

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Duke Energy Ohio, Inc.			2011/Q4
Notes to Financial Statements			

Assumptions Used for Pension Benefits Accounting

(percentages)	As of December 31,		
	2011	2010	2009
Determined Benefit Obligations			
Discount rate	5.10	5.00	5.50
Salary increase (graded by age)	4.40	4.10	4.50
Determined Expense			
Discount rate	5.00	5.50	6.50
Salary increase	4.10	4.50	4.50
Expected long-term rate of return on plan assets	8.25	8.50	8.50

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 bond selection-settlement portfolio approach. This approach develops a discount rate by selecting a portfolio of high quality corporate bonds that generate sufficient cash flow to provide for the projected benefit payments of the plan. The selected bond portfolio is derived from a universe of non-callable corporate bonds rated Aa quality or higher. After the bond portfolio is selected, a single interest rate is determined that equates the present value of the plan's projected benefit payments discounted at this rate with the market value of the bonds selected.

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, 2011, 2010 and 2009.

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, 2011 and 2010.

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

(in millions)	As of and for the Years Ended December 31,	
	2011	2010
Change in Projected Benefit Obligation		
Obligation at prior measurement date	\$ 6	\$ 4
Service cost	-	-
Interest cost	-	-
Actuarial losses	(1)	3
Benefits paid	(1)	(1)
Obligation at measurement date	<u>\$ 4</u>	<u>\$ 6</u>
Change in Fair Value of Plan Assets		
Benefits paid	\$ (1)	\$ (1)
Employer contributions	1	1
Plan assets at measurement date	<u>\$ -</u>	<u>\$ -</u>

The accumulated benefit obligation was \$4 million and \$6 million at December 31, 2011 and 2010, 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, 2011 and 2010:

(in millions)	As of December 31,	
	2011	2010
Accrued pension liability (a)	\$ (4)	\$ (6)

- (a) Includes \$1 million recognized in Other within Current Liabilities on the Consolidated Balance Sheets as of both December 31, 2011 and 2010.

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, 2011 and 2010.

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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,	
	2011	2010
Projected benefit obligation	\$ 4	\$ 6
Accumulated benefit obligation	4	6
Fair value of plan assets	-	-

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 bond selection-settlement portfolio approach. This approach develops a discount rate by selecting a portfolio of high quality corporate bonds that generate sufficient cash flow to provide for the projected benefit payments of the plan. The selected bond portfolio is derived from a universe of non-callable corporate bonds rated Aa quality or higher. After the bond portfolio is selected, a single interest rate is determined that equates the present value of the plan's projected benefit payments discounted at this rate with the market value of the bonds selected.

Assumptions Used for Pension Benefits Accounting

(percentages)	As of December 31,		
	2011	2010	2009
Benefit Obligations			
Discount rate	5.10	5.00	5.50
Salary increase	4.40	4.10	4.50
Net Periodic Benefit Cost			
Discount rate	5.00	5.50	6.50
Salary increase	4.10	4.50	4.50

Other Post-Retirement Benefit Plans

Duke Energy Ohio participates in other post-retirement benefit plans sponsored by Duke Energy. 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 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. Duke Energy did not make any contributions to its other post-retirement plans in 2011, 2010 or 2009.

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

(in millions)	For the Years Ended December 31,		
	2011 ^(a)	2010 ^(a)	2009 ^(a)
Service cost	\$ 1	\$ 1	\$ 1
Interest cost on accumulated post-retirement benefit obligation	3	3	4
Expected return on plan assets	(1)	(1)	(1)
Amortization of prior service credit	(1)	(1)	(1)
Amortization of actuarial gain	(2)	(2)	(2)
Net periodic other post-retirement benefit costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>

- (a) These amounts exclude \$2 million for each of the years ended December 31, 2011, 2010 and 2009 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 Accumulated Other Comprehensive Income, Regulatory Assets and Regulatory Liabilities: Other Post-Retirement Benefit Plans

(in millions)	For the Years Ended December 31,	
	2011	2010
Regulatory liabilities, net decrease	\$ (1)	\$ (4)
Accumulated other comprehensive (income)/loss		
Deferred income tax liability	(1)	3
Actuarial loss (gain) arising during the year	2	(3)
Amortization of prior year actuarial gains	1	1
Net amount recognized in accumulated other comprehensive (income)/loss	<u>\$ 2</u>	<u>\$ 1</u>

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

(in millions)	As of and for the Years Ended December 31,	
	2011	2010
Change in Benefit Obligation		
Accumulated post-retirement benefit obligation at prior measurement date	\$ 66	\$ 70
Service cost	1	1
Interest cost	3	3
Plan participant's contributions	1	1
Actuarial loss	-	2
Transfers	(2)	(6)
Benefits paid	(8)	(5)
Accumulated post-retirement benefit obligation at measurement date	<u>\$ 61</u>	<u>\$ 66</u>
Change in Fair Value of Plan Assets		
Plan assets at prior measurement date	\$ 8	\$ 7
Actual return on plan assets	-	2
Benefits paid	(8)	(5)
Employer contributions	8	3
Plan participants' contributions	1	1
Plan assets at measurement date	<u>\$ 9</u>	<u>\$ 8</u>

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, 2011 and 2010:

(in millions)	As of December 31,	
	2011	2010
Accrued other post-retirement liability ^(a)	\$ (52)	\$ (58)

- (a) Includes \$2 million recognized in Other within Current Liabilities on the Consolidated Balance Sheets as of both December 31, 2011 and 2010.

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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, 2011 and 2010:

(in millions)	As of December 31,	
	2011	2010
Regulatory liabilities	\$ 19	\$ 20
Accumulated other comprehensive income		
Deferred income tax liability	\$ 4	\$ 5
Prior service credit	(1)	(1)
Net actuarial loss (gain)	(9)	(12)
Net amount recognized in accumulated other comprehensive (income)/loss	<u>\$ (6)</u>	<u>\$ (8)</u>

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 2012.

Assumptions Used for Other Post-retirement Benefits Accounting

(percentages)	2011	2010	2009
Benefit Obligations			
Discount rate	5.10	5.00	5.50
Net Periodic Benefit Cost			
Discount rate	5.00	5.50	6.50
Expected long-term rate of return on plan assets	8.25	8.50	8.50

Assumed Health Care Cost Trend Rate

	2011	2010
Health care cost trend rate assumed for next year	8.75%	8.50%
Rate to which the cost trend is assumed to decline (the ultimate trend rate)	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	2020	2020

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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	18	(16)

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,				
2012	\$ 46	\$ 1	\$ 5	\$ 52
2013	45	1	5	51
2014	44	1	6	51
2015	43	1	6	50
2016	44	1	6	51
2017 – 2021	241	3	27	271

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 employee before-tax and Roth 401(k) 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 2011, \$4 million in 2010 and \$4 million in 2009.

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 costs disclosed have been capitalized as a component of property, plant and equipment.

Duke Energy uses a December 31 measurement date for its defined benefit retirement plan assets and obligations.

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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. The following table includes information related to Duke Energy Indiana's contributions to Duke Energy's qualified defined benefit pension plans.

(in millions)	Years ended December 31,			
	2012	2011	2010	2009
Contributions made		\$ 52	\$ 46	\$ 140
Anticipated contributions	\$ 24			

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 also 10 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.

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

For the Years Ended

December 31,

(in millions)	2011	2010	2009
Service cost	\$ 11	\$ 11	\$ 9
Interest cost on projected benefit obligation	30	32	33
Expected return on plan assets	(45)	(45)	(42)
Amortization of prior service cost	2	2	2
Amortization of actuarial loss	14	12	5
Other	2	2	2
Net periodic pension costs	<u>\$ 14</u>	<u>\$ 14</u>	<u>\$ 9</u>

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

For the Years

Ended December 31,

(in millions)	2011	2010
Regulatory assets, net increase (decrease)	\$ 5	\$ (4)

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

As of and for the Years

Ended December 31,

(in millions)	2011	2010
Change in Projected Benefit Obligation		
Obligation at prior measurement date	\$ 628	\$ 602
Service cost	11	11
Interest cost	30	32
Actuarial (gains) loss	(11)	32
Plan amendments	(1)	2
Transfers	1	(7)
Benefits paid	(45)	(44)
Obligation at measurement date	<u>\$ 613</u>	<u>\$ 628</u>

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The accumulated benefit obligation was \$582 million and \$578 million at December 31, 2011 and 2010, respectively.

(in millions)	As of and for the Years Ended December 31,	
	2011	2010
Change in Fair Value of Plan Assets		
Plan assets at prior measurement date	\$ 565	\$ 505
Actual return on plan assets	9	65
Benefits paid	(45)	(44)
Transfers	1	(7)
Employer contributions	52	46
Plan assets at measurement date	<u>\$ 582</u>	<u>\$ 565</u>

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, 2011 and 2010:

(in millions)	As of and for the Years Ended December 31,	
	2011	2010
Accrued pension liability	\$ (31)	\$ (63)

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, 2011 and 2010:

(in millions)	As of December 31,	
	2011	2010
Regulatory assets	\$ 229	\$ 224

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,	
	2011	2010
Projected benefit obligation	\$ -	\$ 628
Accumulated benefit obligation	-	578
Fair value of plan assets	-	565

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Assumptions Used for Pension Benefits Accounting

	As of December 31,		
	2011	2010	2009
	(percentages)		
Benefit Obligations			
Discount rate	5.10	5.00	5.50
Salary increase	4.40	4.10	4.50
Net Periodic Benefit Cost			
Discount rate	5.00	5.50	6.50
Salary increase	4.10	4.50	4.50
Expected long-term rate of return on plan assets	8.25	8.50	8.40

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 bond selection-settlement portfolio approach. This approach develops a discount rate by selecting a portfolio of high quality corporate bonds that generate sufficient cash flow to provide for the projected benefit payments of the plan. The selected bond portfolio is derived from a universe of non-callable corporate bonds rated Aa quality or higher. After the bond portfolio is selected, a single interest rate is determined that equates the present value of the plan's projected benefit payments discounted at this rate with the market value of the bonds selected.

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 insignificant for the years ended December 31, 2011, 2010 and 2009.

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,	
	2011	2010
Regulatory assets, net (decrease) increase	\$ (1)	\$ 1

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

(in millions)	As of and for the Years Ended December 31,	
	2011	2010
Change in Projected Benefit Obligation		
Obligation at prior measurement date	\$ 6	\$ 6
Actuarial losses	(1)	-
Obligation at measurement date	<u>\$ 5</u>	<u>\$ 6</u>
Change in Fair Value of Plan Assets		
Benefits paid	\$ -	\$ -
Employer contributions	-	-
Plan assets at measurement date	<u>\$ -</u>	<u>\$ -</u>

The accumulated benefit obligation was \$5 million and \$6 million at December 31, 2011 and 2010, 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, 2011 and 2010:

(in millions)	As of December 31,	
	2011	2010
Accrued pension liability ^(a)	\$ (5)	\$ (6)

- (a) Includes \$1 million recognized in Other within Current Liabilities on the Consolidated Balance Sheets as of both December 31, 2011 and 2010.

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, 2011 and 2010:

(in millions)	As of December 31,	
	2011	2010
Regulatory assets	\$ 2	\$ 3

Of the amounts above, an insignificant amount will be recognized in net periodic pension costs in 2012.

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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,	
	2011	2010
Projected benefit obligation	\$ 5	\$ 6
Accumulated benefit obligation	5	6
Fair value of plan assets	-	-

Assumptions Used for Pension Benefits Accounting: Non-Qualified Plans

(percentages)	As of December 31,		
	2011	2010	2009
Benefit Obligations			
Discount rate	5.10	5.00	5.50
Salary increase	4.40	4.10	4.50
Net Periodic Benefit Cost			
Discount rate	5.00	5.50	6.50
Salary increase	4.10	4.50	4.50

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 bond selection-settlement portfolio approach. This approach develops a discount rate by selecting a portfolio of high quality corporate bonds that generate sufficient cash flow to provide for the projected benefit payments of the plan. The selected bond portfolio is derived from a universe of non-callable corporate bonds rated Aa quality or higher. After the bond portfolio is selected, a single interest rate is determined that equates the present value of the plan's projected benefit payments discounted at this rate with the market value of the bonds selected.

Other Post-Retirement Benefit Plans

Duke Energy Indiana participates in other post-retirement benefit plans sponsored by Duke Energy. 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 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.

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

(in millions)	For the Years Ended December 31,		
	2011	2010	2009
Service cost	\$ 1	\$ 1	\$ 1
Interest cost on accumulated post-retirement benefit obligation	7	8	11
Expected return on plan assets	(1)	(1)	(1)
Amortization of actuarial loss (gain)	2	1	2
Net periodic other post-retirement benefit costs	<u>\$ 9</u>	<u>\$ 9</u>	<u>\$ 13</u>

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

(in millions)	For the year ended December 31,	
	2011	2010
Regulatory assets, net decrease	\$ (7)	\$ (12)
Regulatory liabilities, net increase (decrease)	12	(6)

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

(in millions)	As of and for the Years Ended December 31,	
	2011	2010
Change in Benefit Obligation		
Accumulated post-retirement benefit obligation at prior measurement date	\$ 152	\$ 154
Service cost	1	1
Interest cost	7	8
Plan participant's contributions	4	3
Actuarial (gain) loss	(17)	1
Benefits paid	(14)	(15)
Transfers	-	(1)
Early retiree reinsurance program subsidy	1	-
Accrued retiree drug subsidy	1	1
Accumulated post-retirement benefit obligation at measurement date	<u>\$ 135</u>	<u>\$ 152</u>
Change in Fair Value of Plan Assets		
Plan assets at prior measurement date	\$ 14	\$ 13
Actual return on plan assets	-	2
Benefits paid	(14)	(15)
Employer contributions	10	11
Plan participants' contributions	4	3
Plan assets at measurement date	<u>\$ 14</u>	<u>\$ 14</u>

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, 2011 and 2010:

(in millions)	As of December 31,	
	2011	2010
Accrued other post-retirement liability ^(a)	\$ (121)	\$ (138)

- (a) Includes an insignificant amount recognized in Other within Current Liabilities on the Consolidated Balance Sheets as of both December 31, 2011 and 2010.

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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, 2011 and 2010:

	As of December 31,	
	2011	2010
	(in millions)	
Regulatory assets	\$ 83	\$ 90
Regulatory liabilities	70	58

Assumptions Used for Other Post-retirement Benefits Accounting

	As of December 31,		
(percentages)	2011	2010	2009
Benefit Obligations			
Discount rate	5.10	5.00	5.50
Net Periodic Benefit Cost			
Discount rate	5.00	5.50	6.50
Expected long-term rate of return on plan assets	8.25	8.50	8.50

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 bond selection-settlement portfolio approach. This approach develops a discount rate by selecting a portfolio of high quality corporate bonds that generate sufficient cash flow to provide for the projected benefit payments of the plan. The selected bond portfolio is derived from a universe of non-callable corporate bonds rated Aa quality or higher. After the bond portfolio is selected, a single interest rate is determined that equates the present value of the plan's projected benefit payments discounted at this rate with the market value of the bonds selected.

Assumed Health Care Cost Trend Rate

	2011	2010
Health care cost trend rate assumed for next year	8.75%	8.50%
Rate to which the cost trend is assumed to decline (the ultimate trend rate)	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	2020	2020

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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	18	(16)

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,				
2012	\$ 46	\$ 1	\$ 12	\$ 59
2013	43	1	13	57
2014	42	1	13	56
2015	42	1	13	56
2016	43	1	13	57
2017 – 2021	223	3	61	287

- (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 2012-2016 and a total of \$5 million during the years 2017-2021.

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 employee before-tax and Roth 401(k) 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 \$8 million in 2011, \$6 million in 2010 and \$5 million in 2009.

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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, 2011				
(in millions)	Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
Current income taxes				
Federal	\$ (37)	\$ (122)	\$ (95)	\$ 95
State	21	30	1	42
Foreign	164	-	-	-
Total current income taxes	148	(92)	(94)	137
Deferred income taxes				
Federal	526	531	194	(38)
State	56	40	(2)	(23)
Foreign	32	-	-	-
Total deferred income taxes	614	571	192	(61)
Investment tax credit amortization	(10)	(7)	(2)	(2)
Total income tax expense included in Consolidated Statements of Operations ^(a)	<u>\$ 752</u>	<u>\$ 472</u>	<u>\$ 96</u>	<u>\$ 74</u>

- (a) Included in the "Total current income taxes" line above are uncertain tax benefits relating primarily to certain temporary differences of \$43 million at Duke Energy, \$43 million at Duke Energy Carolinas, \$3 million at Duke Energy Ohio and \$3 million at Duke Energy Indiana. The offset to these temporary differences are included in the "Total deferred income taxes" line above.

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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)	<u>\$ 889</u>	<u>\$ 457</u>	<u>\$ 132</u>	<u>\$ 156</u>

- (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. The offset to these temporary differences are included in the "Total deferred income taxes" line above.

For the Year Ended December 31, 2009

(in millions)	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)	<u>\$ 756</u>	<u>\$ 377</u>	<u>\$ 186</u>	<u>\$ 116</u>

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- (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. The offset to these temporary differences are included in the "Total deferred income taxes" line above.

Duke Energy Income from Continuing Operations before Income Taxes

(in millions)	For the Years Ended December 31,		
	2011	2010	2009
Domestic	\$ 1,780	\$ 1,731	\$ 1,433
Foreign	685	479	398
Total income from continuing operations before income taxes	<u>\$ 2,465</u>	<u>\$ 2,210</u>	<u>\$ 1,831</u>

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

(in millions)	For the Year Ended December 31, 2011			
	Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
Income tax expense, computed at the statutory rate of 35%	\$ 863	\$ 457	\$ 102	\$ 85
State income tax, net of federal income tax effect	50	46	(1)	13
Tax differential on foreign earnings	(44)	—	—	—
AFUDC equity income	(91)	(59)	(2)	(31)
Other items, net	(26)	28	(3)	7
Total income tax expense from continuing operations	<u>\$ 752</u>	<u>\$ 472</u>	<u>\$ 96</u>	<u>\$ 74</u>
Effective tax rate	30.5%	36.1%	33.1%	30.6%

(in millions)	For the Year Ended December 31, 2010			
	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	<u>\$ 890</u>	<u>\$ 457</u>	<u>\$ 132</u>	<u>\$ 156</u>
Effective tax rate	40.3%	35.3%	(43.0)%	35.5%

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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	<u>\$ 758</u>	<u>\$ 377</u>	<u>\$ 186</u>	<u>\$ 116</u>
Effective tax rate	41.4%	34.9%	(77.5)%	36.7%

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, 2011

(in millions)	Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
Deferred credits and other liabilities	\$ 790	\$ 228	\$ 68	\$ 92
Tax Credits and NOL Carry forwards ^(a)	930	199	-	95
Investments and other assets	-	-	3	-
Other	137	18	31	5
Total deferred income tax assets	<u>1,857</u>	<u>445</u>	<u>102</u>	<u>192</u>
Valuation allowance	(144)	-	-	-
Net deferred income tax assets	<u>1,713</u>	<u>445</u>	<u>102</u>	<u>192</u>
Investments and other assets	(809)	(720)	-	(2)
Accelerated depreciation rates	(6,989)	(3,576)	(1,706)	(968)
Regulatory assets and deferred debits	(1,219)	(658)	(216)	(136)
Total deferred income tax liabilities	<u>(9,017)</u>	<u>(4,954)</u>	<u>(1,922)</u>	<u>(1,106)</u>
Net deferred income tax liabilities	<u>\$ (7,304)</u>	<u>\$ (4,509)</u>	<u>\$ (1,820)</u>	<u>\$ (914)</u>

(a) See Tax Credits and NOL Carryforwards table below.

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Tax Credits and NOL Carryforwards

(in millions)	For the Year Ended December 31, 2011	
	Amount	Expiration Year
Investment Tax Credits	\$ 362	2029 – 2031
Alternative Minimum Tax Credits	145	Indefinite
Federal NOL	274	2031
State NOL ^(a)	47	2016 – 2031
		2015 – 2029;
Foreign NOL ^(b)	102	Indefinite

- (a) A valuation allowance of \$41 million has been recorded on the State NOL Carryforwards, as presented in the Net Deferred Income Tax Liability Components table.
- (b) A valuation allowance of \$102 million has been recorded on the Foreign NOL Carryforwards, as presented in the Net Deferred Income Tax Liability Components table.

(in millions)	For the Year Ended December 31, 2010			
	Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
Deferred credits and other liabilities	\$ 679	\$ 204	\$ 61	\$ 70
Tax Credits and NOL Carryforwards	554	52	-	100
Other	100	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)

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

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Deferred Tax Assets (Liabilities)

For the Year Ended December 31, 2011

(in millions)	<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
Current deferred tax assets, included in other current assets	\$ 210	\$ 46	\$ 33	\$ 13
Non-current deferred tax assets, included in other investments and other assets	67	-	-	-
Non-current deferred tax liabilities	(7,581)	(4,555)	(1,853)	(927)
Total net deferred income tax liabilities	<u>\$ (7,304)</u>	<u>\$ (4,509)</u>	<u>\$ (1,820)</u>	<u>\$ (914)</u>

For the Year Ended December 31, 2010

(in millions)	<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
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	<u>\$ (6,641)</u>	<u>\$ (3,907)</u>	<u>\$ (1,631)</u>	<u>\$ (932)</u>

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, 2011 on which Duke Energy has not provided deferred income taxes and foreign withholding taxes is \$1.7 billion. The amount of unrecognized deferred tax liability related to these undistributed earnings is estimated at between \$250 million and \$325 million.

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Changes to Unrecognized Tax Benefits

For the Year Ended December 31, 2011				
(in millions)	Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
Increase/(Decrease)				
Unrecognized Tax Benefits — January 1,	\$ 342	\$ 217	\$ 29	\$ 21
Unrecognized Tax Benefits Changes				
Gross increases — tax positions in prior periods	49	42	4	3
Gross decreases — tax positions in prior periods	(18)	(8)	(5)	(3)
Gross increases — current period tax positions	16	9	4	3
Settlements	(4)	-	-	-
Total Changes	43	43	3	3
Unrecognized Tax Benefits — December 31,	<u>\$ 385</u>	<u>\$ 260</u>	<u>\$ 32</u>	<u>\$ 24</u>

For the Year Ended December 31, 2010				
(in millions)	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,	<u>\$ 342</u>	<u>\$ 217</u>	<u>\$ 29</u>	<u>\$ 21</u>

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,	<u>\$ 664</u>	<u>\$ 517</u>	<u>\$ 32</u>	<u>\$ 28</u>

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The following table includes information regarding the Duke Energy Registrants unrecognized tax benefits^(a).

(in millions)	<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
December 31, 2011				
Amount that if recognized, would affect the effective tax rate or regulatory liability ^(b)	121	115	-	-
Amount that if recognized, would be recorded as a component of discontinued operations	11	-	-	-

- (a) The Duke Registrants do not anticipate a material increase or decrease in unrecognized tax benefits in the next 12 months.
- (b) Duke Energy and Duke Energy Carolinas are unable to estimate the specific amounts that would affect the effective tax rate or regulatory liability.

The following tables include interest and penalties recognized in the consolidated statements of operations and the consolidated balance sheets:

(in millions)	<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
December 31, 2011				
Net interest income recognized related to income taxes	\$ 12	\$ 5	\$ -	\$ -
Net interest expense recognized related to income taxes	-	-	1	1
Interest receivable related to income taxes included in the consolidated balance sheets	8	5	-	-
Interest payable related to income taxes included in the consolidated balance sheets	-	-	3	3
Accruals for the payment of penalties included in the consolidated balance sheets	-	-	-	-

(in millions)	<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
December 31, 2010				
Net interest income recognized related to income taxes	\$ 26	\$ 18	\$ 4	\$ 5
Interest receivable related to income taxes included in the consolidated balance sheets	33	34	-	-
Interest payable related to income taxes included in the consolidated balance sheets	-	-	1	2
Accruals for the payment of penalties included in the consolidated balance sheets	3	-	-	-

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(in millions)	Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
December 31, 2009				
Net interest expense recognized related to income taxes	\$ 7	\$ -	\$ 8	\$ 5

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 1999.

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23. SUBSEQUENT EVENTS

For information on subsequent events related to acquisitions, regulatory matters, commitments and contingencies, debt and credit facilities and joint ownership of generating and transmission facilities, see Notes 2, 4, 5, 6 and 8 respectively.

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24. QUARTERLY FINANCIAL DATA (UNAUDITED)

Duke Energy

(In millions, except share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
2011					
Operating revenues	\$ 3,663	\$ 3,534	\$ 3,964	\$ 3,368	\$ 14,529
Operating income	814	679	767	517	2,777
Net income attributable to Duke Energy Corporation	511	435	472	288	1,706
Earnings per share:					
Basic ^(a)	\$ 0.38	\$ 0.33	\$ 0.35	\$ 0.22	\$ 1.28
Diluted ^(a)	\$ 0.38	\$ 0.33	\$ 0.35	\$ 0.22	\$ 1.28
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

- (a) Quarterly EPS amounts are meant to be stand-alone calculations and are not always additive to full-year amount due to rounding.

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Notes to Financial Statements			

The following table includes unusual or infrequently occurring items recorded by Duke Energy in each quarter during the two most recently completed fiscal years. All amounts discussed below are pre-tax unless otherwise noted.

(In millions)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2011				
Edwardsport IGCC impairment (see Note 4)	\$ -	\$ -	\$ (222)	\$ -
Emission Allowance impairment (see Note 12)	-	-	(79)	-
Energy efficiency revenue adjustment ^(a)	-	-	-	59
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (301)</u>	<u>\$ (59)</u>
2010				
Voluntary severance program expenses (see Note 19)	\$ (68)	\$ (76)	\$ (20)	\$ (8)
Commercial Power non-regulated Midwest generation goodwill impairment (see Note 12)	-	(500)	-	-
Midwest generation asset and emission allowance impairment (see Note 12)	-	(160)	-	-
Edwardsport IGCC impairment (see Note 4)	-	-	(44)	-
Gain on sale of investment in Q-Comm (see Note 13)	-	-	-	109
Gain on sale of DukeNet (see Note 3)	-	-	-	139
Total	<u>\$ (68)</u>	<u>\$ (736)</u>	<u>\$ (64)</u>	<u>\$ 240</u>

- (a) In the fourth quarter of 2011, Duke Energy recorded \$59 million of previously deferred revenue resulting from the receipt of an order from the NCUC which allowed the recognition of revenue in excess of amounts billed to customers.

Duke Energy Carolinas

(In millions)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
2011					
Operating revenues	\$ 1,552	\$ 1,607	\$ 1,868	\$ 1,466	\$ 6,493
Operating income	363	331	541	245	1,480
Net income	205	193	311	125	834
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

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The following table includes unusual or infrequently occurring items recorded by Duke Energy Carolinas in each quarter during 2011 and 2010. All amounts discussed below are pre-tax unless otherwise noted.

(In millions)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2011				
Energy efficiency revenue adjustment ^(a)				\$ 59
2010				
Voluntary severance program expenses (see Note 19)	\$ (42)	\$ (43)	\$ (13)	\$ (1)

- (a) In the fourth quarter of 2011, Duke Energy Carolinas recorded \$59 million of previously deferred revenue resulting from the receipt of an order from the NCUC which allowed the recognition of revenue in excess of amounts billed to customers.

Duke Energy Ohio

(In millions)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
2011					
Operating revenues	\$ 879	\$ 694	\$ 838	\$ 770	\$ 3,181
Operating income	135	59	116	65	375
Net income	73	33	51	37	194
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)

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The following table includes unusual or infrequently occurring items recorded by Duke Energy Ohio in each quarter during the two most recently completed fiscal years. All amounts discussed below are pre-tax unless otherwise noted.

(In millions)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2011				
Emission Allowance impairment (see Note 12)	\$ -	\$ -	\$ (79)	\$ -
2010				
Voluntary severance program expenses (see Note 19)	\$ (11)	\$ (10)	\$ (2)	\$ (1)
Commercial Power non-regulated Midwest generation goodwill impairment (see Note 12)	-	(461)	-	-
FE&G Ohio T&D goodwill impairment (see Note 12)	-	(216)	-	-
Midwest generation asset and emission allowance impairment (see Note 12)	-	(160)	-	-
Disallowance of previously deferred storm costs	-	-	-	(17)
Total	\$ (11)	\$ (847)	\$ (2)	\$ (18)

Duke Energy Indiana

(In millions)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
2011					
Operating revenues	\$ 659	\$ 620	\$ 718	\$ 625	\$ 2,622
Operating income (loss)	130	109	(42)	85	282
Net income (loss)	76	68	(31)	55	168
2010					
Operating revenues	\$ 610	\$ 579	\$ 694	\$ 637	\$ 2,520
Operating income	121	109	149	127	506
Net income	70	57	92	66	285

The following table includes unusual or infrequently occurring items recorded by Duke Energy Indiana in each quarter during the two most recently completed fiscal years. All amounts discussed below are pre-tax unless otherwise noted.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Duke Energy Ohio, Inc.			2011/Q4
Notes to Financial Statements			

(In millions)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2011				
Edwardsport IGCC impairment (see Note 4)	\$ -	\$ -	\$ (222)	\$ -
2010				
Voluntary severance program expenses (see Note 19)	\$ (10)	\$ (16)	\$ (3)	\$ (4)
Edwardsport IGCC impairment (see Note 4)	-	-	(44)	-
Total	\$ (10)	\$ (16)	\$ (47)	\$ (4)

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Name of Respondent Duke Energy Ohio, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization and Depletion

Line No.	Item (a)	Total Company For the Current Quarter/Year
1	UTILITY PLANT	
2	In Service	
3	Plant in Service (Classified)	6,632,785,549
4	Property Under Capital Leases	98,610,602
5	Plant Purchased or Sold	
6	Completed Construction not Classified	1,201,461,628
7	Experimental Plant Unclassified	
8	TOTAL Utility Plant (Total of lines 3 thru 7)	7,932,857,779
9	Leased to Others	
10	Held for Future Use	4,714,585
11	Construction Work in Progress	205,967,460
12	Acquisition Adjustments	269,453,622
13	TOTAL Utility Plant (Total of lines 8 thru 12)	8,412,993,446
14	Accumulated Provisions for Depreciation, Amortization, & Depletion	2,863,162,819
15	Net Utility Plant (Total of lines 13 and 14)	5,549,830,627
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION	
17	In Service:	
18	Depreciation	2,550,661,360
19	Amortization and Depletion of Producing Natural Gas Land and Land Rights	
20	Amortization of Underground Storage Land and Land Rights	
21	Amortization of Other Utility Plant	198,908,184
22	TOTAL In Service (Total of lines 18 thru 21)	2,749,569,544
23	Leased to Others	
24	Depreciation	
25	Amortization and Depletion	
26	TOTAL Leased to Others (Total of lines 24 and 25)	
27	Held for Future Use	
28	Depreciation	132,987
29	Amortization	
30	TOTAL Held for Future Use (Total of lines 28 and 29)	132,987
31	Abandonment of Leases (Natural Gas)	
32	Amortization of Plant Acquisition Adjustment	113,460,288
33	TOTAL Accum. Provisions (Should agree with line 14 above)(Total of lines 22, 26, 30, 31, and 32)	2,863,162,819

Name of Respondent Duke Energy Ohio, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization and Depletion (continued)

Line No.	Electric (c)	Gas (d)	Other (specify) (e)	Common (f)
1				
2				
3	5,310,528,442	1,076,203,065		246,054,042
4	54,696,283	38,641,042		5,273,277
5				
6	717,461,322	437,077,469		46,922,837
7				
8	6,082,686,047	1,551,921,576		298,250,156
9				
10	4,714,585			
11	163,812,990	9,893,858		32,260,612
12	269,453,622			
13	6,520,667,244	1,561,815,434		330,510,768
14	2,299,627,635	419,718,643		143,816,541
15	4,221,039,609	1,142,096,791		186,694,227
16				
17				
18	2,112,366,097	405,483,451		32,811,812
19				
20				
21	73,313,181	14,235,192		111,359,811
22	2,185,679,278	419,718,643		144,171,623
23				
24				
25				
26				
27				
28	132,987			
29				
30	132,987			
31				
32	113,815,370			(355,082)
33	2,299,627,635	419,718,643		143,816,541

Name of Respondent Duke Energy Ohio, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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Gas Plant in Service (Accounts 101, 102, 103, and 106)

- Report below the original cost of gas plant in service according to the prescribed accounts.
- In addition to Account 101, Gas Plant in Service (Classified), this page and the next include Account 102, Gas Plant Purchased or Sold, Account 103, Experimental Gas Plant Unclassified, and Account 106, Completed Construction Not Classified-Gas.
- Include in column (c) and (d), as appropriate corrections of additions and retirements for the current or preceding year.
- Enclose in parenthesis credit adjustments of plant accounts to indicate the negative effect of such accounts.
- Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c).Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior year's unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d),

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1	INTANGIBLE PLANT		
2	301 Organization		
3	302 Franchises and Consents		
4	303 Miscellaneous Intangible Plant	10,553,795	6,349,610
5	TOTAL Intangible Plant (Enter Total of lines 2 thru 4)	10,553,795	6,349,610
6	PRODUCTION PLANT		
7	Natural Gas Production and Gathering Plant		
8	325.1 Producing Lands		
9	325.2 Producing Leaseholds		
10	325.3 Gas Rights		
11	325.4 Rights-of-Way		
12	325.5 Other Land and Land Rights		
13	326 Gas Well Structures		
14	327 Field Compressor Station Structures		
15	328 Field Measuring and Regulating Station Equipment		
16	329 Other Structures		
17	330 Producing Gas Wells-Well Construction		
18	331 Producing Gas Wells-Well Equipment		
19	332 Field Lines		
20	333 Field Compressor Station Equipment		
21	334 Field Measuring and Regulating Station Equipment		
22	335 Drilling and Cleaning Equipment		
23	336 Purification Equipment		
24	337 Other Equipment		
25	338 Unsuccessful Exploration and Development Costs		
26	339 Asset Retirement Costs for Natural Gas Production and		
27	TOTAL Production and Gathering Plant (Enter Total of lines 8		
28	PRODUCTS EXTRACTION PLANT		
29	340 Land and Land Rights		
30	341 Structures and Improvements		
31	342 Extraction and Refining Equipment		
32	343 Pipe Lines		
33	344 Extracted Products Storage Equipment		

Name of Respondent Duke Energy Ohio, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)

including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Account 101 and 106 will avoid serious omissions of respondent's reported amount for plant actually in service at end of year.

6. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits to primary account classifications.

7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirements of these pages.

8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give date of such filing.

Line No.	Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)
1				
2				
3				
4				16,903,405
5				16,903,405
6				
7				
8				
9				
10				
11				
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Name of Respondent Duke Energy Ohio, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)				
Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
34	345 Compressor Equipment			
35	346 Gas Measuring and Regulating Equipment			
36	347 Other Equipment			
37	348 Asset Retirement Costs for Products Extraction Plant			
38	TOTAL Products Extraction Plant (Enter Total of lines 29 thru 37)			
39	TOTAL Natural Gas Production Plant (Enter Total of lines 27 and			
40	Manufactured Gas Production Plant (Submit Supplementary	11,066,341	291,103	
41	TOTAL Production Plant (Enter Total of lines 39 and 40)	11,066,341	291,103	
42	NATURAL GAS STORAGE AND PROCESSING PLANT			
43	Underground Storage Plant			
44	350.1 Land			
45	350.2 Rights-of-Way			
46	351 Structures and Improvements			
47	352 Wells			
48	352.1 Storage Leaseholds and Rights			
49	352.2 Reservoirs			
50	352.3 Non-recoverable Natural Gas			
51	353 Lines			
52	354 Compressor Station Equipment			
53	355 Other Equipment			
54	356 Purification Equipment			
55	357 Other Equipment			
56	358 Asset Retirement Costs for Underground Storage Plant			
57	TOTAL Underground Storage Plant (Enter Total of lines 44 thru			
58	Other Storage Plant			
59	360 Land and Land Rights			
60	361 Structures and Improvements			
61	362 Gas Holders			
62	363 Purification Equipment			
63	363.1 Liquefaction Equipment			
64	363.2 Vaporizing Equipment			
65	363.3 Compressor Equipment			
66	363.4 Measuring and Regulating Equipment			
67	363.5 Other Equipment			
68	363.6 Asset Retirement Costs for Other Storage Plant			
69	TOTAL Other Storage Plant (Enter Total of lines 58 thru 68)			
70	Base Load Liquefied Natural Gas Terminating and Processing Plant			
71	364.1 Land and Land Rights			
72	364.2 Structures and Improvements			
73	364.3 LNG Processing Terminal Equipment			
74	364.4 LNG Transportation Equipment			
75	364.5 Measuring and Regulating Equipment			
76	364.6 Compressor Station Equipment			
77	364.7 Communications Equipment			
78	364.8 Other Equipment			
79	364.9 Asset Retirement Costs for Base Load Liquefied Natural Gas			
80	TOTAL Base Load Liquefied Nat'l Gas, Terminating and			

Name of Respondent Duke Energy Ohio, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)

Line No.	Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)
34				
35				
36				
37				
38				
39				
40	57,717			11,299,727
41	57,717			11,299,727
42				
43				
44				
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48				
49				
50				
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Name of Respondent Duke Energy Ohio, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)				
Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
81	TOTAL Nat'l Gas Storage and Processing Plant (Total of lines 57,			
82	TRANSMISSION PLAN			
83	365.1 Land and Land Rights			
84	365.2 Rights-of-Way			
85	366 Structures and Improvements			
86	367 Mains			
87	368 Compressor Station Equipment			
88	369 Measuring and Regulating Station Equipment			
89	370 Communication Equipment			
90	371 Other Equipment			
91	372 Asset Retirement Costs for Transmission Plant			
92	TOTAL Transmission Plant (Enter Totals of lines 83 thru 91)			
93	DISTRIBUTION PLAN			
94	374 Land and Land Rights	9,110,301	6,979	
95	375 Structures and Improvements	1,561,071	(56,392)	
96	376 Mains	887,515,106	57,452,835	
97	377 Compressor Station Equipment			
98	378 Measuring and Regulating Station Equipment-General	25,079,907	522,885	
99	379 Measuring and Regulating Station Equipment-City Gate	263,232		
100	380 Services	355,975,468	36,186,766	
101	381 Meters	52,471,309	13,574,783	
102	382 Meter Installations	27,937,061	414,466	
103	383 House Regulators	21,621,618	926,445	
104	384 House Regulator Installations	16,275,334	531,881	
105	385 Industrial Measuring and Regulating Station Equipment	3,505,830	25,601	
106	386 Other Property on Customers' Premises			
107	387 Other Equipment	976,132		
108	388 Asset Retirement Costs for Distribution Plant	5,455,697	(1,197,781)	
109	TOTAL Distribution Plant (Enter Total of lines 94 thru 108)	1,407,748,066	108,388,468	
110	GENERAL PLANT			
111	389 Land and Land Rights			
112	390 Structures and Improvements	2,075,044	(9,798)	
113	391 Office Furniture and Equipment	1,209,398	789,334	
114	392 Transportation Equipment	617,319	203,539	
115	393 Stores Equipment			
116	394 Tools, Shop, and Garage Equipment	8,302,396	171,593	
117	395 Laboratory Equipment	234,057		
118	396 Power Operated Equipment	118,621		
119	397 Communication Equipment	509,995	230,416	
120	398 Miscellaneous Equipment			
121	Subtotal (Enter Total of lines 111 thru 120)	13,066,830	1,385,084	
122	399 Other Tangible Property			
123	399.1 Asset Retirement Costs for General Plant			
124	TOTAL General Plant (Enter Total of lines 121, 122 and 123)	13,066,830	1,385,084	
125	TOTAL (Accounts 101 and 106)	1,442,435,032	116,414,265	
126	Gas Plant Purchased (See Instruction 8)			
127	(Less) Gas Plant Sold (See Instruction 8)			
128	Experimental Gas Plant Unclassified			
129	TOTAL Gas Plant In Service (Enter Total of lines 125 thru 128)	1,442,435,032	116,414,265	

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Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)

Line No.	Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)
81				
82				
83				
84				
85				
86				
87				
88				
89				
90				
91				
92				
93				
94				9,117,280
95				1,504,679
96	2,484,872		6,923	942,489,992
97				
98				25,602,792
99				263,232
100	3,780,548		(6,923)	388,374,763
101	516,775		200,978	65,730,295
102	318,598			28,032,929
103				22,548,063
104				16,807,215
105				3,531,431
106				
107	10,822			965,310
108	(487,126)			4,745,042
109	6,624,489		200,978	1,509,713,023
110				
111				
112				2,065,246
113	86,922			1,911,810
114	51,661			769,197
115				
116	307,910			8,166,079
117				234,057
118				118,621
119				740,411
120				
121	446,493			14,005,421
122				
123				
124	446,493			14,005,421
125	7,128,699		200,978	1,551,921,576
126				
127				
128				
129	7,128,699		200,978	1,551,921,576

Name of Respondent Duke Energy Ohio, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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Gas Property and Capacity Leased from Others

1. Report below the information called for concerning gas property and capacity leased from others for gas operations.
2. For all leases in which the average annual lease payment over the initial term of the lease exceeds \$500,000, describe in column (c), if applicable: the property or capacity leased. Designate associated companies with an asterisk in column (b).

Line No.	Name of Lessor (a)	* (b)	Description of Lease (c)	Lease Payments for Current Year (d)
1	2002 Bank of America Leasing & Capital		meters	1,680,580
2	2003 Bank of America Leasing & Capital		meters	950,493
3	2004 Bank of America Leasing & Capital		meters	1,051,198
4	2005 Bank of America Leasing & Capital		meters	964,591
5	2006 Bank of America Leasing & Capital		meters	1,044,628
6	2007 Bank of America Leasing & Capital		meters	1,055,662
7	2009 Bank of America Leasing & Capital		meters	1,192,822
8	2010 Bank of America Leasing & Capital		meters	732,798
9				
10				
11				
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14				
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16				
17				
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19				
20				
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44				
45	Total			8,672,772

Name of Respondent Duke Energy Ohio, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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Construction Work in Progress-Gas (Account 107)

- Report below descriptions and balances at end of year of projects in process of construction (Account 107).
- Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstration (see Account 107 of the Uniform System of Accounts).
- Minor projects (less than \$1,000,000) may be grouped.

Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1	Cast Iron Bare Steel Replacement Tracker	1,188,191	
2	Projects Less than \$1,000,000	8,705,667	
3			
4			
5			
6			
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45	Total	9,893,858	

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Duke Energy Ohio, Inc.			2011/Q4
General Description of Construction Overhead Procedure			

1. For each construction overhead explain: (a) the nature and extent of work, etc., the overhead charges are intended to cover, (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of differentiation in rates for different types of construction, and (f) whether the overhead is directly or indirectly assigned.
2. Show below the computation of allowance for funds used during construction rates, in accordance with the provisions of Gas Plant Instructions 3 (17) of the Uniform System of Accounts.
3. Where a net-of-tax rate for borrowed funds is used, show the appropriate tax effect adjustment to the computations below in a manner that clearly indicates the amount of reduction in the gross rate for tax effects.

1. CONSTRUCTION OVERHEAD COSTS INCLUDE ENGINEERING AND SUPERVISORY SALARIES, ADMINISTRATIVE AND GENERAL SALARIES AND ASSOCIATED PAYROLL TAXES AND BENEFITS AND EMPLOYEE EXPENSES.

IN GENERAL, IF ENGINEERS, SUPERVISORS, AND CLERICAL EMPLOYEES DEVOTE ALL OR SUBSTANTIALLY ALL OF THEIR TIME TO CAPITAL CONSTRUCTION PROJECTS, THE SALARIES, AND RELATED EXPENSES ARE CHARGED DIRECTLY TO THE SPECIFIC CAPITAL CONSTRUCTION PROJECTS.

FOR POWER DELIVERY, CONSTRUCTION OVERHEAD COSTS ARE CHARGED TO THE ALLOCATION POOLS AND FROM THERE ARE TRANSFERRED TO THE SPECIFIC CAPITAL CONSTRUCTION PROJECTS WHERE THE LABOR (INTERNAL AND CONTRACT) WAS CHARGED DURING THE MONTH.

2. ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION (AFUDC) IS APPLIED TO THE TOTAL CONSTRUCTION EXPENDITURES, LESS CERTAIN EXCLUSIONS, ON JOBS UNDER CONSTRUCTION. EFFECTIVE JULY 1, 1982, THE RESPONDENT ADOPTED THE PRACTICE OF UPDATING THE AFUDC RATE MONTHLY, AS AUTHORIZED BY THE FEDERAL ENERGY REGULATORY COMMISSION IN A LETTER DATED MAY 27, 1982. THE AVERAGE AFUDC RATE FOR 2011 WAS 8.25%. THE MONTHLY RATE DOES NOT INCLUDE A REDUCTION FOR THE INCOME TAX EFFECT ON THE COST OF DEBT.

Name of Respondent Duke Energy Ohio, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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General Description of Construction Overhead Procedure (continued)

COMPUTATION OF ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION RATES

1. For line (5), column (d) below, enter the rate granted in the last rate proceeding. If not available, use the average rate earned during the preceding 3 years.

2. Identify, in a footnote, the specific entity used as the source for the capital structure figures.

3. Indicate, in a footnote, if the reported rate of return is one that has been approved in a rate case, black-box settlement rate, or an actual three-year average rate.

1. Components of Formula (Derived from actual book balances and actual cost rates):

Line No.	Title (a)	Amount (b)	Capitalization Ration (percent) (c)	Cost Rate Percentage (d)
(1)	Average Short-Term Debt	S		
(2)	Short-Term Interest			s
(3)	Long-Term Debt	D		d
(4)	Preferred Stock	P		p
(5)	Common Equity	C		c
(6)	Total Capitalization			
(7)	Average Construction Work In Progress Balance	W		

2. Gross Rate for Borrowed Funds $s(S/W) + d[(D/(D+P+C)) (1-(S/W))]$

3. Rate for Other Funds $[1-(S/W)] [p(P/(D+P+C)) + c(C/(D+P+C))]$

4. Weighted Average Rate Actually Used for the Year:

 a. Rate for Borrowed Funds -

 b. Rate for Other Funds -

Name of Respondent Duke Energy Ohio, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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Accumulated Provision for Depreciation of Gas Utility Plant (Account 108)

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, line 10, column (c), and that reported for gas plant in service, page 204-209, column (d), excluding retirements of nondepreciable property.
3. The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.
5. At lines 7 and 14, add rows as necessary to report all data. Additional rows should be numbered in sequence, e.g., 7.01, 7.02, etc.

Line No.	Item (a)	Total (c+d+e) (b)	Gas Plant in Service (c)	Gas Plant Held for Future Use (d)	Gas Plant Leased to Others (e)
	Section A. BALANCES AND CHANGES DURING YEAR				
1	Balance Beginning of Year	381,071,769	381,071,769		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	33,651,979	33,651,979		
4	(403.1) Depreciation Expense for Asset Retirement Costs				
5	(413) Expense of Gas Plant Leased to Others				
6	Transportation Expenses - Clearing	26,479	26,479		
7	Other Clearing Accounts				
8	Other Clearing (Specify) (footnote details):	(225,380)	(225,380)		
9					
10	TOTAL Deprec. Prov. for Year (Total of lines 3 thru 8)	33,453,078	33,453,078		
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	(6,733,866)	(6,733,866)		
13	Cost of Removal	(1,590,421)	(1,590,421)		
14	Salvage (Credit)	(24,635)	(24,635)		
15	TOTAL Net Chrgs for Plant Ret. (Total of lines 12 thru 14)	(8,299,652)	(8,299,652)		
16	Other Debit or Credit Items (Describe) (footnote details):	(741,744)	(741,744)		
17					
18	Book Cost of Asset Retirement Costs				
19	Balance End of Year (Total of lines 1,10,15,16 and 18)	405,483,451	405,483,451		
	Section B. BALANCES AT END OF YEAR ACCORDING TO FUNCTIONAL CLASSIFICATIONS				
21	Productions-Manufactured Gas	8,321,232	8,321,232		
22	Production and Gathering-Natural Gas				
23	Products Extraction-Natural Gas				
24	Underground Gas Storage				
25	Other Storage Plant				
26	Base Load LNG Terminaling and Processing Plant				
27	Transmission				
28	Distribution	395,901,800	395,901,800		
29	General	1,260,419	1,260,419		
30	TOTAL (Total of lines 21 thru 29)	405,483,451	405,483,451		

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Duke Energy Ohio, Inc.			2011/Q4
FOOTNOTE DATA			

Schedule Page: 219 Line No.: 8 Column: c

ARO's \$(225,380)

Schedule Page: 219 Line No.: 16 Column: c

Common Utility Plant Provision	\$(1,967,161)
Deferral of Smartgrid projects	1,225,971
Transfers and Adjustments	(554)
Total	\$(741,744)

Name of Respondent Duke Energy Ohio, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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Gas Stored (Accounts 117.1, 117.2, 117.3, 117.4, 164.1, 164.2, and 164.3)

1. If during the year adjustments were made to the stored gas inventory reported in columns (d), (f), (g), and (h) (such as to correct cumulative inaccuracies of gas measurements), explain in a footnote the reason for the adjustments, the Dth and dollar amount of adjustment, and account charged or credited.

2. Report in column (e) all encroachments during the year upon the volumes designated as base gas, column (b), and system balancing gas, column (c), and gas property recordable in the plant accounts.

3. State in a footnote the basis of segregation of inventory between current and noncurrent portions. Also, state in a footnote the method used to report storage (i.e., fixed asset method or inventory method).

Line No.	Description (a)	(Account 117.1) (b)	(Account 117.2) (c)	Noncurrent (Account 117.3) (d)	(Account 117.4) (e)	Current (Account 164.1) (f)	LNG (Account 164.2) (g)	LNG (Account 164.3) (h)	Total (i)
1	Balance at Beginning of					46,557,537			46,557,537
2	Gas Delivered to Storage					46,315,877			46,315,877
3	Gas Withdrawn from					40,604,421			40,604,421
4	Other Debits and Credits					(52,268,993)			(52,268,993)
5	Balance at End of Year					0			
6	Dth								
7	Amount Per Dth								

Name of Respondent Duke Energy Ohio, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
FOOTNOTE DATA			

Schedule Page: 220 Line No.: 5 Column: f

Stored gas inventory was reclassified from account 164.1 to account 174.273 during November, 2011. Gas inventory is now stored and managed by Duke Energy's new Asset Manager.

Name of Respondent Duke Energy Ohio, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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Investments (Account 123, 124, and 136)

- Report below investments in Accounts 123, Investments in Associated Companies, 124, Other Investments, and 136, Temporary Cash Investments.
- Provide a subheading for each account and list thereunder the information called for:
 - Investment in Securities-List and describe each security owned, giving name of issuer, date acquired and date of maturity. For bonds, also give principal amount, date of issue, maturity, and interest rate. For capital stock (including capital stock of respondent reacquired under a definite plan for resale pursuant to authorization by the Board of Directors, and included in Account 124, Other Investments) state number of shares, class, and series of stock. Minor investments may be grouped by classes. Investments included in Account 136, Temporary Cash Investments, also may be grouped by classes.
 - Investment Advances-Report separately for each person or company the amounts of loans or investment advances that are properly includable in Account 123. Include advances subject to current repayment in Account 145 and 146. With respect to each advance, show whether the advance is a note or open account.

Line No.	Description of Investment (a)	*	Book Cost at Beginning of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (c)	Purchases or Additions During the Year (d)
1	123 NONE			
2				
3	124 CINCINNATI NEW MARKETS FUND		2,201,120	1,000,000
4	DATE ACQUIRED:04/20/05	*		
5	DATE OF MATURITY			
6				
7	136 TEMPORARY CASH INVESTMENTS		176,400,000	1,006,700,000
8	DATE ACQUIRED: VARIOUS			
9	DATE OF MATURITY			
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Name of Respondent Duke Energy Ohio, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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Investments (Account 123, 124, and 136) (continued)

List each note, giving date of issuance, maturity date, and specifying whether note is a renewal. Designate any advances due from officers, directors, stockholders, or employees.

3. Designate with an asterisk in column (b) any securities, notes or accounts that were pledged, and in a footnote state the name of pledges and purpose of the pledge.

4. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and cite Commission, date of authorization, and case or docket number.

5. Report in column (h) interest and dividend revenues from investments including such revenues from securities disposed of during the year.

6. In column (i) report for each investment disposed of during the year the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including any dividend or interest adjustment includible in column (h).

Line No.	Sales or Other Dispositions During Year (e)	Principal Amount or No. of Shares at End of Year (f)	Book Cost at End of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (g)	Revenues for Year (h)	Gain or Loss from Investment Disposed of (i)
1					
2					
3			3,201,120		
4					
5					
6					
7	1,133,100,000		50,000,000		
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Name of Respondent Duke Energy Ohio, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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Investments in Subsidiary Companies (Account 123.1)

- Report below investments in Account 123.1, Investments in Subsidiary Companies.
- Provide a subheading for each company and list thereunder the information called for below. Sub-total by company and give a total in columns (e), (f), (g) and (h).
 - Investment in Securities-List and describe each security owned. For bonds give also principal amount, date of issue, maturity, and interest rate.
 - Investment Advances - Report separately the amounts of loans or investment advances which are subject to repayment, but which are not subject to current settlement. With respect to each advance show whether the advance is a note or open account. List each note giving date of issuance, maturity date, and specifying whether note is a renewal.
- Report separately the equity in undistributed subsidiary earnings since acquisition. The total in column (e) should equal the amount entered for Account 418.1.

Line No.	Description of Investment (a)	Date Acquired (b)	Date of Maturity (c)	Amount of Investment at Beginning of Year (d)
1	MIAMI POWER CORPORATION	09/30/1945		
2	INVESTMENT AT COST			40,980
3	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS			60,986
4	PURCHASE ACCOUNTING GOODWILL ALLOCATION			6,553
5	ADVANCES-OPEN ACCOUNT			6,090
6	SUBTOTAL			114,609
7				
8	DUKE ENERGY KENTUCKY, INC.	09/30/1945		
9	INVESTMENT AT COST			27,397,284
10	DUKE ENERGY KENTUCKY, INC & PURCH ACCTG UNAPPROPRIATED			292,046,953
11	PURCHASE ACCOUNTING GOODWILL ALLOCATION			172,312,903
12	CLEARING OF PURCHASE ACCOUNTING I&D & WORKERS COMP			48,089
13	DUKE ENERGY KENTUCKY, INC AND PURCH ACCTG ADOPTION OF SFAS			(164,697)
14	DEFERRED TAX RECONCILIATION ADJUSTMENTS			880,824
15	TRANSFER OF GENERATION PLANTS (CALEB)			140,061,362
16	ADVANCES-OPEN ACCOUNT			3,183,706
17	CONTRIBUTION FROM PARENT TO FUND PENSION CONTRIBUTION			3,150,000
18	KENTUCKY DIVIDEND TO PARENT			
19	SUBTOTAL			638,916,424
20				
21	TRI-STATE IMPROVEMENT COMPANY	01/14/1964		
22	INVESTMENT AT COST			25,000
23	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS			(3,158,824)
24	PURCHASE ACCOUNTING ADJUSTMENTS			2,690,629
25	PURCHASE ACCOUNTING GOODWILL ALLOCATION			(168,780)
26	ADVANCES-OPEN ACCOUNT			360,924
27	SUBTOTAL			(251,051)
28				
29	KO TRANSMISSION COMPANY	04/11/1994		
30	INVESTMENT AT COST			10
31	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS			4,096,500
32	DEFERRED TAX RECONCILIATION ADJUSTMENTS			43,869
33	ADVANCES-OPEN ACCOUNT			617,865
34	SUBTOTAL			4,758,244
35				
36	DUKE ENERGY COMMERCIAL ASSET MANAGEMENT			
37	INVESTMENT AT COST (FAYETTE, LEE, WASHINGTON, & HANGING ROCK)	04/01/2011		
38	INVESTMENT AT COST (VERMILLION)	05/01/2011		
39	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS			

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in

Case No(s). 12-0002-GA-RPT

Summary: Annual Report Duke Energy Ohio Form 2 (Part 7 of 10) electronically filed by Ms. Sharon L Hood on behalf of Duke Energy Ohio, Inc.