

**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. 17-729-GE-AIS
One Time of Short-term Unsecured Notes)	
and Other Evidences of Indebtedness.)	

APPLICATION OF DUKE ENERGY OHIO, INC.

Duke Energy Ohio, Inc. (Duke Energy Ohio or the Company), 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 five percent 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 December 31, 2016, Duke Energy Ohio could have borrowed a total of \$103,550,000 through 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 December 31, 2016):

Long-term Bonds and Notes	\$1,555,000,000
Common Stock \$8.50 Par Value	<u>762,000,000</u>
Total Par Value	<u>\$2,071,000,000</u>
5% of <u>\$2,071,000,000</u>	<u>\$ 103,550,000</u>

As of December 31, 2016, Duke Energy Ohio had \$1 million 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, 2017.¹ Through the present Application, Duke Energy Ohio requests an order granting the necessary consent and authority of the 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, 2018, which is less than Duke Energy Ohio's maximum borrowing limit under the Master Credit Agreement dated November 18, 2011, as most recently amended March 16, 2017 (the "Credit Agreement"). The Credit Agreement is further

¹ *In the Matter of the Application of Duke Energy Ohio for Authority to Issue Short-Term Notes and Other Evidences of Indebtedness*, Case No. 16-638-GE-AIS, Finding and Order (June 15, 2016).

described in Duke Energy Ohio's Form 8-K filed with the Securities and Exchange Commission on November 25, 2011, and March 17, 2017.

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 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, 2006,³ and as most recently amended October 3, 2016.⁴

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

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, Progress Energy, Inc., Duke Energy Progress, Inc., Duke Energy Florida, Inc., Progress Energy Service Company, LLC and Duke Energy Business Services, LLC.

⁴ The Commission has authorized further revision to the Money Pool Agreement for the limited purpose of including Piedmont Natural Gas company, Inc., subsequent to the merger with Duke Energy Corp. *In the Matter of the Application of Duke Energy Ohio, Inc., for Authority to Issue Short-Term Notes and other Evidences of Indebtedness*, Case No. 16-638-GE-AIS, Finding and Order (June 15, 2016).

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 Credit Agreement, 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. Duke Energy Ohio has an allocated sublimit of \$300,000,000 and a maximum sublimit of \$725,000,000 under the Credit Agreement. The \$300,000,000 allocated sublimit represents the Company's current borrowing authority under the Credit Agreement. Duke Energy Ohio is requesting \$600,000,000, which will allow the Company to maximize its ability to maintain liquidity and access the majority of its borrowing capacity under the Credit Agreement, if necessary. This would provide flexibility in the event that the Company experiences unforeseen costs and / or is unable to issue long-term debt due to adverse market conditions.

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 December 31, 2016.

Exhibit B: Duke Energy Ohio Consolidated - Income Statement for the Twelve Months Ended December 31, 2016.

WHEREFORE, Duke Energy Ohio respectfully 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 \$103,550,000 as of December 31, 2016.
- (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, 2016.
- (4) The Company is requesting consent and authority to issue, reissue and/or renew through June 30, 2018, unsecured notes and other evidences of indebtedness (including through participation in the Money Pool) payable at periods of less than twelve 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.

Further, Duke Energy Ohio respectfully 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, 2018. 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; and
- (5) The authority herein granted may be exercised from and after the date of an Order.

Respectfully submitted this 31st day of March, 2017.

DUKE ENERGY OHIO, INC.

By: 

Stephen G. De May, Senior Vice President,
Tax and Treasurer of Duke Energy
Corporation, and Treasurer of Duke Energy
Ohio, Inc.

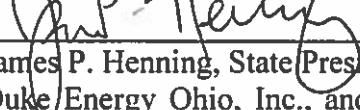
By: _____

James P. Henning, State President,
Duke Energy Ohio, Inc., and Duke Energy
Kentucky, Inc.

Respectfully submitted this 31st day of March, 2017.

DUKE ENERGY OHIO, INC.

By: _____
Stephen G. De May, Senior Vice President,
Tax and Treasurer of Duke Energy
Corporation, and Treasurer of Duke Energy
Ohio, Inc.

By:  _____
James P. Henning, State President,
Duke Energy Ohio, Inc., and Duke Energy
Kentucky, Inc.

STATE OF NORTH CAROLINA)
)
COUNTY OF MECKLENBURG) SS:

Be it known that Stephen G. De May, Senior Vice President Tax and Treasurer of Duke Energy Corporation, and Treasurer of Duke Energy Ohio, Inc., 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 his knowledge and belief.

Sworn to and subscribed before me this 30 day of March, 2017.

Natalie W. Poel
Notary Public

My commission expires: 4-29-2018

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Be it known that James P. Henning, President, Duke Energy Ohio, Inc., and Duke Energy Kentucky, Inc., 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 his knowledge and belief.

Sworn to and subscribed before me this 30TH day of March, 2017.

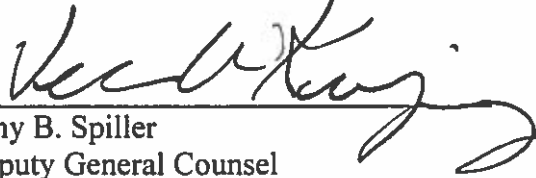
Adeline M. Frisch

Notary Public

ADELE M. FRISCH
Notary Public, State of Ohio
My Commission Expires 01-05-2019

My commission expires: 1/5/2019

DUKE ENERGY OHIO, INC.



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Jeanne W. Kingery (Counsel of Record)
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Attorneys for Duke Energy Ohio, Inc.

EXHIBIT A

DUKE ENERGY OHIO, INC.
CONSOLIDATED BALANCE SHEETS

(in millions)	December 31, 2016
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 13
Receivables (net of allowance for doubtful accounts of \$2 at December 31, 2014)	71
Receivables from affiliated companies	129
Notes receivable from affiliated companies	94
Inventory	137
Assets held for sale	-
Regulatory assets	37
Other	37
Total current assets	518
Investments and Other Assets	
Goodwill	920
Assets held for sale	-
Other	21
Total investments and other assets	941
Property, Plant and Equipment	
Cost	8,126
Accumulated depreciation and amortization	(2,579)
Generation Facilities to be retired, net	
Net property, plant and equipment	5,547
Regulatory Assets and Deferred Debits	
Regulatory assets	520
Other	2
Total regulatory assets and deferred debits	522
Total Assets	\$ 7,528

DUKE ENERGY OHIO, INC.
CONSOLIDATED BALANCE SHEETS

(In millions)	December 31, 2016
LIABILITIES AND COMMON STOCKHOLDER'S EQUITY	
Current Liabilities	
Accounts payable	\$ 282
Accounts payable to affiliated companies	63
Notes payable to affiliated companies	16
Taxes accrued	178
Interest accrued	19
Current maturities of long-term debt	1
Liabilities associated with assets held for sale	-
Regulatory liabilities	21
Other	91
Total current liabilities	671
Long-term Debt	1,858
Long-term Debt Payable to Affiliated Companies	25
Deferred Credits and Other Liabilities	
Deferred income taxes	1,443
Accrued pension and other post-retirement benefit costs	56
Liabilities associated with assets held for sale	-
Asset retirement obligations	77
Regulatory liabilities	236
Other	166
Total deferred credits and other liabilities	1,978
Commitments and Contingencies	
Common Stockholder's Equity	
Common stock, \$8.50 par value, 120,000,000 shares authorized; 89,663,086 shares outstanding	762
Additional paid-in capital	2,695
Accumulated deficit	(461)
Accumulated other comprehensive loss	
Total common stockholder's equity	2,996
Total Liabilities and Common Stockholder's Equity	\$ 7,528

EXHIBIT B

DUKE ENERGY OHIO, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	Year Ended December 31, 2016
(in millions)	
Operating Revenues	
Regulated electric	\$ 1,410
Non-regulated electric and other	31
Regulated natural gas	503
Total operating revenues	1,944
Operating Expenses	
Fuel used in electric generation and purchased power - regulated	442
Fuel used in electric generation and purchased power - nonregulated	51
Cost of natural gas	103
Operation, maintenance and other	512
Depreciation and amortization	233
Property and other taxes	258
Impairment charges	—
Total operating expenses	1,599
Gains on Sales of Other Assets and Other, net	2
Operating Income	347
Other Income and Expenses, net	9
Interest Expense	86
Income from Continuing Operations Before Income Taxes	270
Income Tax Expense from Continuing Operations	78
Income From Continuing Operations	192
Income From Discontinued Operations, net of tax	36
Net Income	\$ 228
Other Comprehensive Income, net of tax	
Pension and OPEB adjustments	—
Comprehensive Income	\$ 228

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Commission of Ohio Docketing Information System on

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Case No(s). 17-0729-GE-AIS

Summary: Application of Duke Energy Ohio, Inc., for Authority to Issue Not in Excess of \$600,000,000 at Any One Time of Short-term Unsecured Notes and Other Evidences of Indebtedness electronically filed by Carys Cochern on behalf of Kingery, Jeanne W Ms.