

FILE

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke)
Energy Ohio, Inc., for Authority to Issue)
Not in Excess of \$600,000,000 at Any) Case No. 11-2997-GE-AIS
One Time of Short-term Unsecured Notes)
and Other Evidences of Indebtedness.)

APPLICATION AND STATEMENT OF DUKE ENERGY OHIO, INC.

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

1. Under provisions of Section 4905.401, Revised Code, Duke Energy Ohio, without action by the Public Utilities Commission of Ohio (Commission), could issue, renew or assume liability on notes and other evidences of indebtedness maturing not more than twelve months after the date of such issuance, renewal or assumption of liability (collectively, Short-Term Notes) equal to 5% of the par value of the other outstanding stocks, bonds, notes and other evidences of indebtedness of Duke Energy Ohio (the Statutory Exemption). Thus, consistent with the Statutory Exemption, as of March 31, 2011, Duke Energy Ohio could have borrowed a total of \$148,714,250 of notes or other evidences of indebtedness payable at periods of not more than twelve months. The Statutory Exemption is calculated as follows:

Par Values of the outstanding securities of Duke Energy Ohio (as of 3/31/11):

Long-term Bonds and Notes	\$2,212,149,000
Common Stock \$8.50 Par Value	<u>762,136,000</u>

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Total Par Value	<u>\$2,974,285,000</u>
5% of <u>\$2,974,285,000</u>	<u>\$ 148,714,250</u>

As of March 31, 2011, Duke Energy Ohio had no outstanding notes payable with a maturity not more than twelve months from date of issuance, and \$5,095,000 of long-term debt subject to redemption within one year.

2. Presently, Duke Energy Ohio has, in accordance with Section 4905.401, Revised Code, the necessary consent and authority of the Commission to issue and/or renew its short-term promissory notes and other evidences of indebtedness, including commercial paper, in excess of the Statutory Exemption in an aggregate principal amount such that its total outstanding short-term indebtedness does not exceed \$600,000,000 at any one time through June 30, 2011.¹ Through the present Application, Duke Energy Ohio requests an order granting the necessary consent and authority of this Commission, supplementing and replacing such existing authority, to continue to issue and/or renew unsecured short-term notes or other evidences of indebtedness in an aggregate principal amount not exceeding \$600,000,000 at any one time between the date of an order entered herein and June 30, 2012.

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

3. By order entered May 4, 1995, the Commission granted Duke Energy Ohio

¹ *In the Matter of the Application of Duke Energy Ohio for Authority to Issue Not in Excess of \$600,000,000 at Any One Time of short-Term Unsecured Notes and Other Evidences of Indebtedness, Case No. 09-336-GE-AIS, Finding and Order (May 13, 2009).*

authority to enter into the Cinergy Corp. Utility Money Pool Agreement and to file said agreement with the Securities and Exchange Commission.² The purpose of the money pool (Money Pool) that was structured through such agreement was to assist Cinergy Corp.'s utility subsidiaries in least-cost financing of their interim capital requirements. Pursuant to the merger between Cinergy Corp. and Duke Energy Corporation, the ultimate parent of Duke Energy Ohio, a new Utility Money Pool Agreement (Money Pool Agreement) was entered into among Duke Energy Corporation entities, including Duke Energy Ohio, effective April 3, 2006, and as most recently amended November 1, 2008.³

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

5. Duke Energy Ohio may borrow under the herein requested authority from banks or other financial institutions through the Amended and Restated Credit Agreement

² *In the Matter of the Application of The Cincinnati Gas & Electric company for Authority to Issue Not in Excess of \$600,000,000 at Any One Time of Short-Term Unsecured Notes and Other Evidences of Indebtedness*, Case No. 95-275-GE-AIS, Finding and Order (May 4, 1995).

³ The current parties are Duke Energy Corporation, Cinergy Corp., Duke Energy Carolinas LLC, Duke Energy Indiana, Inc., Duke Energy Ohio, Inc., Duke Energy Kentucky, Inc., Miami Power Corporation, KO Transmission Company, and Duke Energy Business Services, LLC.

dated as of June 28, 2007, amended March 10, 2008, and other evidences of short-term indebtedness (including through participation in the Money Pool referred to above), to afford more latitude in obtaining short-term financing as required. No maturity will be more than twelve months from the date of issuance. Unsecured bank notes and other evidences of indebtedness - including participation in the Money Pool - will bear interest at the best available rate.

6. In addition, Duke Energy Ohio respectfully requests that the Commission approve the further amendment of the Money Pool Agreement to include certain companies that will become members of the Duke Energy family of companies upon completion of the proposed merger of Duke Energy Corporation and Progress Energy, Inc. Duke Energy Corporation is currently in the process of securing approval for its merger with Progress Energy, Inc., a North Carolina corporation with utility operations in North Carolina, South Carolina, and Florida. At such time as that merger is consummated, the Money Pool Agreement will be amended to make the Progress Energy Companies parties to the Agreement. No other major changes will be made to the Agreement. Therefore, Duke Energy Ohio requests approval of the form of amended Agreement, attached hereto, to be effective upon consummation of the merger.

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

- Exhibit A: Duke Energy Ohio Consolidated - Balance Sheet as of March 31, 2011.
- Exhibit B - Duke Energy Ohio Consolidated - Income Statement for the twelve Months Ended March 31, 2011.
- Exhibit C - Proposed Amended Utility Money Pool Agreement, marked to show changes.

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

- (1) This Application was filed under the provisions of Section 4905.401, Revised Code.**
- (2) Pursuant to Section 4905.401, Revised Code, the Company was permitted to have outstanding notes and other evidences of short-term indebtedness issuable without authority of this Commission (Statutory Exemption) in the amount of \$ 148,714,250 as of March 31, 2011.**
- (3) The Company has existing authority to issue not in excess of \$600,000,000 at any one time of unsecured notes and other evidences of indebtedness (including commercial paper) through June 30, 2011.**
- (4) The Company is requesting consent and authority to issue, reissue and/or renew through June 30, 2012, unsecured notes and other evidences of indebtedness (including through participation in the Money Pool) payable at periods of less than 12 months, in an aggregate amount of up to \$600,000,000 at any one time. Such aggregate amount of short-term indebtedness is to be in addition to any other financing that may be undertaken during the period with the approval of this Commission.**
- (5) The proceeds derived by the Company from the issuance and renewal of the short-term indebtedness in excess of its Statutory Exemption will be applied by the Company for the purposes set forth in Section 4905.40, Revised Code and in accordance with the uses of funds set forth in finding 4, above. Such purposes and application of proceeds are reasonably required by the Company to meet its present and prospective obligations to provide utility service.**
- (6) The unsecured notes and other evidences of indebtedness (including through participation in the Money Pool) will bear interest at the best available rate.**
- (7) The amount of the issue of such unsecured notes, and other evidences of indebtedness (including through participation in the Money Pool), and the probable cost thereof are just and reasonable, and the effect of the issuance and cost thereof on present and prospective revenue requirements of the Company is dependent upon future interest rates and the extent of utilization of the authority herein requested, neither of which can be accurately predicted at this time.**
- (8) It is reasonable and appropriate for Duke Energy Ohio to amend the**

Money Pool Agreement to include Progress Energy and/or its affiliates, effective at such time as Duke Energy Corporation and Progress Energy consummate their merger.

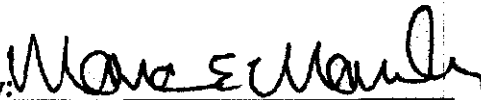
Further, Duke Energy Ohio requests that the Commission order that:

- (1) Duke Energy Ohio be, and hereby is, authorized, without further order of this Commission, to issue and/or renew its promissory notes and other evidences of indebtedness maturing at periods of not more than twelve months (including through participation in the Money Pool) in excess of the Statutory Exemption in an aggregate amount such that Applicant's total outstanding short-term indebtedness does not exceed \$600,000,000 through June 30, 2012. Said amount may be outstanding during such time irrespective of any other financing which the Company may undertake with approval of this Commission;
- (2) The unsecured notes and other evidences of indebtedness (including through participation in the Money Pool) will bear interest at the best available rate;
- (3) The proceeds derived by the Company under the authority herein granted shall be applied pursuant to Finding (5) above;
- (4) Nothing herein contained shall be construed to imply any guaranty or obligation as to said unsecured notes and other evidences of indebtedness (including through participation in the Money Pool) or the interest thereon on the part of the State of Ohio;
- (5) The authority herein granted may be exercised from and after the date of an Order; and
- (6) Duke Energy Ohio be, and hereby is, authorized, without further order of this Commission, to amend the Money Pool Agreement, substantially as set forth in Exhibit C to the Application.

Respectfully submitted this 19th day of May, 2011.

DUKE ENERGY OHIO

By: 
Robert J. Ringel, Vice President

By: 
Marc E. Manly, Secretary

STATE OF OHIO

:
:
:


COUNTY OF HAMILTON

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

Sworn to and subscribed before me this 19th day of May, 2011.

ADELE M. DOCKERY
Notary Public, State of Ohio
My Commission Expires 01-05-2014


Notary Public


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Attorneys for Applicant

Duke Energy Ohio, Inc.		Exhibit A
Balance Sheet		Page 1 of 2
As of March 31, 2011		
(unaudited)		
(dollars in millions)		
ASSETS		
Current Assets		
Cash and cash equivalents	\$	98
Receivables (net of allowance for doubtful accounts of \$18 at March 31, 2011)		814
Inventory		221
Other		91
Total current assets		1,224
Investments and Other Assets		
Goodwill		921
Intangibles, net		241
Other		65
Total investments and other assets		1,227
Property, Plant and Equipment		
Cost		10,339
Less accumulated depreciation and amortization		2,474
Net property, plant and equipment		7,865
Regulatory Assets and Deferred Debits		
Deferred debt expense		
Regulatory assets related to income taxes		
Other		353
Total regulatory assets and deferred debits		451
Total Assets	\$	10,767

	Exhibit A
Duke Energy Ohio, Inc.	Page 2 of 2
Balance Sheet	
As of March 31, 2011	
(unaudited)	
(dollars in millions)	
LIABILITIES AND COMMON STOCKHOLDER'S EQUITY	
Current Liabilities	
Accounts payable	\$ 398
Taxes accrued	163
Interest accrued	31
Current maturities of long-term debt	7
Other	110
Total current liabilities	709
Long-term Debt	
	2,555
Deferred Credits and Other Liabilities	
Deferred income taxes	1,842
Investment tax credits	9
Accrued pension and other post-retirement benefit costs	208
Asset retirement obligations	27
Other	365
Total deferred credits and other liabilities	2,251
Commitments and Contingencies	
Common Stockholder's Equity	
Common Stock, \$8.50 par value, 120,000,000 shares authorized; 89,663,086 shares outstanding at March 31, 2011	782
Additional paid-in capital	5,286
Retained deficit	(773)
Accumulated other comprehensive loss	(22)
Total common stockholder's equity	5,252
Total Liabilities and Common Stockholder's Equity	\$ 10,767

				Exhibit B
				1 of 1
Duke Energy Ohio, Inc.				
Condensed Consolidated Statements of Income				
Twelve Months Ended March 31, 2011				
(unaudited)				
(In Millions)				
Operating Revenues				
Regulated electric				\$ 1,713
Non-regulated electric and other				932
Regulated natural gas				586
Total operating revenues				3,231
Operating Expenses				
Fuel used in electric generation and purchased power - regulated				446
Fuel used in electric generation and purchased power - non-regulated				543
Cost of natural gas and coal sold				230
Operation, maintenance and other				885
Depreciation and amortization				378
Property and other taxes				258
Goodwill and other impairment charges				837
Total operating expenses				3,549
Gains on Sales of Other Assets and Other, net				6
Operating Income (Loss)				(312)
Other Income and Expenses, net				23
Interest Expense				103
Income (Loss) Before Income Taxes				(392)
Income Tax Expense				106
(Loss) Income				(498)
Income From Discontinued Operations, net of tax				-
Income Before Extraordinary Items				(498)
Cumulative Effect of Change in Accounting Principle, net of tax				-
Extraordinary Items, net of tax				-
Net Income (Loss)				\$ (498)

EXHIBIT C

UTILITY MONEY POOL AGREEMENT

This UTILITY MONEY POOL AGREEMENT (this "Agreement") is made and entered into as of _____ ("Effective Date") by and among Duke Energy Corporation, a Delaware corporation ("Duke Energy"), Cinergy Corp., a Delaware corporation ("Cinergy"), Duke Energy Carolinas, LLC, a North Carolina limited liability company ("DE-Carolinas"), Duke Energy Indiana, Inc., an Indiana corporation ("DE-Indiana"), Duke Energy Ohio, Inc., an Ohio corporation ("DE-Ohio"), Duke Energy Kentucky, Inc., a Kentucky corporation ("DE-Kentucky"), Miami Power Corporation, an Indiana corporation ("Miami"), KO Transmission Company, a Kentucky corporation ("KO"), Progress Energy, Inc., a North Carolina corporation ("Progress Energy"), Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc., a North Carolina corporation ("PE-North Carolina"), Florida Power Corporation d/b/a Progress Energy Florida, Inc., a Florida corporation ("PE-Florida"), Progress Energy Service Company, LLC, a North Carolina corporation ("Progress Services"), and Duke Energy Business Services LLC, a Delaware limited liability company ("DEBSuke-Services"), (each a "party" and collectively, the "parties"). For purposes of this Agreement Progress Services and DEBS shall each collectively be referred to as Duke Services. This Agreement supersedes and replaces in its entirety the Utility Money Pool Agreement dated November 1, 2008.

Recitals

Each of DE-Carolinas, DE-Indiana, DE-Ohio, DE-Kentucky, PE-Florida, PE-North Carolina and Miami is a public utility company and a subsidiary company of Duke Energy. DEBSuke-Services and Progress Services are is a subsidiary service companies of Duke Energy. KO is a nonutility company and a subsidiary company of DE-Ohio.

The parties from time to time have need to borrow funds on a short-term basis. Some of the parties from time to time have funds available to loan on a short-term basis. The parties desire to establish a cash management program (the "Utility Money Pool") to coordinate and provide for certain of their short-term cash and working capital requirements.

~~The terms of this Agreement are substantially similar to a prior agreement entered into among the parties as of January 2, 2007, and the purpose of this Agreement is to reflect the merger of Duke Energy Shared Services, Inc. into Duke Energy Business Services LLC.~~

NOW THEREFORE, in consideration of the premises, and the mutual promises set forth herein, the parties hereto agree as follows:

ARTICLE I CONTRIBUTIONS AND BORROWINGS

Section 1.1 Contributions to Utility Money Pool. Each party will determine each day, on the basis of cash flow projections and other relevant factors, in such party's sole discretion, the amount of funds it has available for contribution to the Utility Money Pool, and will contribute such funds to the Utility Money Pool. The determination of whether a party at any time has surplus funds to lend to the Utility Money Pool or shall lend funds to the Utility Money Pool will be made by such party's chief financial officer or treasurer, or by a designee thereof, on the basis of cash flow projections and other relevant factors, in such party's sole discretion. Each party may withdraw any of its funds at any time upon notice to Duke Services as administrative agent of the Utility Money Pool.

Section 1.2 Rights to Borrow. Subject to the provisions of Section 1.4(b) of this Agreement, all short-term borrowing needs of the parties, with the exception of Duke Energy, Progress Energy and Cinergy, will be met by funds in the Utility Money Pool to the extent such funds are available. Each party (other than Duke Energy, Progress Energy and Cinergy) shall have the right to make short-term borrowings from the Utility Money Pool from time to time, subject to the availability of funds and the limitations and conditions set forth herein. Each party (other than Duke Energy, Progress Energy and Cinergy) may request loans from the Utility Money Pool from time to time during the period from the date hereof until this Agreement is terminated by written agreement of the parties; provided, however, that the aggregate amount of all loans requested by any party hereunder shall not exceed the applicable borrowing limits set forth in applicable orders of regulatory authorities, resolutions of such party's shareholders and Board of Directors, such party's governing corporate documents, and agreements binding upon such party. No loans through the Utility Money Pool will be made to, and no borrowings through the Utility Money Pool will be made by Duke Energy, Progress Energy and Cinergy.

Section 1.3 Source of Funds. (a) Funds will be available through the Utility Money Pool from the following sources for use by the parties from time to time: (i) surplus funds in the treasuries of parties other than Duke Energy, Progress Energy and Cinergy, (ii) surplus funds in the treasuries of Duke Energy, Progress Energy and Cinergy, and (iii) proceeds from borrowings by parties, including the sale of commercial paper by Duke Energy, Progress Energy, Cinergy, DE-Carolinas, DE-Indiana, DE-Ohio, and DE-Kentucky, PE-North Carolina and PE-Florida ("External Funds"), in each case to the extent permitted by applicable laws and regulatory orders. Funds will be made available from such sources in such other order as Duke Services, as administrator of the Utility Money Pool, may determine will result in a lower cost of borrowing to companies borrowing from the Utility Money Pool, consistent with the individual borrowing needs and financial standing of the parties providing funds to the Utility Money Pool.

(b) Borrowing parties will borrow pro rata from each lending party in the proportion that the total amount loaned by such lending party bears to the total amount then loaned through the Utility Money Pool. On any day when more than one fund source (e.g., surplus treasury funds of Duke Energy, Progress Energy and Cinergy and other

Utility Money Pool participants ("Internal Funds") and External Funds), with different rates of interest, is used to fund loans through the Utility Money Pool, each borrowing party will borrow pro rata from each fund source in the same proportion that the amount of funds provided by that fund source bears to the total amount of short-term funds available to the Utility Money Pool.

Section 1.4 Authorization. (a) Each loan shall be authorized by the lending party's chief financial officer or treasurer, or by a designee thereof.

(b) All borrowings from the Utility Money Pool shall be authorized by the borrowing party's chief financial officer or treasurer, or by a designee thereof. No party shall be required to effect a borrowing through the Utility Money Pool if such party determines that it can (and is authorized to) effect such borrowing at lower cost from other sources, including but not limited to directly from banks or through the sale of its own commercial paper.

Section 1.5 Interest. Each party receiving a loan shall accrue interest monthly on the unpaid principal amount of such loan to the Utility Money Pool from the date of such loan until such principal amount shall be paid in full.

(a) If only Internal Funds comprise the funds available in the Utility Money Pool, the interest rate applicable to loans of such Internal Funds shall be the CD yield equivalent of the 30-day Federal Reserve "AA" Industrial Commercial Paper Composite Rate (or, if no such Composite Rate is established for that day, then the applicable rate shall be the Composite Rate for the next preceding day for which such Composite Rate was established).

(b) If only External Funds comprise the funds available in the Utility Money Pool, the interest rate applicable to loans of such External Funds shall be equal to the lending party's cost for such External Funds (or, if more than one party had made available External Funds on such day, the applicable interest rate shall be a composite rate, equal to the weighted average of the cost incurred by the respective parties for such External Funds).

(c) In cases where both Internal Funds and External Funds are concurrently borrowed through the Utility Money Pool, the rate applicable to all loans comprised of such "blended" funds shall be a composite rate, equal to the weighted average of the (i) cost of all Internal Funds contributed by parties (as determined pursuant to Section 1.5(a) above) and (ii) the cost of all such External Funds (as determined pursuant to Section 1.5(b) above); provided, that in circumstances where Internal Funds and External Funds are available for loans through the Utility Money Pool, loans may be made exclusively from Internal Funds or External Funds, rather than from a "blend" of such funds, to the extent it is expected that such loans would result in a lower cost of borrowing.

Section 1.6 Certain Costs. The cost of compensating balances and fees paid to banks to maintain credit lines by parties lending External Funds to the Utility Money

Pool shall initially be paid by the party maintaining such line. A portion of such costs shall be retroactively allocated every month to the parties borrowing such External Funds through the Utility Money Pool in proportion to their respective daily outstanding borrowings of such External Funds.

Section 1.7 Repayment. Each party receiving a loan hereunder shall repay the principal amount of such loan, together with all interest accrued thereon, on demand and in any event within 365 days of the date on which such loan was made. All loans made through the Utility Money Pool may be prepaid by the borrower without premium or penalty.

Section 1.8 Form of Loans to Parties. Loans to the parties through the Utility Money Pool will be made pursuant to open-account advances, repayable upon demand and in any event not later than one year after the date of the advance; provided, that each lending party shall at all times be entitled to receive upon demand one or more promissory notes evidencing any and all loans by such lender. Any such note shall: (a) be dated as of the date of the initial borrowing, (b) mature on demand or on a date agreed by the parties to the transaction, but in any event not later than one year after the date of the applicable borrowing, and (c) be repayable in whole at any time or in part from time to time, without premium or penalty.

ARTICLE II OPERATION OF UTILITY MONEY POOL

Section 2.1 Operation. Operation of the Utility Money Pool, including record keeping and coordination of loans, will be handled by Duke Services under the authority of the appropriate officers of the parties. Duke Services shall be responsible for the determination of all applicable interest rates and charges to be applied to advances outstanding at any time hereunder, shall maintain records of all advances, interest charges and accruals and interest and principal payments for purposes hereof, and shall prepare periodic reports thereof for the parties. Duke Services will administer the Utility Money Pool on an at-cost basis. Separate records shall be kept by Duke Services for the money pool established by this agreement and any other money pool administered by Duke Services.

Section 2.2 Investment of Surplus Funds in the Utility Money Pool. Funds not required to meet Utility Money Pool loans (with the exception of funds required to satisfy the Utility Money Pool's liquidity requirements) will ordinarily be invested in one or more short-term investments, including: (i) interest-bearing accounts with banks; (ii) obligations issued or guaranteed by the U.S. government and/or its agencies and instrumentalities, including obligations under repurchase agreements; (iii) obligations issued or guaranteed by any state or political subdivision thereof, provided that such obligations are rated not less than A by a nationally recognized rating agency; (iv) commercial paper rated not less than A-1 or P-1 or their equivalent by a nationally recognized rating agency; (v) money market funds; (vi) bank certificates of deposit; (vii)

Eurodollar certificates of deposit or time deposits; and (viii) such other investments as the parties mutually determine.

Section 2.3 Allocation of Interest Income and Investment Earnings. The interest income and other investment income earned by the Utility Money Pool on loans and investment of surplus funds will be allocated among the parties in accordance with the proportion each party's contribution of funds in the Utility Money Pool bears to the total amount of funds in the Utility Money Pool and the cost of any External Funds provided to the Utility Money Pool by such party. Interest and other investment earnings will be computed on a daily basis and settled once per month.

Section 2.4 Event of Default. If any party shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors, or any proceeding shall be instituted by or against any party seeking to adjudicate it a bankrupt or insolvent, then the other parties may declare the unpaid principal amount of any loans to such party, and all interest thereon, to be forthwith due and payable and all such amounts shall forthwith become due and payable.

ARTICLE III MISCELLANEOUS

Section 3.1 Amendments. No amendment to this Agreement shall be effective unless set forth in writing and executed by each of the parties. To the extent that applicable state law or regulation or other binding obligation requires that any such amendment be filed with any affected state public utility commission for its review or otherwise, the parties shall comply in all respects with any such requirements.

Section 3.2 Legal Responsibility. Nothing herein contained shall render any party liable for the obligations of any other party hereunder and the rights, obligations and liabilities of the parties are several in accordance with their respective obligations, and not joint.

Section 3.3 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to conflicts of laws principles thereof.

Section 3.4 Effective Date; Term. This Agreement shall become effective on the Effective Date and shall continue in full force and effect until terminated by the parties. This Agreement may be terminated and thereafter will be of no further force and effect upon the mutual consent in writing of all of the parties.

Section 3.5 Entire Agreement. This Agreement contains the entire agreement between and among the parties with respect to the subject matter hereof and supersedes any prior or contemporaneous contracts, agreements, understandings or arrangements, whether written or oral, with respect thereto ~~(including without limitation that certain~~

~~Utility Money Pool Agreement between and among the parties dated as of January 2, 2007).~~ Any oral or written statements, representations, promises, negotiations or agreements, whether prior hereto or concurrently herewith, are superseded by and merged into this Agreement.

Section 3.6 Severability: Regulatory Requirements. If any provision of this Agreement shall be determined to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby. Without limiting the generality of the foregoing, the transactions contemplated under this Agreement shall in all cases, and notwithstanding anything herein to the contrary, be subject to any limitations or restrictions contained in any applicable orders or authorizations, statutory provisions, rules or regulations, or agreements, whether now in existence or hereinafter promulgated, of those regulatory or governmental agencies, including without limitation any affected state public utility commission or the Federal Energy Regulatory Commission, having jurisdiction over any of the parties. To the extent, if any, that at any time any provision of this Agreement conflicts with any such limitation or restriction of any such regulatory agencies, such limitation shall control.

Section 3.7 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned, in whole or in part, by operation of law or otherwise by any of the parties hereto without the prior written consent of each of the other parties. Any attempted or purported assignment in violation of the preceding sentence shall be null and void and of no effect whatsoever. Subject to the preceding two sentences, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns.

Section 3.8 Captions, etc. The captions and headings used in this Agreement are for convenience of reference only and shall not affect the construction to be accorded any of the provisions hereof. As used in this Agreement, "hereof," "hereunder," "herein," "hereto," and words of like import refer to this Agreement as a whole and not to any particular section or other paragraph or subparagraph thereof.

Section 3.9 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed a duplicate original hereof, but all of which shall be deemed one and the same Agreement.

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IN WITNESS WHEREOF, the undersigned companies have duly caused this Utility Money Pool Agreement to be executed on their behalf on the Effective Date above by the undersigned thereunto duly authorized.

DUKE ENERGY CORPORATION

By: _____
Richard G. Beach
Assistant Corporate Secretary

CINERGY CORP.

By: _____
Richard G. Beach
Assistant Secretary

DUKE ENERGY BUSINESS SERVICES LLC

By: _____
Richard G. Beach
Assistant Secretary

DUKE ENERGY CAROLINAS, LLC

By: _____
Richard G. Beach
Assistant Secretary

DUKE ENERGY INDIANA, INC.

By: _____
Richard G. Beach
Assistant Secretary

DUKE ENERGY OHIO, INC.

By: _____
Richard G. Beach
Assistant Secretary

DUKE ENERGY KENTUCKY, INC.

By: _____
Richard G. Beach
Assistant Secretary

MIAMI POWER CORPORATION

By: _____
Richard G. Beach
Assistant Secretary

KO TRANSMISSION COMPANY

By: _____
Richard G. Beach
Assistant Secretary

PROGRESS ENERGY, INC.

By: _____

**CAROLINA POWER & LIGHT COMPANY D/B/A
PROGRESS ENERGY CAROLINAS, INC.**

By: _____

**FLORIDA POWER CORPORATION D/B/A PROGRESS
ENERGY FLORIDA, INC.**

By: _____

PROGRESS ENERGY SERVICE COMPANY, LLC

By: _____

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