	(72)	(30)
Accelerated depreciation rates	(4,744)	(2,323)	(1,436)	(694)
Regulatory assets and deferred debits	(1,184)	(552)	(160)	(166)
Other	—	—	—	—
Total deferred income tax liabilities	(6,522)	(3,414)	(1,668)	(890)
Net deferred income tax liabilities	$(5,544)	$(3,025)	$(1,620)	$(711)

The above amounts have been classified in the Consolidated Balance Sheets as follows:

Deferred Tax Assets (Liabilities)

(in millions)	For the Year Ended December 31, 2010 Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
Current deferred tax assets, included in other current assets	**$ 236**	**$ 81**	**$ 9**	**$ 41**
Non-current deferred tax assets, included in other investments and other assets	**101**	**—**	**—**	**—**
Non-current deferred tax liabilities	**(6,978)**	**(3,988)**	**(1,640)**	**(973)**
Total net deferred income tax liabilities	**$(6,641)**	**$(3,907)**	**$(1,631)**	**$(932)**

(in millions)	For the Year Ended December 31, 2009 Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
Current deferred tax assets, included in other current assets	$ 3	$ 62	$ —	$ —
Non-current deferred tax assets, included in other investments and other assets	95	—	—	—
Current deferred tax liabilities, included in other current liabilities	(27)	—	(43)	(32)
Non-current deferred tax liabilities	(5,615)	(3,087)	(1,577)	(679)
Total net deferred income tax liabilities	$(5,544)	$(3,025)	$(1,620)	$(711)

Deferred income taxes and foreign withholding taxes have not been provided on undistributed earnings of Duke Energy's foreign subsidiaries when such amounts are deemed to be indefinitely reinvested. The cumulative undistributed earnings as of December 31, 2010 on which Duke Energy has not provided deferred income taxes and foreign withholding taxes is $1.2 billion. The amount of unrecognized deferred tax liability related to these undistributed earnings is estimated at between $175 million and $250 million.

Changes to Unrecognized Tax Benefits

(in millions)	For the Year Ended December 31, 2010 Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
	Increase/(Decrease)			
Unrecognized Tax Benefits — January 1,	**$ 664**	**$ 517**	**$ 32**	**$ 28**
Unrecognized Tax Benefits Changes				
Gross increases — tax positions in prior periods	**36**	**14**	**15**	**7**
Gross decreases — tax positions in prior periods	**(43)**	**(7)**	**(21)**	**(13)**
Gross increases — current period tax positions	**5**	**3**	**1**	**1**
Settlements	**(320)**	**(310)**	**2**	**(2)**
Total Changes	**(322)**	**(300)**	**(3)**	**(7)**
Unrecognized Tax Benefits — December 31,	**$ 342**	**$ 217**	**$ 29**	**$ 21**

Combined Notes to Consolidated Financial Statements – (Continued)

	For the Year Ended December 31, 2009			
(in millions)	Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
	Increase/(Decrease)			
Unrecognized Tax Benefits — January 1,	$572	$462	$15	$ 9
Unrecognized Tax Benefits Changes				
Gross increases — tax positions in prior periods	132	58	30	22
Gross decreases — tax positions in prior periods	(38)	(11)	(9)	(1)
Gross increases — current period tax positions	11	8	1	2
Settlements	(13)	—	(5)	(4)
Total Changes	92	55	17	19
Unrecognized Tax Benefits — December 31,	$664	$517	$32	$28

	For the Year Ended December 31, 2008			
(in millions)	Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
	Increase/(Decrease)			
Unrecognized Tax Benefits — January 1,	$348	$189	$ 47	$ 30
Unrecognized Tax Benefits Changes				
Gross increases — tax positions in prior periods	294	281	—	—
Gross decreases — tax positions in prior periods	(65)	(11)	(22)	(21)
Gross increases — current period tax positions	5	3	—	—
Settlements	(7)	—	(10)	—
Lapse of statute of limitations	(3)	—	—	—
Total Changes	224	273	(32)	(21)
Unrecognized Tax Benefits — December 31,	$572	$462	$ 15	$ 9

Duke Energy. At December 31, 2010, Duke Energy had $113 million of unrecognized tax benefits that, if recognized, would affect the effective tax rate or be classified as a regulatory liability. At this time, Duke Energy is unable to estimate the specific effect to either. At December 31, 2010, Duke Energy had $11 million that, if recognized, would be recorded as a component of discontinued operations. Duke Energy does not anticipate a significant increase or decrease in unrecognized tax benefits in the next twelve months.

During the years ended December 31, 2010, 2009 and 2008, Duke Energy recognized $26 million of net interest income, $7 million of net interest expense and $2 million of net interest income, respectively, related to income taxes. At December 31, 2010 and 2009, Duke Energy's Consolidated Balance Sheets included $33 million and $21 million, respectively, of interest receivable, which reflects all interest related to income taxes, and $3 million and $3 million, respectively, related to accruals for the payment of penalties.

Duke Energy Carolinas. At December 31, 2010, Duke Energy Carolinas had $105 million of unrecognized tax benefit that, if recognized, may affect the effective tax rate or a regulatory liability. At this time, Duke Energy Carolinas is unable to estimate the specific effect to either. Duke Energy Carolinas does not anticipate a significant increase or decrease in unrecognized tax benefits in the next twelve months.

During the years ended December 31, 2010, 2009 and 2008, Duke Energy Carolinas recognized $18 million of net interest income, no net interest income or expense and $2 million of net interest expense, respectively, related to income taxes. At December 31, 2010 and 2009, Duke Energy Carolinas' Consolidated Balance Sheets included $34 million and $32 million, respectively, of interest receivable related to income taxes. No amount has been accrued for the payment of penalties in the Consolidated Balance Sheets at either December 31, 2010 or 2009.

Duke Energy Ohio. At December 31, 2010, Duke Energy Ohio had $1 million of unrecognized tax benefits that, if recognized, would affect the effective tax rate. Duke Energy Ohio does not anticipate a significant increase or decrease in unrecognized tax benefits in the next twelve months.

During the years ended December 31, 2010, 2009 and 2008, Duke Energy Ohio recognized $4 million of net interest income, $8 million of net interest expense and $7 million of net interest income, respectively, related to income taxes. At December 31, 2010 and 2009, Duke Energy Ohio had $1 million of interest payable and $5 million of interest payable, respectively, which reflects all interest related to income taxes. No amount has been accrued for the payment of penalties in the Consolidated Balance Sheets at either December 31, 2010 or 2009.

Duke Energy Indiana. At December 31, 2010, no portion of the total unrecognized tax benefits, if recognized, would affect the effective tax rate. Duke Energy Indiana does not anticipate a significant increase or decrease in unrecognized tax benefits in the next twelve months.

During the years ended December 31, 2010, 2009 and 2008, Duke Energy Indiana recognized $5 million of net interest income, $5 million of net interest expense and $4 million of net interest income, respectively, related to income taxes. At December 31, 2010 and 2009, Duke Energy Indiana had interest payable of $2 million

Combined Notes to Consolidated Financial Statements – (Continued)

and $6 million, respectively, which reflects all interest related to income taxes. No amount has been accrued for the payment of penalties in the Consolidated Balance Sheets at either December 31, 2010 or 2009.

Duke Energy and its subsidiaries are no longer subject to U.S. federal examination for years before 2004. The years 2004 and 2005 are in Appeals. The Internal Revenue Service (IRS) is currently auditing the federal income tax returns for years 2006 and 2007. With few exceptions, Duke Energy and its subsidiaries are no longer subject to state, local or non-U.S. income tax examinations by tax authorities for years before 2000.

As of December 31, 2010 and 2009, $208 million and $359 million, respectively, of federal income tax receivables were included in Other within Current Assets on the Consolidated Balance Sheets. At December 31, 2009, the balance exceeded 5% of Total Current Assets.

23. SUBSEQUENT EVENTS

For information on subsequent events related to acquisitions, regulatory matters and commitments and contingencies, see Notes 3, 4 and 5, respectively.

24. QUARTERLY FINANCIAL DATA (UNAUDITED)

Duke Energy

(In millions, except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
2010					
Operating revenues	**$3,594**	**$3,287**	**$3,946**	**$3,445**	**$14,272**
Operating income (loss)	**761**	**(14)**	**1,033**	**681**	**2,461**
Net income (loss) attributable to Duke Energy Corporation	**445**	**(222)**	**670**	**427**	**1,320**
Earnings (loss) per share:					
Basic[(a)]	**$ 0.34**	**$ (0.17)**	**$ 0.51**	**$ 0.32**	**$ 1.00**
Diluted[(a)]	**$ 0.34**	**$ (0.17)**	**$ 0.51**	**$ 0.32**	**$ 1.00**
2009					
Operating revenues	$3,312	$2,913	$3,396	$3,110	$12,731
Operating income	681	528	445	595	2,249
Net income attributable to Duke Energy Corporation	344	276	109	346	1,075
Earnings per share:					
Basic[(a)]	$ 0.27	$ 0.21	$ 0.08	$ 0.26	$ 0.83
Diluted[(a)]	$ 0.27	$ 0.21	$ 0.08	$ 0.26	$ 0.83

(a) Quarterly EPS amounts are meant to be stand-alone calculations and are not always additive to full-year amount due to rounding.

All amounts discussed below are pre-tax unless otherwise noted.

During the first quarter of 2010, Duke Energy recorded the following unusual or infrequently occuring item: a $68 million charge related to a voluntary severance program (See Note 19).

During the second quarter of 2010, Duke Energy recorded the following unusual or infrequently occuring items: a $500 million non-cash goodwill impairment charge related to the non-regulated Midwest generation reporting unit to write-down the value of the goodwill to the estimated fair value (see Note 12); a $160 million impairment charge related to certain generating assets and emission allowances in the Midwest to write-down the value of these assets to their estimated fair value (see Note 12); and a $76 million charge related to a voluntary severance program (See Note 19).

During the third quarter of 2010, Duke Energy recorded the following unusual or infrequently occuring items: a $44 million charge to operating expenses to reflect the impact of a settlement agreement provision which reduces the return on equity for a portion of the Edwardsport IGCC plant construction costs (See Note 4): and a $20 million charge related to a voluntary severance program (See Note 19).

During the fourth quarter of 2010, Duke Energy recorded the following unusual or infrequently occuring items: a $109 million gain on the sale of its 30% equity investment in Q-Comm Corporation (See Note 13); a $139 million gain on the sale of a 50% interest in DukeNet (See Note 3): and an $8 million charge related to a voluntary severance program (See Note 19).

During the first quarter of 2009, Duke Energy recorded the following unusual or infrequently occuring item: a $33 million charge associated with performance guarantees issued on behalf of Crescent (see Note 7).

During the second quarter of 2009, Duke Energy recorded the following unusual or infrequently occuring item: a $33 million charge associated with an adverse ruling on prior year's transmission fees in Brazil (see Note 5).

During the third quarter of 2009, Duke Energy recorded the following unusual or infrequently occuring items: a $371 million non-cash goodwill impairment charge related to the non-regulated Midwest generation reporting unit to write-down the value of the goodwill to the estimated fair value (see Note 12); and a $42 million impairment charge related to certain generating assets in the Midwest to write-down the value of these assets to their estimated fair value (see Note 12).

During the fourth quarter of 2009, Duke Energy recorded the following unusual or infrequently occuring item: an $18 million impairment charge to write-down the carrying value of International Energy's investment in Attiki (see Note 13).

Combined Notes to Consolidated Financial Statements – (Continued)

Duke Energy Carolinas

(In millions)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
2010					
Operating revenues	**$1,545**	**$1,513**	**$1,877**	**$1,489**	**$6,424**
Operating income	**347**	**313**	**521**	**264**	**1,445**
Net income	**192**	**202**	**315**	**129**	**838**
2009					
Operating revenues	$1,353	$1,290	$1,544	$1,308	$5,495
Operating income	306	291	450	240	1,287
Net income	162	151	265	124	702

All amounts discussed below are pre-tax unless otherwise noted.

During the first quarter of 2010, Duke Energy Carolinas recorded the following unusual or infrequently occurring item: a $42 million charge related to a voluntary severance program (See Note 19).

During the second quarter of 2010, Duke Energy Carolinas recorded the following unusual or infrequently occurring item: a $43 million charge related to a voluntary severance program (See Note 19).

During the third quarter of 2010, Duke Energy Carolinas recorded the following unusual or infrequently occurring item: a $13 million charge related to a voluntary severance program (See Note 19).

During the fourth quarter of 2010, Duke Energy Carolinas recorded the following unusual or infrequently occurring item: a $1 million charge related to a voluntary severance program (See Note 19).

There were no unusual or infrequently occurring items during the first, second, third, or fourth quarters of 2009.

Duke Energy Ohio

(In millions)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
2010					
Operating revenues	**$ 977**	**$ 649**	**$ 923**	**$780**	**$3,329**
Operating income (loss)	**222**	**(781)**	**279**	**55**	**(225)**
Net income (loss)	**130**	**(759)**	**176**	**12**	**(441)**
2009					
Operating revenues	$1,006	$ 736	$ 872	$774	$3,388
Operating income (loss)	167	99	(536)	136	(134)
Net income (loss)	85	45	(628)	72	(426)

All amounts discussed below are pre-tax unless otherwise noted.

During the first quarter of 2010, Duke Energy Ohio recorded the following unusual or infrequently occurring item: an $11 million charge related to a voluntary severance program (See Note 19).

During the second quarter of 2010, Duke Energy Ohio recorded the following unusual or infrequently occurring items: a $461 million non-cash goodwill impairment charge related to the non-regulated Midwest generation reporting unit to write-down the value of the goodwill to the estimated fair value (see Note 12); a $160 million impairment charge related to certain generating assets and emission allowances in the Midwest to write-down the value of these assets to their estimated fair value (see Note 12); a $216 million non-cash goodwill impairment charge related to the Ohio T&D reporting unit to write-down the value of the goodwill to the estimated fair value (See Note 12); and a $10 million charge related to a voluntary severance program (See Note 19).

During the third quarter of 2010, Duke Energy Ohio recorded the following unusual or infrequently occurring item: a $2 million charge related to a voluntary severance program (See Note 19).

During the fourth quarter of 2010, Duke Energy Ohio recorded the following unusual or infrequently occurring item: a $17M charge related to an unfavorable PUCO ruling for Ohio storm costs previously deferred; a $1 million charge related to a voluntary severance program (See Note 19).

There were no unusual or infrequently occurring items during the first, second, or fourth quarters of 2009.

During the third quarter of 2009, Duke Energy Ohio recorded the following unusual or infrequently occurring items: a $727 million non-cash goodwill impairment charge related to the non-regulated Midwest generation reporting unit to write-down the value of the goodwill to the estimated fair value (see Note 12); and a $42 million impairment charge related to certain generating assets in the Midwest to write-down the value of these assets to their estimated fair value (see Note 12).

Duke Energy Indiana

(In millions)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
2010					
Operating revenues	**$610**	**$579**	**$694**	**$637**	**$2,520**
Operating income	**121**	**109**	**149**	**127**	**506**
Net income	**70**	**57**	**92**	**66**	**285**
2009					
Operating revenues	$613	$550	$622	$568	$2,353
Operating income	102	96	113	112	423
Net income	48	40	55	58	201

All amounts discussed below are pre-tax unless otherwise noted.

During the first quarter of 2010, Duke Energy Indiana recorded the following unusual or infrequently occurring item: a $10 million charge related to a voluntary severance program (See Note 19).

Combined Notes to Consolidated Financial Statements – (Continued)

During the second quarter of 2010, Duke Energy Indiana recorded the following unusual or infrequently occurring item: a $16 million charge related to a voluntary severance program (See Note 19).

During the third quarter of 2010, Duke Energy Indiana recorded the following unusual or infrequently occurring item: a $44 million disallowance impairment charge related to the Edwardsport IGCC plant construction costs (See Note 4); and a $3 million charge related to a voluntary severance program (See Note 19).

During the fourth quarter of 2010, Duke Energy Indiana recorded the following unusual or infrequently occurring item: a $4 million charge related to a voluntary severance program (See Note 19).

There were no unusual or infrequently occurring items during the first, second, third, or fourth quarters of 2009.

DUKE ENERGY CORPORATION

Schedule I—Condensed Parent Company Financial Statements

Condensed Statements of Operations

(In millions, except per-share amounts)	Years Ended December 31, 2010	2009	2008
Operating Revenues	**$ —**	$ —	$ —
Operating Expenses	**52**	1	(4)
Operating (Loss) Income	**(52)**	(1)	4
Equity in Earnings of Subsidiaries	**1,384**	1,095	1,275
Other Income and Expenses, net	**6**	9	(8)
Interest Expense	**139**	99	42
Income Before Income Taxes	**1,199**	1,004	1,229
Income Tax Benefit	**(118)**	(59)	(50)
Income From Continuing Operations	**1,317**	(1,063)	1,279
Income (Loss) From Discontinued Operations, net of tax	**3**	12	16
Income Before Extraordinary Items	**1,320**	1,075	1,295
Extraordinary Items, net of tax	**—**	—	67
Net Income	**$1,320**	$ 1,075	$1,362

Common Stock Data

	2010	2009	2008
Earnings per share (from continuing operations)			
Basic	**$ 1.00**	$ 0.82	$ 1.01
Diluted	**$ 1.00**	$ 0.82	$ 1.01
Earnings (loss) per share (from discontinued operations)			
Basic	**$ —**	$ 0.01	$ 0.02
Diluted	**$ —**	$ 0.01	$ 0.01
Earnings per share (before extraordinary items)			
Basic	**$ 1.00**	$ 0.83	$ 1.03
Diluted	**$ 1.00**	$ 0.83	$ 1.02
Earnings per share (from extraordinary items)			
Basic	**$ —**	$ —	$ 0.05
Diluted	**$ —**	$ —	$ 0.05
Earnings per share			
Basic	**$ 1.00**	$ 0.83	$ 1.08
Diluted	**$ 1.00**	$ 0.83	$ 1.07
Dividends per share	**$ 0.97**	$ 0.94	$ 0.90
Weighted-average shares outstanding			
Basic	**1,318**	1,293	1,265
Diluted	**1,319**	1,294	1,267

DUKE ENERGY CORPORATION

Schedule I—Condensed Parent Company Financial Statements

Balance Sheets

	December 31,	
(In millions, except per-share amounts)	**2010**	2009
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 488**	$ 365
Receivables	**913**	1,240
Other	**34**	55
Total current assets	**1,435**	1,660
Investments and Other Assets		
Notes receivable	**450**	450
Investment in consolidated subsidiaries	**24,410**	23,361
Other	**525**	1,099
Total investments and other assets	**25,385**	24,910
Total Assets	**$26,820**	$26,570
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	**$ 138**	$ 102
Taxes accrued	**39**	—
Other	**58**	71
Total current liabilities	**235**	173
Long-term Debt	**3,222**	2,971
Other Long-Term Liabilities		
Deferred income taxes	**—**	175
Other	**841**	1,501
Total other long-term liabilities	**841**	1,676
Commitments and Contingencies		
Common Stockholders' Equity		
Common Stock, $0.001 par value, 2 billion shares authorized; 1,329 million and 1,309 million shares outstanding at December 31, 2010 and December 31, 2009, respectively	**1**	1
Additional paid-in capital	**21,023**	20,661
Retained earnings	**1,496**	1,460
Accumulated other comprehensive loss	**2**	(372)
Total common stockholders' equity	**22,522**	21,750
Total Liabilities and Common Stockholders' Equity	**$26,820**	$26,570

DUKE ENERGY CORPORATION

Schedule I—Condensed Parent Company Financial Statements

Condensed Statements of Cash Flows

(In millions)	Years Ended December 31, 2010	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	**$ 1,320**	$ 1,075	$ 1,362
Adjustments to reconcile net income to net cash provided by operating activities	**(1,142)**	(1,002)	(748)
Net cash provided by operating activities	**178**	73	614
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of available-for-sale securities	**—**	—	(1,117)
Proceeds from sales and maturities of available-for-sale securities	**36**	17	1,367
Distributions from wholly-owned subsidiaries	**350**	—	—
Investment in wholly-owned subsidiary	**—**	(250)	—
Notes receivable from affiliates, net	**263**	(272)	(765)
Other	**6**	9	(19)
Net cash provided by (used in) investing activities	**655**	(496)	(534)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the:			
Issuance of long-term debt	**522**	1,740	771
Issuance of common stock related to employee benefit plans	**302**	519	133
Payments for the redemption of long-term debt	**(274)**	—	—
Notes payable and commercial paper	**(2)**	(269)	112
Dividends paid	**(1,284)**	(1,222)	(1,143)
Other	**26**	15	27
Net cash (used in) provided by financing activities	**(710)**	783	(100)
Net increase (decrease) in cash and cash equivalents	**123**	360	(20)
Cash and cash equivalents at beginning of period	**365**	5	25
Cash and cash equivalents at end of period	**$ 488**	$ 365	$ 5

DUKE ENERGY CORPORATION

Schedule I — Condensed Parent Company Financial Statements – (Continued)

1. BASIS OF PRESENTATION

Duke Energy Corporation (Duke Energy) is a holding company that conducts substantially all of its business operations through its subsidiaries. As specified in the merger conditions issued by various state commissions in connection with Duke Energy's merger with Cinergy Corp. (Cinergy) in April 2006, there are restrictions on Duke Energy's ability to obtain funds from certain of its subsidiaries through dividends, loans or advances. For further information, see Note 4 to the Consolidated Financial Statements, "Regulatory Matters." Accordingly, these condensed financial statements have been prepared on a parent-only basis. Under this parent-only presentation, Duke Energy's investments in its consolidated subsidiaries are presented under the equity method of accounting. In accordance with Rule 12-04 of Regulation S-X, these parent-only financial statements do not include all of the information and footnotes required by Generally Accepted Accounting Principles (GAAP) in the United States (U.S.) for annual financial statements. Because these parent-only financial statements and notes do not include all of the information and footnotes required by GAAP in the U.S. for annual financial statements, these parent-only financial statements and other information included should be read in conjunction with Duke Energy's audited Consolidated Financial Statements contained within Part II, Item 8 of this Form 10-K for the year ended December 31, 2010.

Duke Energy and its subsidiaries file a consolidated federal income tax return and other state and foreign jurisdictional returns as required. The taxable income of Duke Energy's wholly-owned operating subsidiaries is reflected in Duke Energy's U.S. federal and state income tax returns. Duke Energy has a tax sharing agreement with its wholly-owned operating subsidiaries, where the separate return method is used to allocate tax expenses and benefits to the wholly-owned operating subsidiaries whose investments or results of operations provide these tax expenses and benefits. The accounting for income taxes essentially represents the income taxes that Duke Energy's wholly-owned operating subsidiaries would incur if each were a separate company filing its own tax return as a C-Corporation.

2. DEBT

Summary of Debt and Related Terms

(in millions)	Weighted-Average Rate	Year Due	December 31, 2010	December 31, 2009
Unsecured debt	5.0%	2013 – 2019	**$2,772**	$2,521
Commercial paper[(a)]	0.4%		**450**	450
Total long-term debt			**$3,222**	$2,971

(a) Includes $450 million at December 31, 2010 and 2009 that was classified as Long-term Debt on the Consolidated Balance Sheets due to the existence of long-term credit facilities which back-stop these commercial paper balances, along with Duke Energy's ability and intent to refinance these balances on a long-term basis. The weighted-average days to maturity was 14 days as of December 31, 2010 and 2009, respectively.

At December 31, 2010, Duke Energy has guaranteed approximately $2.0 billion of debt issued by Duke Energy Carolinas, LLC, one of Duke Energy's wholly-owned operating subsidiaries.

In March 2010, Duke Energy issued $450 million principal amount of 3.35% senior notes due April 1, 2015. Proceeds from the issuance were used to repay $274 million of borrowings under the master credit facility and for general corporate purposes.

In August 2009, Duke Energy issued $1 billion principal amount of senior notes, of which $500 million carry a fixed interest rate of 3.95% and mature September 15, 2014 and $500 million carry a fixed interest rate of 5.05% and mature September 15, 2019. Proceeds from the issuance were used to redeem commercial paper, to fund capital expenditures in Duke Energy's unregulated businesses in the U.S. and for general corporate purposes.

In January 2009, Duke Energy issued $750 million principal amount of 6.30% senior notes due February 1, 2014. Proceeds from the issuance were used to redeem commercial paper and for general corporate purposes.

Annual Maturities as of December 31, 2010

(in millions)	
2011	$ 450
2012	—
2013	249
2014	1,325
2015	450
Thereafter	748
Total long-term debt, including current maturities	$3,222

DUKE ENERGY CORPORATION

Schedule I — Condensed Parent Company Financial Statements – (Continued)

3. COMMITMENTS AND CONTINGENCIES

Duke Energy and its subsidiaries are a party to litigation, environmental and other matters. For further information, see Note 5 to the Consolidated Financial Statements, "Commitments and Contingencies."

Duke Energy has various financial and performance guarantees and indemnifications which are issued in the normal course of business. These contracts include performance guarantees, stand-by letters of credit, debt guarantees, surety bonds and indemnifications. Duke Energy enters into these arrangements to facilitate commercial transactions with third parties by enhancing the value of the transaction to the third party. The maximum potential amount of future payments Duke Energy could have been required to make under these guarantees as of December 31, 2010 was approximately $4.4 billion. Of this amount, substantially all relates to guarantees of wholly-owned consolidated entities, including debt issued by Duke Energy Carolinas discussed above, and less than wholly-owned consolidated entities. The majority of these guarantees expire at various times between 2011 and 2035, with the remaining performance guarantees having no contractual expiration. See Note 7 to the Consolidated Financial Statements, "Guarantees and Indemnifications," for further discussion of guarantees issued on behalf of unconsolidated affiliates and third parties.

4. RELATED PARTY TRANSACTIONS

Balances due to or due from related parties included in the Balance Sheets as of December 31, 2010 and 2009 are as follows:

	December 31,	
(in millions)	**2010**	2009
Assets (Liabilities)		
Current assets due from affiliated companies[(a)(b)]	**$ 39**	$ 78
Current liabilities due to affiliated companies[(c)]	**$(135)**	$(101)
Non-current liabilities due to affiliated companies[(d)]	**$(766)**	$(766)

(a) Balance excludes assets or liabilities associated with money pool arrangements, which are discussed below.
(b) The balances at December 31, 2010 and 2009 are classified as Receivables on the Balance Sheets.
(c) The balances at December 31, 2010 and 2009 are classified as Accounts Payable on the Balance Sheets.
(d) The balances at December 31, 2010 and 2009 are classified as Other within Other Long-Term Liabilities on the Balance Sheets.

Duke Energy provides support to certain subsidiaries for their short-term borrowing needs through participation in a money pool arrangement. Under this arrangement, certain subsidiaries with short-term funds may provide short-term loans to affiliates participating under this arrangement. Additionally, Duke Energy provides loans to subsidiaries through the money pool, but is not permitted to borrow funds through the money pool arrangement. Duke Energy had receivables of approximately $872 million and $1,135 million as of December 31, 2010 and 2009, respectively, classified within Receivables in the accompanying Balance Sheets. Additionally, Duke Energy had money pool-related receivables of $450 million classified as Notes Receivable within Investments and Other Assets on the Balance Sheets as of both December 31, 2010 and 2009. The $263 million decrease in money pool receivables during 2010 and the $272 million increase during 2009 are reflected as Notes Receivable from Affiliates, net within Net Cash (Used in) Provided by Investing Activities on the Condensed Statements of Cash Flows. In conjunction with the money pool arrangement, Duke Energy recorded interest income of approximately $7 million, $12 million and $23 million in 2010, 2009 and 2008, respectively, which is included in Other Income and Expenses, net on the Condensed Statements of Operations.

Duke Energy also provides funding to and sweeps cash from subsidiaries that do not participate in the money pool. For these subsidiaries, the cash is used in or generated from their operations, capital expenditures, debt payments and other activities. Amounts funded or received are carried as open accounts as either Investments and Advances to Consolidated Subsidiaries or as Other Non-Current Liabilities and do not bear interest. These amounts are included within Net Cash (Used in) Provided by Operating Activities on the Condensed Statements of Cash Flows.

During the year ended December 31, 2010, Duke Energy forgave a $29 million advance to Cinergy Corp. During the year ended December 31, 2009, Duke Energy contributed approximately $250 million of capital to its wholly-owned subsidiary, Cinergy Corp. Additionally, Duke Energy received dividends from Duke Energy Carolinas of $350 million in 2010 and from Cinergy Corp. of $200 million in 2008, which are reflected within Net Cash (Used in) Provided by Operating Activities on the Condensed Statements of Cash Flows.

Schedule II — Valuation and Qualifying Accounts and Reserves – (Continued)

Duke Energy

(in millions)	Balance at Beginning of Period	Additions: Charged to Expense	Additions: Charged to Other Accounts	Deductions[a]	Balance at End of Period
December 31, 2010:					
Injuries and damages[b]	**$ 984**	**$ 1**	**$—**	**$127**	**$ 858**
Allowance for doubtful accounts	**42**	**26**	**—**	**34**	**34**
Allowance for doubtful accounts — restricted receivables of VIEs[c]	**6**	**7**	**22**	**1**	**34**
Other[d]	**396**	**120**	**44**	**180**	**380**
	$1,428	**$154**	**$66**	**342**	**$1,306**
December 31, 2009:					
Injuries and damages[b]	$1,035	$ —	$—	$ 51	$ 984
Allowance for doubtful accounts	42	23	9	26	48
Other[d]	555	52	24	235	396
	$1,632	$ 75	$33	$312	$1,428
December 31, 2008:					
Injuries and damages[b]	$1,086	$ —	$—	$ 51	$1,035
Allowance for doubtful accounts	67	34	—	59	42
Other[d]	623	137	36	241	555
	$1,776	$171	$36	$351	$1,632

(a) Principally cash payments and reserve reversals.
(b) Principally asbestos reserves at Duke Energy Carolinas.
(c) Principally allowance for Cinergy Receivables which was Consolidated on January 1, 2010.
(d) Principally nuclear property insurance reserves at Duke Energy Carolinas, insurance reserves at Bison and other reserves, included in Other within Current Liabilities or Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.

The valuation and reserve amounts above do not include unrecognized tax benefits amounts or deferred tax asset valuation allowance amounts.

Schedule II — Valuation and Qualifying Accounts and Reserves – (Continued)

Duke Energy Carolinas

(In millions)	Balance at Beginning of Period	Additions: Charged to Expense	Additions: Charged to Other Accounts	Deductions[a]	Balance at End of Period
December 31, 2010:					
Injuries and damages[b]	**$ 980**	**$—**	**$—**	**$127**	**$ 853**
Allowance for doubtful accounts	**2**	**17**	**—**	**16**	**3**
Allowance for doubtful accounts — restricted receivables of VIEs	**6**	**1**	**—**	**1**	**6**
Other [c]	**124**	**31**	**3**	**25**	**133**
	$1,112	**$49**	**$ 3**	**$169**	**995**
December 31, 2009:					
Injuries and damages[b]	$1,031	$—	$—	$ 51	$ 980
Allowance for doubtful accounts	7	17	—	16	8
Other[c]	200	4	—	80	124
	$1,238	$21	$—	$147	$1,112
December 31, 2008:					
Injuries and damages[b]	$1,081	$—	$—	$ 50	$1,031
Allowance for doubtful accounts	6	15	—	14	7
Other[c]	189	18	—	7	200
	$1,276	$33	$—	$ 71	$1,238

(a) Principally cash payments and reserve reversals.
(b) Principally asbestos reserves.
(c) Principally nuclear property insurance and other reserves, included in Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.

The valuation and reserve amounts above do not include unrecognized tax benefits amounts or deferred tax asset valuation allowance amounts.

Schedule II — Valuation and Qualifying Accounts and Reserves – (Continued)

Duke Energy Ohio

(In millions)	Balance at Beginning of Period	Additions: Charged to Expense	Additions: Charged to Other Accounts	Deductions[a]	Balance at End of Period
Year Ended December 31, 2010:					
Allowance for doubtful accounts	**$17**	**$ 1**	**$—**	**$—**	**$18**
Environmental[b]	**20**	**—**	**39**	**10**	**49**
Uncertain Tax Provisions	**—**	**20**	**—**	**10**	**10**
Other[c]	**11**	**—**	**—**	**10**	**1**
	$48	**$ 21**	**$39**	**$30**	**$78**
Year Ended December 31, 2009:					
Allowance for doubtful accounts	$18	$ 1	$—	$ 2	$17
Environmental[b]	11	(10)	21	2	20
Other[c]	11	2	—	2	11
	$40	$ (7)	$21	$ 6	$48
Year Ended December 31, 2008:					
Allowance for doubtful accounts	$ 3	$ 15	—	$—	$18
Environmental[b]	8	4	—	1	11
Uncertain tax provisions[d]	10	—	—	10	—
Other[c]	3	10	—	2	11
	$24	$ 29	$—	$13	$40

(a) Principally cash payments and reserve reversals.
(b) Included in Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets. In 2009, PUCO issued an order allowing the deferral of costs related to Manufactured Gas Plant sites into a regulatory asset, which resulted in a net credit to expense during 2009.
(c) Principally mark-to-market and other reserves, included in Unrealized gains on mark-to-market and hedging transactions within Current Assets and Other within Investments and Other Assets, Unrealized losses on mark-to-market and hedging transactions within Current Liabilities and Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.
(d) Included in Taxes accrued and Interest accrued within Current Liabilities on the Consolidated Balance Sheets.

Schedule II — Valuation and Qualifying Accounts and Reserves – (Continued)

Duke Energy Indiana

(In millions)	Balance at Beginning of Period	Additions: Charged to Expense	Additions: Charged to Other Accounts	Deductions[a]	Balance at End of Period
December 31, 2010:					
Injuries and damages	**$ 4**	**$—**	**$—**	**$—**	**$ 4**
Allowance for doubtful accounts	**1**	**—**	**—**	**—**	**1**
Other[b]	**18**	**1**	**—**	**7**	**12**
	$23	**$ 1**	**$—**	**$ 7**	**$17**
December 31, 2009:					
Injuries and damages	$ 4	$—	$—	$—	$ 4
Allowance for doubtful accounts	1	1	—	1	1
Other[b]	15	5	—	2	18
	$20	$ 6	$—	$ 3	$23
December 31, 2008:					
Injuries and damages	$ 4	$—	$—	$—	$ 4
Allowance for doubtful accounts	1	1	—	1	1
Other[b]	10	6	—	1	15
	$15	$ 7	$—	$ 2	$20

(a) Principally cash payments and reserve reversals.
(b) Principally environmental reserves included in Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.

The valuation and reserve amounts above do not include unrecognized tax benefits amounts or deferred tax asset valuation allowance amounts.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES – DUKE ENERGY, DUKE ENERGY CAROLINAS, DUKE ENERGY OHIO AND DUKE ENERGY INDIANA.

Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed by the Duke Energy Registrants in the reports they file or submit under the Securities Exchange Act of 1934 (Exchange Act) is recorded, processed, summarized, and reported, within the time periods specified by the Securities and Exchange Commission's (SEC) rules and forms.

Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by the Duke Energy Registrants in the reports they file or submit under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Duke Energy Registrants have evaluated the effectiveness of their disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2010, and, based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are effective in providing reasonable assurance of compliance.

Changes in Internal Control over Financial Reporting

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Duke Energy Registrants have evaluated changes in internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fiscal quarter ended December 31, 2010 and have concluded no change has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

Management's Annual Report On Internal Control Over Financial Reporting

The Duke Energy Registrants' management is responsible for establishing and maintaining an adequate system of internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). The Duke Energy Registrants' internal control system was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with U.S. generally accepted accounting principles. Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

The Duke Energy Registrants' management, including their Chief Executive Officer and Chief Financial Officer, has conducted an evaluation of the effectiveness of their internal control over financial reporting as of December 31, 2010 based on the framework in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, management concluded that its internal controls over financial reporting were effective as of December 31, 2010.

Deloitte & Touche LLP, Duke Energy's independent registered public accounting firm, has issued an attestation report on the effectiveness of Duke Energy's internal control over financial reporting.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Duke Energy will provide information that is responsive to this Item 10 in its definitive proxy statement or in an amendment to this Annual Report not later than 120 days after the end of the fiscal year covered by this Annual Report, in either case under the caption "Directors and Executive Officers," and possibly elsewhere therein. That information is incorporated in this Item 10 by reference.

ITEM 11. EXECUTIVE COMPENSATION.

Duke Energy will provide information that is responsive to this Item 11 in its definitive proxy statement or in an amendment to this Annual Report not later than 120 days after the end of the fiscal year covered by this Annual Report, in either case under the caption "Executive Compensation," and possibly elsewhere therein. That information is incorporated in this Item 11 by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Duke Energy will provide information that is responsive to this Item 12 in its definitive proxy statement or in an amendment to this Annual Report not later than 120 days after the end of the fiscal year covered by this Annual Report, in either case under the caption "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters," and possibly elsewhere therein. That information is incorporated in this Item 12 by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Duke Energy will provide information that is responsive to this Item 13 in its definitive proxy statement or in an amendment to this Annual Report not later than 120 days after the end of the fiscal year covered by this Annual Report, in either case under the caption "Certain Relationships and Related Transactions, " and possibly elsewhere therein. That information is incorporated in this Item 13 by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

Deloitte & Touche LLP, and the member firms of Deloitte Touche Tohmatsu and their respective affiliates (collectively, Deloitte) provided professional services to Duke Energy Corporation (Duke Energy) and its consolidated subsidiaries for 2010 and 2009. A portion of these costs have been allocated to Duke Energy Carolinas, Duke Energy Ohio and Duke Energy Indiana (collectively referred to as the Subsidiary Registrants). The following tables present the Deloitte fees for services rendered to Duke Energy and the Subsidiary Registrants during 2010 and 2009:

Duke Energy
(In millions)

Types of Fees	2010	2009
Audit Fees[(a)]	**$ 8.5**	$ 8.8
Audit-Related Fees[(b)]	**2.1**	1.8
Tax Fees[(c)]	**0.8**	0.4
All Other Fees[(d)]	**—**	0.1
Total Fees	**$11.4**	$11.1

Subsidiary Registrants
(In millions)

	Duke Energy Carolinas		Duke Energy Ohio		Duke Energy Indiana	
Types of Fees	**2010**	2009	**2010**	2009	**2010**	2009
Audit Fees[(a)]	**$4.2**	$4.1	**$1.8**	$2.1	**$1.3**	$1.4
Audit-Related Fees[(b)]	**1.1**	0.8	**0.4**	0.4	**0.3**	0.3
Tax Fees[(c)]	**0.4**	0.2	**0.2**	0.1	**0.1**	0.1
Total Fees	**$5.7**	$5.1	**$2.4**	$2.6	**$1.7**	$1.8

(a) Audit Fees are fees billed or expected to be billed for professional services for the audit of Duke Energy and the Subsidiary Registrants' financial statements included in the annual report on Form 10-K and the review of financial statements included in quarterly reports on Form 10-Q, for services that are normally provided by Deloitte in connection with statutory, regulatory or other filings or engagements or for any other service performed by Deloitte to comply with generally accepted auditing standards.

(b) Audit-Related Fees are fees for assurance and related services that are reasonably related to the performance of an audit or review of financial statements, including assistance with acquisitions and divestitures and internal control reviews.

(c) Tax Fees are fees for tax return assistance and preparation, tax examination assistance, and professional services related to tax planning and tax strategy.

(d) All Other Fees are fees for any services not included in the first three categories, primarily translation of audited financials into foreign languages, accounting training and conferences.

To safeguard the continued independence of the independent auditor, the Duke Energy Audit Committee adopted a policy that provides that the independent public accountants are only permitted to provide services to Duke Energy and its consolidated subsidiaries, including the Subsidiary Registrants that have been pre-approved by the Duke Energy Audit Committee. Pursuant to the policy, detailed audit services, audit-related services, tax services and certain other services have been specifically pre-approved up to certain fee limits. In the event that the cost of any of these services may exceed the pre-approved limits, the Duke Energy Audit Committee must pre-approve the service. All other services that are not prohibited pursuant to the Securities and Exchange Commission's or other applicable regulatory bodies' rules of regulations must be specifically pre-approved by the Duke Energy Audit Committee. All services performed in 2010 and 2009 by the independent public accountant were approved by the Duke Energy Audit Committee pursuant to its pre-approval policy.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

(a) Consolidated Financial Statements, Supplemental Financial Data and Supplemental Schedules included in Part II of this annual report are as follows:

Duke Energy Corporation:

Consolidated Financial Statements

Consolidated Statements of Operations for the Years Ended December 31, 2010, 2009 and 2008

Consolidated Balance Sheets as of December 31, 2010 and 2009

Consolidated Statements of Cash Flows for the Years Ended December 31, 2010, 2009 and 2008

Consolidated Statements of Equity and Comprehensive Income for the Years ended December 31, 2010, 2009 and 2008

Notes to the Consolidated Financial Statements

Quarterly Financial Data, (unaudited, included in Note 25 to the Consolidated Financial Statements)

Consolidated Financial Statement Schedule I—Condensed Parent Company Financial Information for the Years Ended December 31, 2010, 2009 and 2008

Consolidated Financial Statement Schedule II—Valuation and Qualifying Accounts and Reserves for the Years Ended December 31, 2010, 2009 and 2008

Report of Independent Registered Public Accounting Firm

Duke Energy Carolinas, LLC:

Consolidated Financial Statements

Consolidated Statements of Operations for the Years Ended December 31, 2010, 2009 and 2008

Consolidated Balance Sheets as of December 31, 2010 and 2009

Consolidated Statements of Cash Flows for the Years Ended December 31, 2010, 2009 and 2008

Consolidated Statements of Member's Equity and Comprehensive Income for the Years ended December 31, 2010, 2009 and 2008

Notes to the Consolidated Financial Statements

Quarterly Financial Data, (unaudited, included in Note 25 to the Consolidated Financial Statements)

Consolidated Financial Statement Schedule II—Valuation and Qualifying Accounts and Reserves for the Years Ended December 31, 2010, 2009 and 2008

Report of Independent Registered Public Accounting Firm

All other schedules are omitted because they are not required, or because the required information is included in the Consolidated Financial Statements or Notes.

Duke Energy Ohio, Inc.

Consolidated Financial Statements

Consolidated Statements of Operations for the Years Ended December 31, 2010, 2009 and 2008

Consolidated Balance Sheets as of December 31, 2010 and 2009

Consolidated Statements of Cash Flows for the Years Ended December 31, 2010, 2009 and 2008
Consolidated Statements of Common Stockholder's Equity and Comprehensive Income for the Years Ended December 31, 2010, 2009 and 2008

Notes to the Consolidated Financial Statements

Quarterly Financial Data (unaudited, included in Note 25 to the Consolidated Financial Statements)

Consolidated Financial Statement Schedule II—Valuation and Qualifying Accounts and Reserves for the Years Ended December 31, 2010, 2009 and 2008

Report of Independent Registered Public Accounting Firm

All other schedules are omitted because they are not required, or because the required information is included in the Consolidated Financial Statements or Notes.

Duke Energy Indiana, Inc.

Consolidated Financial Statements

Consolidated Statements of Operations for the Years Ended December 31, 2010, 2009 and 2008

Consolidated Balance Sheets as of December 31, 2010 and 2009

Consolidated Statements of Cash Flows for the Years Ended December 31, 2010, 2009 and 2008

Consolidated Statements of Common Stockholder's Equity and Comprehensive Income for the Years Ended December 31, 2010, 2009 and 2008

Notes to the Consolidated Financial Statements

Quarterly Financial Data (unaudited, included in Note 25 to the Consolidated Financial Statements)

Consolidated Financial Statement Schedule II—Valuation and Qualifying Accounts and Reserves for the Years Ended December 31, 2010, 2009 and 2008 Report of Independent Registered Public Accounting Firm

All other schedules are omitted because they are not required, or because the required information is included in the Consolidated Financial Statements or Notes.

(b) Exhibits—See Exhibit Index immediately following the signature page.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

Date: February 25, 2011

DUKE ENERGY CORPORATION
(Registrants)

By: /s/ JAMES E. ROGERS

James E. Rogers
Chairman, President and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

(i) /s/ James E. Rogers
James E. Rogers
Chairman, President and Chief Executive Officer (Principal Executive Officer and Director)

(ii) /s/ Lynn J. Good
Lynn J. Good
Group Executive and Chief Financial Officer (Principal Financial Officer)

(iii) /s/ Steven K. Young
Steven K. Young
Senior Vice President and Controller (Principal Accounting Officer)

(iv) Directors:

William Barnet, III*

G. Alex Bernhardt, Sr.*

Michael G. Browning*

Daniel R. DiMicco*

John H. Forsgren*

Ann M. Gray*

James H. Hance, Jr.*

E. James Reinsch*

James T. Rhodes*

Philip R. Sharp*

Date: February 25, 2011

Lynn J. Good, by signing her name hereto, does hereby sign this document on behalf of the registrant and on behalf of each of the above-named persons previously indicated by asterisk pursuant to a power of attorney duly executed by the registrant and such persons, filed with the Securities and Exchange Commission as an exhibit hereto.

By: /s/ LYNN J. GOOD

Attorney-In-Fact

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 25, 2011

DUKE ENERGY CAROLINAS, LLC
(Registrant)

By: /s/ JAMES E. ROGERS
James E. Rogers
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

(i) /s/ James E. Rogers
James E. Rogers
Chief Executive Officer (Principal Executive Officer)

(ii) /s/ Lynn J. Good
Lynn J. Good
Chief Financial Officer (Principal Financial Officer)

(iii) /s/ Steven K. Young
Steven K. Young
Senior Vice President and Controller (Principal Accounting Officer)

(iii) Directors:

/s/ James E. Rogers
James E. Rogers

/s/ Lynn J. Good
Lynn J. Good

/s/ Marc E. Manly
Marc E. Manly

Date: February 25, 2011

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 25, 2011

DUKE ENERGY OHIO, INC.
(Registrant)

By: /s/ JAMES E. ROGERS

James E. Rogers
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

(i) /s/ James E. Rogers
James E. Rogers
Chief Executive Officer (Principal Executive Officer)

(ii) /s/ Lynn J. Good
Lynn J. Good
Chief Financial Officer (Principal Financial Officer)

(iii) /s/ Steven K. Young
Steven K. Young
Senior Vice President and Controller (Principal Accounting Officer)

(iii) Directors:

/s/ James E. Rogers
James E. Rogers

/s/ Lynn J. Good
Lynn J. Good

/s/ Marc E. Manly
Marc E. Manly

Date: February 25, 2011

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 25, 2011

DUKE ENERGY INDIANA, INC.
(Registrant)

By: /s/ JAMES E. ROGERS

James E. Rogers
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

(i) /s/ James E. Rogers
James E. Rogers
Chief Executive Officer (Principal Executive Officer)

(ii) /s/ Lynn J. Good
Lynn J. Good
Chief Financial Officer (Principal Financial Officer)

(iii) /s/ Steven K. Young
Steven K. Young
Senior Vice President and Controller (Principal Accounting Officer)

(iii) Directors:

/s/ Julie K. Griffith
Julie K. Griffith

/s/ Douglas F. Esamann
Douglas F. Esamann

/s/ Marc E. Manly
Marc E. Manly

Date: February 25, 2011

EXHIBIT INDEX

Exhibits filed herewith are designated by an asterisk (*). All exhibits not so designated are incorporated by reference to a prior filing, as indicated. Items constituting management contracts or compensatory plans or arrangements are designated by a double asterisk (**).The Company agrees to furnish upon request to the Commission a copy of any omitted schedules or exhibits upon request on all items designated by a triple asterisk (***).

Exhibit Number			Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
2.1	***	Agreement and Plan of Merger, dated as of May 8, 2005, as amended as of July 11, 2005, as of October 3, 2005 and as of March 30, 2006, by and among the registrant, Duke Energy Corporation, Cinergy Corp., Deer Acquisition Corp., and Cougar Acquisition Corp. (filed with Form 8-K of Duke Energy Corporation, File No. 1-32853, April 4, 2006, as Exhibit 2-1).	X	X		
2.2	***	Separation and Distribution Agreement, dated as of December 13, 2006, by and between Duke Energy Corporation and Spectra Energy Corp (filed with the Form 8-K of Duke Energy Corporation, File No. 1-32853, December 15, 2006, as Exhibit 2.1).	X			
2.3	***	Agreement and Plan of Merger by and among Duke Energy Corporation, Diamond Acquisition Corporation and Progress Energy, Inc. dated as of January 8, 2011 (filed with the Form 8-K of Duke Energy Corporation, File No. 1-32583, January 11, 2011).	X			
3.1		Amended and restated Certificate of Incorporation (filed with the Form 8-K of Duke Energy Corporation, File No. 1-32853, April 4, 2006, as Exhibit 3-1).	X			
3.2		Articles of Organization Including Articles of Conversion (filed with Form 8-K of registrant, File No. 1-4928, April 7, 2006, as exhibit 3.1).		X		
3.2.1		Amended Certificate of Incorporation, effective October 1, 2006 (filed with the Form 10-Q of the registrant for the quarter ended September 30, 2006, File No. 1-4928, as exhibit 3.1).		X		
3.3		Amended Articles of Incorporation of Duke Energy Ohio, Inc. effective October 23, 1996 (filed with Form 10-Q of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the quarter ended September 30, 1996, File No. 1-1232).			X	
3.3.1		Amended Articles of Consolidation, effective October 1, 2006 (filed with Form 10-Q of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the quarter ended September 30, 2006, File No. 1-1232).			X	
3.4		Amended Articles of Consolidation of PSI, as amended April 20, 1995 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended June 30, 1995, File No. 1-3543).				X
3.4.1		Amendment to Article D of the Amended Articles of Consolidation of PSI, effective July 10, 1997 (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1997, File No. 1-3543).				X
3.4.2		Amended Articles of Consolidation, effective October 1, 2006 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 2006, File No. 1-3543).				X
3.5		Amended and Restated By-Laws of registrant (filed with the Form 8-K of Duke Energy Corporation, File No. 1-32853, March 3, 2008, as Exhibit 3.1).	X			
3.6		Limited Liability Company Operating Agreement (filed with Form 8-K of registrant, File No. 1-4928, April 7, 2006, as exhibit 3.1).		X		

Exhibit Number		Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
3.7	Regulations of Duke Energy Ohio, Inc., as amended on July 23, 2003 (filed with Form 10-Q of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the quarter ended June 30, 2003, File No. 1-1232).			X	
3.8	By-Laws of PSI, as amended on July 23, 2003 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended June 30, 2003, File No. 1-3543).				X
4.1	Original Indenture (First Mortgage Bonds) between Duke Energy Ohio, Inc. and The Bank of New York (as Trustee) dated as of August 1, 1936 (filed with Registration Statement of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) File No. 2-2374).			X	
4.1.1	Fourteenth Supplemental Indenture between Duke Energy Ohio, Inc. and The Bank of New York dated as of November 2, 1972 (filed with Registration Statement of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) File No. 2-60961).			X	
4.1.2	Thirty-third Supplemental Indenture between Duke Energy Ohio, Inc. and The Bank of New York dated as of September 1, 1992 (filed with Registration Statement of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) File No. 2-53578).			X	
4.1.3	Thirty-fourth Supplemental Indenture between Duke Energy Ohio, Inc. and The Bank of New York dated as of October 1, 1993 (filed with Form 10-Q of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the quarter ended September 30, 1993, File No. 1-1232).			X	
4.1.4	Thirty-fifth Supplemental Indenture between Duke Energy Ohio, Inc. and The Bank of New York dated as of January 1, 1994 (filed with Registration Statement of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) File No. 2-52335).			X	
4.1.5	Thirty-sixth Supplemental Indenture between Duke Energy Ohio, Inc. and The Bank of New York dated as of February 15, 1994 (filed with Registration Statement of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) File No. 2-52335).			X	
4.1.6	Thirty-seventh Supplemental Indenture between Duke Energy Ohio, Inc. and The Bank of New York dated as of October 14, 1996 (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the year ended December 31, 1996, File No. 1-1232).			X	
4.1.7	Thirty-eighth Supplemental Indenture between Duke Energy Ohio, Inc. and The Bank of New York dated as of February 1, 2001 (filed with Form 10-Q of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the quarter ended March 31, 2001, File No. 1-1232).			X	
4.1.8	Thirty-ninth Supplemental Indenture dated as of September 1, 2002, between Duke Energy Ohio, Inc. and The Bank of New York, as Trustee (filed with Form 10-Q of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the quarter ended September 30, 2002, File No. 1-1232).			X	
4.2	Original Indenture (First Mortgage Bonds) dated September 1, 1939, between PSI and The First National Bank of Chicago, as Trustee, and LaSalle National Bank, as Successor Trustee (filed as Exhibit A-Part 5 in File No. 70-258 Supplemental Indenture dated March 30, 1984).				X
4.2.1	Forty-second Supplemental Indenture between PSI and LaSalle National Bank dated August 1, 1988 (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1988, File No. 1-3543).				X

Exhibit Number		Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
4.2.2	Forty-fourth Supplemental Indenture between PSI and LaSalle National Bank dated March 15, 1990 (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1990, File No. 1-3543).				X
4.2.3	Forty-fifth Supplemental Indenture between PSI and LaSalle National Bank dated March 15, 1990 (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1990, File No. 1-3543).				X
4.2.4	Forty-sixth Supplemental Indenture between PSI and LaSalle National Bank dated June 1, 1990 (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1991, File No. 1-3543).				X
4.2.5	Forty-seventh Supplemental Indenture between PSI and LaSalle National Bank dated July 15, 1991 (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1991, File No. 1-3543).				X
4.2.6	Forty-eighth Supplemental Indenture between PSI and LaSalle National Bank dated July 15, 1992 (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1992, File No. 1-3543).				X
4.2.7	Forty-ninth Supplemental Indenture between PSI and LaSalle National Bank dated February 15, 1993 (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1992, File No. 1-3543).				X
4.2.8	Fiftieth Supplemental Indenture between PSI and LaSalle National Bank dated February 15, 1993 (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1992, File No. 1-3543).				X
4.2.9	Fifty-first Supplemental Indenture between PSI and LaSalle National Bank dated February 1, 1994 (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1993, File No. 1-3543).				X
4.2.10	Fifty-second Supplemental Indenture between PSI and LaSalle National Bank, as Trustee, dated as of April 30, 1999 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended March 31, 1999, File No. 1-3543).				X
4.2.11	Fifty-third Supplemental Indenture between PSI and LaSalle National Bank dated June 15, 2001 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended June 30, 2001, File No. 1-3543).				X
4.2.12	Fifty-fourth Supplemental Indenture dated as of September 1, 2002, between PSI and LaSalle Bank National Association, as Trustee (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 2002, File No. 1-3543).				X
4.2.13	Fifty-fifth Supplemental Indenture between PSI and LaSalle National Bank dated February 15, 2003 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 2003, File No. 1-3543).				X
4.2.14	Fifty-Sixth Supplemental Indenture dated as of December 1, 2004, between PSI and LaSalle Bank National Association, as Trustee (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 2004, File No. 1-3543).				X

Exhibit Number		Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
4.3	Repayment Agreement between Duke Energy Ohio, Inc. and The Dayton Power and Light Company dated as of December 23, 1992 (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the year ended December 31, 1992, File No. 1-1232).			X	
4.4	Indenture dated November 15, 1996, between PSI and The Fifth Third Bank, as Trustee (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1996, File No. 1-3543).				X
4.4.1	First Supplemental Indenture dated November 15, 1996, between PSI and The Fifth Third Bank, as Trustee (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1996, File No. 1-3543).				X
4.4.2	Third Supplemental Indenture dated as of March 15, 1998, between PSI and The Fifth Third Bank, as Trustee (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1997, File No. 1-3543).				X
4.4.3	Fourth Supplemental Indenture dated as of August 5, 1998, between PSI and The Fifth Third Bank, as Trustee (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended June 30, 1998, File No. 1-3543).				X
4.4.4	Fifth Supplemental Indenture dated as of December 15, 1998, between PSI and The Fifth Third Bank, as Trustee (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1998, File No. 1-3543).				X
4.4.5	Sixth Supplemental Indenture dated as of April 30, 1999, between PSI and The Fifth Third Bank, as Trustee (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended March 31, 1999, File No. 1-3543).				X
4.4.6	Seventh Supplemental Indenture dated as of October 20, 1999, between PSI and The Fifth Third Bank, as Trustee (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1999, File No. 1-3543).				X
4.4.7	Eighth Supplemental Indenture dated as of September 23, 2003, between PSI and The Fifth Third Bank, as Trustee (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 2003, File No. 1-3543).				X
4.4.8	Tenth Supplemental Indenture dated as of June 9, 2006, between PSI Energy, Inc. and The Bank of New York Trust Company, N.A. (successor trustee to Fifth Third Bank), as Trustee (filed with Form 8-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.), filed on June 15, 2006, File No. 1-3543).				X
4.5	Loan Agreement between Duke Energy Ohio, Inc. and the State of Ohio Air Quality Development Authority dated as of September 13, 1995 (filed with Form 10-Q of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the quarter ended September 30, 1995, File No. 1-1232).			X	
4.6	Twenty-fifth Supplemental Indenture between PSI and The First National Bank of Chicago dated September 1, 1978 (filed with the registration statement of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.), File No. 2-62543).				X
4.6.1	Thirty-fifth Supplemental Indenture between PSI and The First National Bank of Chicago dated March 30, 1984 (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1984, File No. 1-3543).				X

Exhibit Number		Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
4.7	Loan Agreement between Duke Energy Ohio, Inc. and the State of Ohio Air Quality Development Authority dated August 1, 2001 (filed with the Form 10-Q of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the quarter ended September 30, 2001, File No. 1-1232).			X	
4.8	Indenture (Secured Medium-term Notes, Series A), dated July 15, 1991, between PSI and LaSalle National Bank, as Trustee (filed with Form 10-K/A No. 2 of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1992, filed on July 15, 1993, File No. 1-3543).				X
4.9	Original Indenture (Unsecured Debt Securities) between Duke Energy Ohio, Inc. and The Fifth Third Bank dated as of May 15, 1995 (filed with the registration statement on Form 8-A, filed on July 24, 1995, File No. 1-1232).			X	
4.9.1	First Supplemental Indenture between Duke Energy Ohio, Inc. and The Fifth Third Bank dated as of June 1, 1995 (filed with the Form 10-Q of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the quarter ended June 30, 1995, File No. 1-1232).			X	
4.9.2	Second Supplemental Indenture between Duke Energy Ohio, Inc. and The Fifth Third Bank dated as of June 30, 1995 (filed with the registration statement on Form 8-A, filed on July 24, 1995, File No. 1-1232).			X	
4.9.3	Third Supplemental Indenture between Duke Energy Ohio, Inc. and The Fifth Third Bank dated as of October 9, 1997 (filed with the Form 10-Q of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the quarter ended September 30, 1997, File No. 1-1232).			X	
4.9.4	Fourth Supplemental Indenture between Duke Energy Ohio, Inc. and The Fifth Third Bank dated as of April 1, 1998 (filed with the Form 10-Q of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the quarter ended March 31, 1998, File No. 1-1232).			X	
4.9.5	Fifth Supplemental Indenture between Duke Energy Ohio, Inc. and The Fifth Third Bank dated as of June 9, 1998 (filed with the Form 10-Q of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the quarter ended June 30, 1998, File No. 1-1232).			X	
4.9.6	Sixth Supplemental Indenture between Duke Energy Ohio, Inc. and The Fifth Third Bank dated as of September 15, 2002 (filed with the Form 10-Q of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the quarter ended September 30, 2002, File No. 1-1232).			X	
4.9.7	Seventh Supplemental Indenture between Duke Energy Ohio, Inc. and The Fifth Third Bank dated as of June 15, 2003 (filed with the Form 10-Q of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the quarter ended June 30, 2003, File No. 1-1232).			X	
4.10	Indenture (Secured Medium-term Notes, Series B), dated July 15, 1992, between PSI and LaSalle National Bank, as Trustee (filed with Form 10-K/A No. 2 of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1992, filed on July 15, 1993, File No. 1-3543).				X
4.11	Loan Agreement between Duke Energy Ohio, Inc. and the Ohio Air Quality Development Authority dated as of September 1, 2002 (filed with the Form 10-Q of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the quarter ended September 30, 2002, File No. 1-1232).			X	

Exhibit Number		Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
4.12	Loan Agreement between PSI and the City of Princeton, Indiana dated as of November 7, 1996 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).				X
4.13	Loan Agreement between Duke Energy Ohio, Inc. and the Ohio Air Quality Development Authority dated as of November 1, 2004, relating to Series A (filed with the Form 8-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company), filed on November 19, 2004, File No. 1-1232).			X	
4.14	Loan Agreement between PSI and the City of Princeton, Indiana dated as of February 1, 1997 (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1996, File No. 1-3543).				X
4.15	Loan Agreement between Duke Energy Ohio, Inc. and the Ohio Air Quality Development Authority dated as of November 1, 2004, relating to Series B (filed with the Form 8-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company), filed on November 19, 2004, File No. 1-1232).			X	
4.16	Unsecured Promissory Note dated October 14, 1998, between PSI and the Rural Utilities Service (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1998, File No. 1-3543).				X
4.17	Loan Agreement between PSI and the Indiana Development Finance Authority dated as of July 15, 1998 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended June 30, 1998, File No. 1-3543).				X
4.18	Loan Agreement between PSI and the Indiana Development Finance Authority dated as of May 1, 2000 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended June 30, 2000, File No. 1-3543).				X
4.19	Loan Agreement between PSI and the Indiana Development Finance Authority dated as of September 1, 2002 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 2002 File No. 1-3543).				X
4.20	Loan Agreement between PSI and the Indiana Development Finance Authority dated as of September 1, 2002 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 2002, File No. 1-3543).				X
4.21	Loan Agreement between PSI and the Indiana Development Finance Authority dated as of February 15, 2003 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended March 31, 2003, File No. 1-3543).				X
4.22	6.302% Subordinated Note between PSI and Cinergy Corp., dated February 5, 2003 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended March 31, 2003, File No. 1-3543).				X
4.23	6.403% Subordinated Note between PSI and Cinergy Corp., dated February 5, 2003 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended March 31, 2003, File No. 1-3543).				X
4.24	Loan Agreement between PSI and the Indiana Development Finance Authority dated as of December 1, 2004, relating to Series 2004B (filed with Form 8-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.), filed on December 9, 2004, File No. 1-3543).				X

Exhibit Number		Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
4.25	Loan Agreement between PSI and the Indiana Development Finance Authority dated as of December 1, 2004, relating to Series 2004C (filed with Form 8-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.), filed on December 9, 2004, File No. 1-3543).				X
10.1	Purchase and Sale Agreement dated as of January 8, 2006, by and among Duke Energy Americas, LLC, and LSP Bay II Harbor Holding, LLC (filed with the Form 10-Q of the registrant for the quarter ended March 31, 2006, File No. 1-32853, as Exhibit 10.2).	X			
10.1.1	Amendment to Purchase and Sale Agreement, dated as of May 4, 2006, by and among Duke Energy Americas, LLC, LS Power Generation, LLC (formerly known as LSP Bay II Harbor Holding, LLC), LSP Gen Finance Co, LLC, LSP South Bay Holdings, LLC, LSP Oakland Holdings, LLC, and LSP Morro Bay Holdings, LLC ((filed with the Form 10-Q of the registrant for the quarter ended March 31, 2006, File No. 1-32853, as Exhibit 10.2.1).	X			
10.2	Purchase and Sale Agreement dated as of January 8, 2006, by and among Duke Energy Americas, LLC, and LSP Bay II Harbor Holding, LLC (filed with Form 10-Q of Duke Energy Corporation (formerly known as Duke Energy Holding Corp.) for the quarter ended March 31, 2006, File No. 1-32853, as exhibit 10.2).		X		
10.2.1	Amendment to Purchase and Sale Agreement, dated as of May 4, 2006, by and among Duke Energy Americas, LLC, LS Power Generation, LLC (formerly known as LSP Bay II Harbor Holding, LLC), LSP Gen Finance Co, LLC, LSP South Bay Holdings, LLC, LSP Oakland Holdings, LLC, and LSP Morro Bay Holdings, LLC (filed with Form 10-Q of Duke Energy Corporation (formerly known as Duke Energy Holding Corp.) for the quarter ended March 31, 2006, File No. 1-32853, as exhibit 10.2.1).		X		
10.3	Employment Agreement dated February 4, 2004, among Cinergy Corp., Duke Energy Ohio, Inc., and Duke Energy, Indiana, Inc., and James E. Rogers (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the year ended 12/31/03, File No. 1-1232).			X	
10.4	Employment Agreement dated February 4, 2004, among Cinergy Corp., CG&E, and PSI, and James E. Rogers (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).				X
10.5 **	Directors' Charitable Giving Program (filed with Form 10-K of Duke Energy Carolinas, LLC for the year ended December 31, 1992, File No. 1-4928, as Exhibit 10-P).	X			
10.5.1**	Amendment to Directors' Charitable Giving Program dated June 18, 1997 (filed with Form 10-K of Duke Energy Carolinas, LLC for the year ended December 31, 2003, File No. 1-4928, as Exhibit 10-1.1).	X			
10.5.2**	Amendment to Directors' Charitable Giving Program dated July 28, 1997 (filed with Form 10-K of Duke Energy Carolinas, LLC for the year ended December 31, 2003, File No. 1-4928, as Exhibit 10-1.2).	X			
10.5.3**	Amendment to Directors' Charitable Giving Program dated February 18, 1998 (filed with Form 10-K of Duke Energy Carolinas, LLC for the year ended December 31, 2003, File No. 1-4928, as Exhibit 10-1.3).	X			

Exhibit Number		Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
10.6	Fifteenth Supplemental Indenture, dated as of April 3, 2006, among the registrant, Duke Energy and JPMorgan Chase Bank, N.A. (as successor to Guaranty Trust Company of New York), as trustee (the "Trustee"), supplementing the Senior Indenture, dated as of September 1, 1998, between Duke Power Company LLC (formerly Duke Energy Corporation) and the Trustee (filed with Form 10-Q of Duke Energy Corporation, File No. 1-32853, August 9, 2006, as exhibit 10.1).		X		
10.7	Amended and Restated Employment Agreement dated October 11, 2002, among Cinergy Corp., Services, Duke Energy Ohio, Inc., and Duke Energy Indiana, Inc., and William J. Grealis (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the year ended 12/31/02, File No. 1-1232).			X	
10.7.1	Amended Employment Agreement effective December 17, 2003 to Employment Agreement dated October 11, 2002, among Cinergy Corp., Services, Duke Energy Ohio, Inc., and Duke Energy Indiana, Inc., and William J. Grealis (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the year ended 12/31/03, File No. 1-1232).			X	
10.8	Amended and Restated Employment Agreement dated October 11, 2002, among Cinergy Corp., Services, CG&E, and PSI, and William J. Grealis (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).				X
10.8.1	Amended Employment Agreement effective December 17, 2003 to Employment Agreement dated October 11, 2002, among Cinergy Corp., Services, CG&E, and PSI, and William J. Grealis (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).				X
10.9 **	Duke Energy Corporation 1998 Long-Term Incentive Plan, as amended (filed as Exhibit 1 to Schedule 14A of Duke Energy Carolinas, LLC, March 28, 2003, File No. 1-4928).	X			
10.10	Agreements with Piedmont Electric Membership Corporation, Rutherford Electric Membership Corporation and Blue Ridge Electric Membership Corporation to provide wholesale electricity and related power scheduling services from September 1, 2006 through December 31, 2021 (filed with Form 10-Q of Duke Energy Corporation, File No. 1-32853, August 9, 2006, as exhibit 10.15).		X		
10.11	Amended and Restated Employment Agreement dated October 1, 2002, among Cinergy Corp., Services, Duke Energy Ohio, Inc., and Duke Energy Indiana, Inc., and Donald B. Ingle, Jr. (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the year ended 12/31/02, File No. 1-1232).			X	
10.12	Amended and Restated Employment Agreement dated October 1, 2002, among Cinergy Corp., Services, CG&E, and PSI, and Donald B. Ingle, Jr. (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).				X
10.13 **	Duke Energy Corporation Executive Short-Term Incentive Plan (filed as Exhibit 2 to Schedule 14A of Duke Energy Carolinas, LLC, March 28, 2003, File No. 1-4928).	X			

Exhibit Number		Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
10.14	$2,650,000,000 Amended and Restated Credit Agreement, dated as of June 28, 2007, among Duke Energy Corporation, Duke Energy Carolinas, LLC, Duke Energy Ohio, Inc., Duke Energy Indiana, Inc. and Duke Energy Kentucky, Inc., as Borrowers, the banks listed therein, Wachovia Bank, National Association, as Administrative Agent, JPMorgan Chase Bank, National Association, Barclays Bank PLC, Bank of America, N.A. and Citibank, N.A., as Co-Syndication Agents and The Bank of Tokyo-Mitsubishi, Ltd., New York Branch and Credit Suisse, as Co-Documentation Agents (filed with the Form 8-K of the registrant, July 5, 2007, File No. 1-4928, as Exhibit 10.1).		X		
10.15	Amended and Restated Employment Agreement dated September 12, 2002, among Cinergy Corp., Services, Duke Energy Ohio, Inc., and Duke Energy Indiana, Inc., and Michael J. Cyrus (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the year ended 12/31/02, File No. 1-1232).			X	
10.15.1	Amended Employment Agreement effective December 17, 2003 to Employment Agreement dated September 12, 2002, among Cinergy Corp., Services, Duke Energy Ohio, Inc., and Duke Energy Indiana, Inc., and Michael J. Cyrus (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the year ended 12/31/03, File No. 1-1232).			X	
10.15.2	Form of amendment to employment agreement, adopted and effective December 14, 2005, between Services and each of Michael J. Cyrus and James L. Turner (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the year ended 12/31/02, File No. 1-1232).			X	
10.16	Amended and Restated Employment Agreement dated September 12, 2002, among Cinergy Corp., Services, CG&E, and PSI, and Michael J. Cyrus (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).				X
10.16.1	Amended Employment Agreement effective December 17, 2003 to Employment Agreement dated September 12, 2002, among Cinergy Corp., Services, CG&E, and PSI, and Michael J. Cyrus (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).				X
10.16.2	Form of amendment to employment agreement, adopted and effective December 14, 2005, between Services and each of Michael J. Cyrus and James L. Turner (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).				X
10.17 **	Duke Energy Corporation Executive Savings Plan, as amended and restated (filed with Form 8-K of Duke Energy Corporation, October 31, 2007, File No. 1-32853, as Exhibit 10.1).	X			
10.18	Asset Purchase Agreement by and Between Saluda River Electric Cooperative, Inc., as Seller, and Duke Energy Carolinas, LLC, as Purchaser, dated December 20, 2006 (filed with the Form 8-K of the registrant, File No. 1-4928, December 27, 2006, as exhibit 10.1).		X		
10.19	Amended and Restated Employment Agreement dated September 24, 2002, among Cinergy Corp., Services, Duke Energy Ohio, Inc., and Duke Energy Indiana, Inc., and James L. Turner (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the year ended 12/31/03, File No. 1-1232).			X	

Exhibit Number		Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
10.19.1	Amended Employment Agreement effective December 17, 2003 to Employment Agreement dated September 24, 2002, among Cinergy Corp., Services, Duke Energy Ohio, Inc., and Duke Energy Indiana, Inc., and James L. Turner (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the year ended 12/31/03, File No. 1-1232).			X	
10.20	Amended and Restated Employment Agreement dated September 24, 2002, among Cinergy Corp., Services, CG&E, and PSI, and James L. Turner (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).				X
10.20.1	Amended Employment Agreement effective December 17, 2003 to Employment Agreement dated September 24, 2002, among Cinergy Corp., Services, CG&E, and PSI, and James L. Turner (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).				X
10.21 **	Non-Qualified Option Agreement dated as of November 17, 2003 pursuant to Duke Energy Corporation 1998 Long-Term Incentive Plan, by and between Duke Energy Corporation and Paul M. Anderson (filed with Form 10-K of Duke Energy Carolinas, LLC for the year ended December 31, 2004, File No. 1-4928, as Exhibit 10-18.4).	X			
10.22	Settlement between Duke Energy Corporation, Duke Energy Carolinas, LLC and the U.S. Department of Justice resolving Duke Energy's used nuclear fuel litigation against the U.S. Department of Energy dated as of March 6, 2007 (filed with the Form 8-K of the registrant, File No. 1-4928, March 12, 2007, as item 8.01).		X		
10.23	Employment Agreement dated November 15, 2002, among Cinergy Corp., Duke Energy Ohio, Inc., and Duke Energy Indiana, Inc. and Marc E. Manly (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the year ended 12/31/03, File No. 1-1232).			X	
10.23.1	Amended Employment Agreement effective December 17, 2003 to Employment Agreement dated November 15, 2002, among Cinergy Corp., Duke Energy Ohio, Inc., and Duke Energy Indiana, Inc., and Marc E. Manly (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the year ended 12/31/03, File No. 1-1232).			X	
10.24	Employment Agreement dated November 15, 2002, among Cinergy Corp., CG&E, and PSI and Marc E. Manly (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).				X
10.24.1	Amended Employment Agreement effective December 17, 2003 to Employment Agreement dated November 15, 2002, among Cinergy Corp., CG&E, and PSI, and Marc E. Manly (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).				X
10.25 **	Form of Phantom Stock Award Agreement dated February 28, 2005, pursuant to Duke Energy Corporation 1998 Long-Term Incentive Plan by and between Duke Energy Corporation and each of Fred J. Fowler, David L. Hauser, Jimmy W. Mogg and Ruth G. Shaw (filed with the Form 8-K of Duke Energy Carolinas, LLC, File No. 1-4928, February 28, 2005, as Exhibit 10-2).	X			

Exhibit Number		Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
10.26	Engineering, Procurement and Construction Agreement, dated July 11, 2007, by and between Duke Energy Carolinas, LLC and Stone &Webster National Engineering P.C. (filed with the Form 10-Q of the registrant, November 13, 2007, File No. 1-4928, as Exhibit 10.1). (Portions of the exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.)		X		
10.27	Deferred Compensation Agreement between Duke Energy Ohio, Inc. and Jackson H. Randolph dated January 1, 1992 (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the year ended 12/31/92, File No. 1-1232).			X	
10.28	Deferred Compensation Agreement, effective as of January 1, 1992, between PSI and James E. Rogers (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).				X
10.29 **	Form of Phantom Stock Award Agreement dated as of May 11, 2005, pursuant to Duke Energy Corporation 1998 Long-Term Incentive Plan by and between Duke Energy Corporation and Jimmy W. Mogg. (filed with Form 10-Q of Duke Energy Carolinas, LLC for the quarter ended June 30, 2005, File No. 1-4928, as Exhibit 10-6).	X			
10.30	Amended and Restated Engineering, Procurement and Construction Agreement, dated February 20, 2008, by and between Duke Energy Carolinas, LLC and Stone & Webster National Engineering P.C. (filed with the Form 10-Q of the registrant, May 14, 2008, File No. 1-4928, as Exhibit 10.1). (Portions of the exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended).		X		
10.31	Split Dollar Insurance Agreement, effective as of May 1, 1993, between Duke Energy Ohio, Inc. and Jackson H. Randolph (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the year ended 12/31/94, File No. 1-1232).			X	
10.32	Split Dollar Life Insurance Agreement, effective as of January 1, 1992, between PSI and James E. Rogers (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).				X
10.32.1	First Amendment to Split Dollar Life Insurance Agreement between PSI and James E. Rogers dated December 11, 1992 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).				X
10.33 **	Form of Phantom Stock Award Agreement dated as of May 12, 2005, pursuant to Duke Energy Corporation 1998 Long-Term Incentive Plan by and between Duke Energy Corporation and nonemployee directors (filed in Form 8-K of Duke Energy Carolinas, LLC, May 17, 2005, File No. 1-4928, as Exhibit 10-1).	X			
10.34	Amended No. 1 to the Amended and Restated Credit Agreement (filed on Form 8-K of the registrant, March 12, 2008, File No. 1-4928, as Exhibit 10.1).		X		
10.35	Amended and Restated Supplemental Retirement Income Agreement between Duke Energy Ohio, Inc. and Jackson H. Randolph dated January 1, 1995 (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the year ended 12/31/95, File No. 1-1232).			X	

Exhibit Number		Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
10.36	Asset Purchase Agreement by and among Cinergy Capital & Trading, Inc. (Capital & Trading), CinCap Madison, LLC and PSI dated as of February 5, 2003 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).				X
10.37	Form of Phantom Stock Award Agreement (filed with Form 8-K of Duke Energy Corporation, File No. 1-32853, April 4, 2006, as Exhibit 10.1).	X			
10.38	Amended and Restated Engineering and Construction Agreement, dated as of December 21, 2009, by and between Duke Energy Carolinas, LLC and Shaw North Carolina, Inc.		X		
10.39	Amended and Restated Supplemental Executive Retirement Income Agreement between Duke Energy Ohio, Inc. and certain executive officers (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the year ended 12/31/97, File No. 1-1232).			X	
10.40	Asset Purchase Agreement by and among Capital & Trading., CinCap VII, LLC and PSI dated as of February 5, 2003 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).				X
10.41	Form of Performance Share Award Agreement (filed with Form 8-K of Duke Energy Corporation, File No. 1-32853, April 4, 2006, as Exhibit 10.2).	X			
10.42	Eighty-Eighth Supplemental Indenture dated as of November 17, 2008, between Duke Energy Carolinas, LLC and The Bank of New York Mellon Trust Company, N.A., as Trustee (filed with the Form 8-K of the registrant, File No. 1-4928, November 17, 2008, as item 4.1).		X		
10.43	Asset Purchase Agreement by and among Duke Energy Indiana, Inc. and Duke Energy Ohio, Inc. and Allegheny Energy Supply Company, LLC, Allegheny Energy Supply Wheatland Generating Facility, LLC and Lake Acquisition Company, L.L.C., dated as of May 6, 2005 (filed with Form 10-Q of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the quarter ended June 30, 2005, File No. 1-1232).			X	
10.44	Asset Purchase Agreement by and among PSI and CG&E and Allegheny Energy Supply Company, LLC, Allegheny Energy Supply Wheatland Generating Facility, LLC and Lake Acquisition Company, L.L.C., dated as of May 6, 2005 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).				X
10.45 **	Employment Agreement between Duke Energy Corporation and James E. Rogers, dated April 4, 2006 (filed with Form 8-K of Duke Energy Corporation, File No. 1-32853, April 6, 2006, as Exhibit 10.1).	X			
10.45.1**	Performance Award Agreement between Duke Energy Corporation and James E. Rogers, dated April 4, 2006 (filed with Form 8-K of Duke Energy Corporation, File No. 1-32853, April 6, 2006, as Exhibit 10.2).	X			
10.45.2**	Phantom Stock Grant Agreement between Duke Energy Corporation and James E. Rogers, dated April 4, 2006 (filed with Form 8-K of Duke Energy Corporation, File No. 1-32853, April 6, 2006, as Exhibit 10.3).	X			

Exhibit Number		Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
10.46	Underwriting Agreement, dated as of November 12, 2008, with Barclays Capital Inc., Citigroup Global Markets Inc. and Credit Suisse Securities (USA) LLC, as representatives of the several underwriters named therein, in connection with Duke Energy Carolinas, LLC's issuance and sale of $400,000,000 aggregate principal amount of its First and Refunding Mortgage Bonds, 5.75% Series C due 2013 and $500,000,000 aggregate principal amount of its First and Refunding Mortgage Bonds, 7.00% Series C due 2018 (filed with the Form 8-K of the registrant, File No. 1-4928, November 17, 2008, as item 99.1).		X		
10.47	$2,650,000,000 Amended and Restated Credit Agreement, dated as of June 28, 2007, among Duke Energy Corporation, Duke Energy Carolinas, LLC, Duke Energy Ohio, Inc., Duke Energy Indiana, Inc. and Duke Energy Kentucky, Inc., as Borrowers, the banks listed therein, Wachovia Bank, National Association, as Administrative Agent, JPMorgan Chase Bank, National Association, Barclays Bank PLC, Bank of America, N.A. and Citibank, N.A., as Co-Syndication Agents and The Bank of Tokyo-Mitsubishi, Ltd., New York Branch and Credit Suisse, as Co-Documentation Agents (filed in Form 8-K of Duke Energy Ohio, Inc., July 5, 2007, File No. 1-1232, as Exhibit 10.1).			X	
10.47.1	Amendment No. 1 to the Amended and Restated Credit Agreement (filed on Form 8-K of Duke Energy Ohio, Inc., March 12, 2008, File No. 1-1232, as Exhibit 10.1).			X	
10.48	Underwriting Agreement in connection with PSI issuance and sale of $350,000,000 aggregate principal amount of its 6.12% Debentures due 2035 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).				X
10.49 **	Form Phantom Stock Award Agreement and Election to Defer (filed with Form 8-K of Duke Energy Corporation, File No. 1-32853, May 16, 2006, as Exhibit 10.1).	X			
10.50	Keepwell Agreement, dated April 10, 2006, between Duke Capital LLC and Duke Energy Ohio, Inc. (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company), filed on April 14, 2006, File No. 1-1232).			X	
10.51	$2,000,000,000 Amended and Restated Credit Agreement among the registrant, such subsidiaries, the banks listed therein, Barclays Bank PLC, as Administrative Agent, and JPMorgan Chase Bank, N.A., as Syndication Agent (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).				X
10.51.1	$2,650,000,000 Amended and Restated Credit Agreement, dated as of June 28, 2007, among Duke Energy Corporation, Duke Energy Carolinas, LLC, Duke Energy Ohio, Inc., Duke Energy Indiana, Inc. and Duke Energy Kentucky, Inc., as Borrowers, the banks listed therein, Wachovia Bank, National Association, as Administrative Agent, JPMorgan Chase Bank, National Association, Barclays Bank PLC, Bank of America, N.A. and Citibank, N.A., as Co-Syndication Agents and The Bank of Tokyo-Mitsubishi, Ltd., New York Branch and Credit Suisse, as Co-Documentation Agents (filed in Form 8-K of Duke Energy Indiana, Inc., July 5, 2007, File No. 1-3543, as Exhibit 10.1).				X
10.51.2	Amendment No. 1 to the Amended and Restated Credit Agreement (filed in Form 8-K of Duke Energy Indiana, Inc., March 12, 2008, File No. 1-3543, as Exhibit 10.1).				X

Exhibit Number		Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
10.52	Agreements with Piedmont Electric Membership Corporation, Rutherford Electric Membership Corporation and Blue Ridge Electric Membership Corporation to provide wholesale electricity and related power scheduling services from September 1, 2006 through December 31, 2021 (filed with the Form 10-Q of Duke Energy Corporation for the quarter ended June 30, 2006, File No. 1-32853, as Exhibit 10.15).	X			
10.53	Asset Purchase Agreement by and between Duke Energy Indiana, Inc., as Seller, and Wabash Valley Power Association, Inc., as Buyer, Dated as of December 1, 2006 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).				X
10.54	Purchase and Sale Agreement by and among Cinergy Capital & Trading, Inc., as Seller, and Fortis Bank, S.A./N.V., as Buyer, dated as of June 26, 2006 (filed with Form 8-K of Duke Energy Corporation, File No. 1-32853, June 30, 2006, as Exhibit 10.1).	X			
10.55	$330,000,000 Letter of Credit Agreement dated as of September 19, 2008, among Duke Energy Indiana, Inc., Duke Energy Kentucky, Inc., the banks listed therein, Bank of America, N.A., as Administrative Agent, Banco Bilbao Vizcaya Argentaria, S.A.-New York Branch, as Syndication Agent, and the Bank of Tokyo-Mitsubishi UFJ, Ltd., Intesa Sanpaolo S.p.A., New York Branch, Mizuho Corporate Bank (USA), and Wells Fargo Bank, National Association, as Co-Documentation Agents (filed with Form 10-Q of Duke Energy Indiana, Inc. for the quarter ended September 30, 2008, File No. 1-3543, as Exhibit 10.1).				X
10.56**	Form of Amendment to Performance Award Agreement and Phantom Stock Award Agreement (filed with Form 8-K of Duke Energy Corporation, File No. 1-32853, August 24, 2006, as Exhibit 10.1).	X			
10.57	Engineering, Procurement and Construction Management Agreement dated December 15, 2008 between Duke Energy Indiana, Inc. and Bechtel Power Corporation (Portions of the exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended).				X
10.58**	Form of Amendment to Phantom Stock Award Agreement (filed with Form 8-K of Duke Energy Corporation, File No. 1-32853, August 24, 2006, as Exhibit 10.2).	X			
10.59	Formation and Sale Agreement by and among Duke Ventures, LLC, Crescent Resources, LLC, Morgan Stanley Real Estate Fund V U.S. L.P., Morgan Stanley Real Estate Fund V Special U.S., L.P., Morgan Stanley Real Estate Investors V U.S., L.P., MSP Real Estate Fund V, L.P., and Morgan Stanley Strategic Investments, Inc., dated as of September 7, 2006 (filed with the Form 10-Q of Duke Energy Corporation for the quarter ended September 30, 2006, File No. 1-32853, as Exhibit 10.3).	X			
10.60	Fifteenth Supplemental Indenture, dated as of April 3, 2006, among the registrant, Duke Energy and JPMorgan Chase Bank, N.A. (as successor to Guaranty Trust Company of New York), as trustee (the "Trustee"), supplementing the Senior Indenture, dated as of September 1, 1998, between Duke Energy Carolinas, LLC (formerly Duke Energy Corporation) and the Trustee (filed with the Form 10-Q of Duke Energy Corporation for the quarter ended June 30, 2006, File No. 1-32853, as Exhibit 10.1).	X			

Exhibit Number		Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
10.60.1	Stock Option Grant Agreement between Duke Energy Corporation and James E. Rogers, dated April 4, 2006 (filed with Form 8-K of Duke Energy Corporation, File No. 1-32853, April 6, 2006, as Exhibit 10.4).	X			
10.61 **	Duke Energy Corporation 2006 Long-Term Incentive Plan (filed with Form 8-K of Duke Energy Corporation, File No. 1-32853, October 27, 2006, as Exhibit 10.1).	X			
10.62	Tax Matters Agreement, dated as of December 13, 2006, by and between Duke Energy Corporation and Spectra Energy Corp (filed with Form 8-K of Duke Energy Corporation, File No. 1-32853, December 15, 2006, as Exhibit 10.1).	X			
10.63	Transition Services Agreement, dated as of December 13, 2006, by and between Duke Energy Corporation and Spectra Energy Corp (filed with Form 8-K of Duke Energy Corporation, File No. 1-32853, December 15, 2006, as Exhibit 10.2).	X			
10.63.1	Amendment No. 1 to the Transition Services Agreement, dated as of December 13, 2006, by and between Duke Energy Corporation and Spectra Energy Corp. (filed in Form 10-Q of Duke Energy Corporation for the quarter ended March 31, 2007, File No. 1-32853, as Exhibit 10.4).	X			
10.63.2	Amendment No. 2 to the Transition Services Agreement, dated as of December 13, 2006, by and between Duke Energy Corporation and Spectra Energy Corp. (filed in. Form 10-Q of Duke Energy Corporation for the quarter ended March 31, 2007, File No. 1-32853, as Exhibit 10.5)	X			
10.63.3	Amendment No. 3 to the Transition Services Agreement, dated as of December 13, 2006, by and between Duke Energy Corporation and Spectra Energy Corp. (filed in Form 10-Q of Duke Energy Corporation for the quarter ended June 30, 2007, File No. 1-32853, as Exhibit 10.3).	X			
10.63.4	Amendment No. 4 to the Transition Services Agreement, dated as of June 30, 2007, by and between Duke Energy Corporation and Spectra Energy Corp. (filed in Form 10-Q of Duke Energy Corporation for the quarter ended September 30, 2007, File No. 1-32853, as Exhibit 10.1).	X			
10.64	Employee Matters Agreement, dated as of December 13, 2006, by and between Duke Energy Corporation and Spectra Energy Corp. (filed with Form 8-K of Duke Energy Corporation, File No. 1-32853, December 15, 2006, as Exhibit 10.3)	X			
10.65	First Amendment to Employee Matters Agreement, dated as of September 28, 2007 (filed in Form 10-Q of Duke Energy Corporation for the quarter ended September 30, 2007, File No. 1-32853, as Exhibit 10.3).	X			
10.66 **	Duke Energy Corporation Directors' Savings Plan I & II, as amended and restated (filed with Form 8-K of Duke Energy Corporation, dated October 31, 2007, File No. 1-4298, as Exhibit 10.2).	X			
10.67 **	Form of Phantom Stock Award Agreement (filed in Form 8-K of Duke Energy Corporation, March 8, 2007, File No. 1-32853, as item 10.01).	X			
10.68 **	Form of Performance Share Award Agreement (filed in Form 8-K of Duke Energy Corporation, March 8, 2007, File No. 1-32853, as item 10.02).	X			

Exhibit Number		Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
10.69	Separation and Distribution Agreement, dated as of December 13, 2006, by and between Duke Energy Corporation and Spectra Energy Corp. (filed in Form 8-K of Duke Energy Corporation, File No. 1-32853, December 15, 2006, as item 2.1).	X			
10.69.1	Amendment No. 1 to the Separation and Distribution Agreement, dated as of December 13, 2006, by and between Duke Energy Corporation and Spectra Energy Corp. (filed in Form 10-Q of Duke Energy Corporation for the quarter ended March 31, 2007, File No. 1-32853, as Exhibit 10.3).	X			
10.70 **	Amendment to the Duke Energy Corporation 1998 Long-Term Incentive Plan, effective as of February 27, 2007, by and between Duke Energy Corporation and Spectra Energy Corp. (filed in Form 10-Q of Duke Energy Corporation for the quarter ended March 31, 2007, File No. 1-32853, as Exhibit 10.6).	X			
10.71 **	Amendment to the Duke Energy Corporation 2006 Long-Term Incentive Plan, effective as of February 27, 2007, by and between Duke Energy Corporation and Spectra Energy Corp. (filed in Form 10-Q of Duke Energy Corporation for the quarter ended March 31, 2007, File No. 1-32853, as Exhibit 10.7).	X			
10.72	$2,650,000,000 Amended and Restated Credit Agreement, dated as of June 28, 2007, among Duke Energy Corporation, Duke Energy Carolinas, LLC, Duke Energy Ohio, Inc., Duke Energy Indiana, Inc. and Duke Energy Kentucky, Inc., as Borrowers, the banks listed therein, Wachovia Bank, National Association, as Administrative Agent, JPMorgan Chase Bank, National Association, Barclays Bank PLC, Bank of America, N.A. and Citibank, N.A., as Co-Syndication Agents and The Bank of Tokyo-Mitsubishi, Ltd., New York Branch and Credit Suisse, as Co-Documentation Agents (filed in Form 8-K of Duke Energy Corporation, July 5, 2007, File No. 1-32853, as Exhibit 10.1; the agreement was executed June 28).	X			
10.72.1	Amendment No. 1 to Amended and Restated Credit Agreement (filed in Form 8-K of Duke Energy Corporation, March 12, 2008, File No. 1-32853, as Exhibit 10.1).	X			
10.73	Engineering, Procurement and Construction Agreement, dated July 11, 2007, by and between Duke Energy Carolinas, LLC and Stone & Webster National Engineering P.C. (portions of the exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended) (filed in Form 10-Q of Duke Energy Corporation for the quarter ended September 30, 2007, File No. 1-32853, as Exhibit 10.2).	X			
10.74 **	Change in Control Agreement by and between Duke Energy Corporation and James L. Turner, dated April 4, 2006 (filed with Form 10-K of Duke Energy Corporation for the year ended December 31, 2007, File No. 1-32853, as Exhibit 10.64.1).	X			
10.75 **	Change in Control Agreement by and between Duke Energy Corporation and Marc E. Manly, dated April 4, 2006 (filed with Form 10-K of Duke Energy Corporation for the year ended December 31, 2007, File No. 1-32853, as Exhibit 10.66.1).	X			

Exhibit Number		Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
10.76	Amended and Restated Engineering, Procurement and Construction Agreement, dated February 20, 2008, by and between Duke Energy Carolinas, LLC and Stone & Webster National Engineering P.C. (portions of the exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended) (filed in Form 10-Q of Duke Energy Corporation for the quarter ended March 31, 2008, File No. 1-32853, as Exhibit 10.1).	X			
10.77**	Form of Phantom Stock Agreement (filed on Form 8-K of Duke Energy Corporation, February 22, 2008, File No. 1-32853, as Exhibit 10.1).	X			
10.78**	Form of Performance Share Agreement (filed on Form 8-K of Duke Energy Corporation, February 22, 2008, File No. 1-32853, as Exhibit 10.2).	X			
10.79	Amendment No. 1 to the Amended and Restated Credit Agreement (filed on Form 8-K of Duke Energy Corporation, March 12, 2008, File No. 1- 32853, as Exhibit 10.1).	X			
10.80**	Summary of Director Compensation Program (filed in Form 10-Q of Duke Energy Corporation for the quarter ended June 30, 2008, File No. 1-32853, as Exhibit 10.1).	X			
10.81	Agreement and Plan of Merger by and among DEGS Wind I, LLC, DEGS Wind Vermont, Inc., Catamount Energy Corporation (filed in Form 10-Q of Duke Energy Corporation for the quarter ended June 30, 2008, File No. 1-32853, as Exhibit 10.2).	X			
10.82	Amended and Restated Engineering and Construction Agreement, dated as of December 21, 2009, by and between Duke Energy Carolinas, LLC and Shaw North Carolina, Inc.	X			
10.83	Operating Agreement of Pioneer Transmission, LLC (filed in Form 10-Q of Duke Energy Corporation for the quarter ended September 30, 2008, File No. 1-32583, as Exhibit 10.1).	X			
10.84**	Amendment to Duke Energy Corporation Executive Savings Plan, effective as of August 26, 2008 (filed on Form 8-K of Duke Energy Corporation, September 2, 2008, File No. 1-32583, as Exhibit 10.1).	X			
10.85**	Duke Energy Corporation Executive Cash Balance Plan, as Amended and Restated Effective August 26, 2008 (filed on Form 8-K of Duke Energy Corporation, September 2, 2008, File No. 1-32583, as Exhibit 10.2).	X			
10.86**	Amendment to Employment Agreement with James E. Rogers, effective as of August 26, 2008 (filed on Form 8-K of Duke Energy Corporation, September 2, 2008, File No. 1-32583 as Exhibit 10.3).	X			
10.87**	Form of Amended and Restated Change in Control Agreement, effective as of August 26, 2008 (filed on Form 8-K of Duke Energy Corporation, September 2, 2008, File No. 1-32583 as Exhibit 10.4).	X			
10.88**	Amendment to Phantom Stock and Performance Awards with James E. Rogers, effective as of August 26, 2008 (filed on Form 8-K of Duke Energy Corporation September 2, 2008, File No. 1-32853, as Exhibit 10.5).	X			

Exhibit Number		Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
10.89 **	Amendment to Deferred Compensation Agreement with James E. Rogers, effective as of August 26, 2008 (filed on Form 8-K of Duke Energy Corporation, September 2, 2008, File No. 1-32583, as Exhibit 10.6).	X			
10.90 **	Amendment to Award Agreements pursuant to the Long-Term Incentive Plans (Employees), effective as of August 26, 2008 (filed on Form 8-K of Duke Energy Corporation, September 2, 2008, File No. 1-32583, as Exhibit 10.7).	X			
10.91 **	Amendment to Award Agreements pursuant to the Long-Term Incentive Plans (Directors), effective as of August 26, 2008 (filed on Form 8-K of Duke Energy Corporation, September 2, 2008, File No. 1-32583, as Exhibit 99.1).	X			
10.92 **	Amendment to Duke Energy Corporation Directors' Savings Plan, effective as of August 26, 2008 (filed on Form 8-K of Duke Energy Corporation, September 2, 2008, File No. 1-32583, as Exhibit 99.2).	X			
10.93 **	Deferred Compensation Agreement dated December 16, 1992, between PSI Energy, Inc. and James E. Rogers, Jr.	X			
10.94	Engineering, Procurement and Construction Management Agreement dated December 15, 2008 between Duke Energy Indiana, Inc. and Bechtel Power Corporation. (Portions of the exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended).	X			
10.95	Retirement Agreement by and between Duke Energy Business Services LLC and David L. Hauser, effective as of June 22, 2009 (filed on Form 8-K of Duke Energy Corporation, June 26, 2009, File No. 1-32853, as Exhibit 99.1).	X			
10.96	Amended and Restated Engineering and Construction Agreement, dated as of March 8, 2010, by and between Duke Energy Carolinas, LLC and Shaw North Carolina, Inc. (filed in Form 10-Q of Duke Energy Corporation for the quarter ended March 31, 2010, File No. 1-32853, as Exhibit 10.1).	X	X		
*10.97 **	Retirement Agreement dated December 9, 2010 between James L. Turner and Duke Energy Business Services LLC (filed on Form 8-K of Duke Energy Corporation, December 9, 2010, File No. 1-32583 as Exhibit 10.1).	X			
10.98 **	Form of Performance Award Agreement of Duke Energy Corporation (filed on Form 8-K of Duke Energy Corporation, February 22, 2011, File No. 1-32583 as Exhibit 10.1).	X			
10.99 **	Form of Phantom Stock Award of Duke Energy Corporation (filed on Form 8-K of Duke Energy Corporation, February 22, 2011, File No. 1-32583 as Exhibit 10.2).	X			
10.100**	Form of Performance Award Agreement by and between Duke Energy Corporation and James E. Rogers (filed on Form 8-K of Duke Energy Corporation, February 22, 2011, File No. 1-32583 as Exhibit 10.3).	X			
10.101	Duke Energy Corporation Executive Severance Plan (filed on Form 8-K of Duke Energy Corporation, January 10, 2011, File No. 1-32583 as Exhibit 10.1).	X			
10.102*	Form of Amendment to Change in Control Agreement by Duke Energy Corporation.	X			

Exhibit Number		Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
10.103	$200,000,000 Credit Agreement dated as of April 7, 2010 among Duke Energy Corporation and Duke Energy Carolinas, LLC, as Borrowers, the banks listed therein, Branch Banking and Trust Company, as Administrative Agent, Regions Bank, as Syndication Agent and First Tennessee Bank N.A. and RBC Bank (USA) as Co-Documentation Agents (filed on Form 8-K of Duke Energy Corporation, April 12, 2010, File No. 1-32583 as Exhibit 10.1).	X	X		
10.104	Ninety-First Supplemental Indenture dated as of June 7, 2010 of Duke Energy Carolinas, LLC to The Bank of New York Mellon Trust Company, N.A., as Trustee (filed on Form 8-K of Duke Energy Carolinas, LLC, June 7, 2010, File No. 1-04928 as Exhibit 4.1).		X		
10.105	Sixty-Second Supplemental Indenture, dated as of July 9, 2010, between the Company and Deutsche Bank National Trust Company, as trustee, providing for the issuance of the Bonds. (filed on Form 8-K of Duke Energy Indiana, July 9, 2010, File No. 1-03543 as Exhibit 4.1).				X
*12.1	Computation of Ratio of Earnings to Fixed Charges - DUKE ENERGY CORPORATION	X			
*12.2	Computation of Ratio of Earnings to Fixed Charges – DUKE ENERGY CAROLINAS		X		
*12.3	Computation of Ratio of Earnings to Fixed Charges - DUKE ENERGY OHIO			X	
*12.4	Computation of Ratio of Earnings to Fixed Charges - DUKE ENERGY INDIANA				X
*21	List of Subsidiaries.	X			
*23.1.1	Consent of Independent Registered Public Accounting Firm.	X			
*23.1.2	Consent of Independent Registered Public Accounting Firm.		X		
*23.1.3	Consent of Independent Registered Public Accounting Firm.			X	
*23.1.4	Consent of Independent Registered Public Accounting Firm.				X
*24.1	Power of attorney authorizing Lynn J. Good and others to sign the annual report on behalf of the registrant and certain of its directors and officers.	X			
*24.2	Certified copy of resolution of the Board of Directors of the registrant authorizing power of attorney.	X			
*31.1.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X			
*31.1.2	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.		X		
*31.1.3	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			X	
*31.1.4	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
*31.2.1	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X			
*31.2.2	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.		X		4

Exhibit Number		Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
*31.2.3	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			X	
*31.2.4	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
*32.1.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X			
*32.1.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		X		
*32.1.3	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			X	
*32.1.4	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
*32.2.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X			
*32.2.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		X		
*32.2.3	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			X	
*32.2.4	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
101	Financials in XBRL Format	X			

The total amount of securities of the registrant or its subsidiaries authorized under any instrument with respect to long-term debt not filed as an exhibit does not exceed 10% of the total assets of the registrant and its subsidiaries on a consolidated basis. The registrant agrees, upon request of the Securities and Exchange Commission, to furnish copies of any or all of such instruments to it.