

**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 One)	Case No. 19-636-GE-AIS
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, 2018, Duke Energy Ohio could have borrowed a total of \$120,650,000 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, 2018):

Long-term Bonds and Notes	\$1,651,000,000
Common Stock \$8.50 Par Value	<u>762,000,000</u>
Total Par Value	<u>\$2,413,000,000</u>
5% of <u>\$2,413,000,000</u>	<u>\$ 120,650,000</u>

As of December 31, 2018, Duke Energy Ohio had \$451 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, 2019.¹ 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, 2020, which is less than Duke Energy Ohio's maximum

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. 18-237-GE-AIS, Finding and Order (June 20, 2018).

borrowing limit under the Master Credit Agreement dated November 18, 2011, as most recently amended March 18, 2018 (the Credit Agreement). The Credit Agreement is further described in Duke Energy Ohio's Form 8-K filed with the Securities and Exchange Commission on November 25, 2011, and March 21, 2019.

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

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.

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 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.

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).

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, 2018.

Exhibit B: Duke Energy Ohio Consolidated - Income Statement for the Twelve Months Ended December 31, 2018.

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 \$120,650,000 as of December 31, 2018;
- (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, 2019;
- (4) The Company is requesting consent and authority to issue, reissue and/or renew through June 30, 2020, 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 4905.401, 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, and;
- (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, 2020. 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.

DUKE ENERGY OHIO, INC.
CONSOLIDATED BALANCE SHEETS

(In millions)	December 31, 2018
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 21
Receivables (net of allowance for doubtful accounts of \$2 at December 31, 2014)	102
Receivables from affiliated companies	114
Notes receivable from affiliated companies	-
Inventory	126
Regulatory assets	33
Other	24
Total current assets	420
Investments and Other Assets	
Goodwill	920
Other	41
Total investments and other assets	961
Property, Plant and Equipment	
Cost	9,360
Accumulated depreciation and amortization	(2,717)
Net property, plant and equipment	6,643
Regulatory Assets and Deferred Debits	
Regulatory assets	531
Total regulatory assets and deferred debits	531
Total Assets	\$ 8,555

DUKE ENERGY OHIO, INC.
CONSOLIDATED BALANCE SHEETS

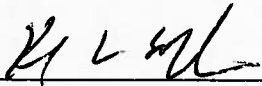
(In millions)	December 31, 2018
LIABILITIES AND COMMON STOCKHOLDER'S EQUITY	
Current Liabilities	
Accounts payable	\$ 316
Accounts payable to affiliated companies	78
Notes payable to affiliated companies	274
Taxes accrued	202
Interest accrued	22
Current maturities of long-term debt	551
Asset retirement obligations	6
Regulatory liabilities	57
Other	74
Total current liabilities	1,580
Long-term Debt	1,589
Long-term Debt Payable to Affiliated Companies	25
Deferred Credits and Other Liabilities	
Deferred income taxes	817
Accrued pension and other post-retirement benefit costs	79
Asset retirement obligations	87
Regulatory liabilities	840
Other	93
Total deferred credits and other liabilities	1,916
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	2,776
Accumulated deficit	(93)
Total common stockholder's equity	3,445
Total Liabilities and Common Stockholder's Equity	\$ 8,555

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

	Year Ended December 31, 2018
(in millions)	
Operating Revenues	
Regulated electric	\$ 1,450
Non-regulated electric and other	1
Regulated natural gas	506
Total operating revenues	1,957
Operating Expenses	
Fuel used in electric generation and purchased power - regulated	412
Fuel used in electric generation and purchased power - nonregulated	—
Cost of natural gas	113
Operation, maintenance and other	480
Depreciation and amortization	268
Property and other taxes	290
Impairment charges	—
Total operating expenses	1,563
(Losses) Gains on Sales of Other Assets and Other, net	(106)
Operating Income	288
Other Income and Expenses, net	23
Interest Expense	92
Income from Continuing Operations Before Income Taxes	219
Income Tax Expense from Continuing Operations	43
Income From Continuing Operations	176
Income From Discontinued Operations, net of tax	—
Net Income and Comprehensive Income	\$ 176

Respectfully submitted this 29th day of MARCH, 2019.

DUKE ENERGY OHIO, INC.

By: 
Karl W. Newlin, Senior Vice President,
Corporate Development and Treasurer of
Duke Energy Corporation, and Treasurer of
Duke Energy Ohio, Inc.

By: _____
Amy B. Spiller, State President,
Duke Energy Ohio, Inc., and Duke Energy
Kentucky, Inc.

Respectfully submitted this 29th day of MARCH, 2019.

DUKE ENERGY OHIO, INC.

By: _____
Karl W. Newlin, Senior Vice President,
Corporate Development and Treasurer of
Duke Energy Corporation, and Treasurer of
Duke Energy Ohio, Inc.

By: Amy B. Spiller
Amy B. Spiller, State President,
Duke Energy Ohio, Inc., and Duke Energy
Kentucky, Inc.

DUKE ENERGY OHIO, INC.

Elizabeth H. Watts 10/24/04

Rocco D'Ascenzo
Deputy General Counsel
Jeanne W. Kingery (Counsel of Record)
Associate General Counsel
Elizabeth H. Watts
Associate General Counsel
139 East Fourth Street -1303-Main
Cincinnati, Ohio 45202
(513) 287-4320 (telephone)
(513) 287-4385 (facsimile)
Rocco.d'ascenzo@duke-energy.com
Jeanne.Kingery@duke-energy.com
Elizabeth.watts@duke-energy.com

Attorneys for Duke Energy Ohio, Inc.

STATE OF OHIO

COUNTY OF HAMILTON

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SS:

Be it known that Amy B. Spiller, 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 29TH day of MARCH, 2019.



ADELE M. FRISCH
Notary Public, State of Ohio
My Commission Expires 01-05-2024

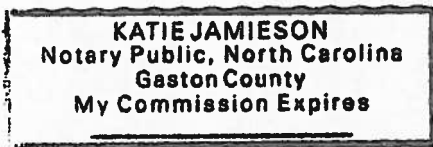
Adele M. Frisch
Notary Public

My commission expires: 1/5/2024

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

Be it known that Karl W. Newlin, Senior Vice President Corporate Development 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 27 day of March, 2019.



Katie Jamieson
Notary Public

My commission expires: June 14, 2021

This foregoing document was electronically filed with the Public Utilities

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in

Case No(s). 19-0636-GE-AIS

Summary: Application Application of Duke Energy Ohio, Inc. electronically filed by Dianne Kuhnell on behalf of Duke Energy Ohio, Inc. and Rocco D'Ascenzo and Watts, Elizabeth H. and Kingery, Jeanne W.