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BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the Application of)	
Duke Energy Ohio, Inc. for)	
Authority to (1) Issue and Sell First)	Case No. 09-18-GE-AIS
Mortgage Bonds, Unsecured Debt,)	
Long Term Notes, (2) Execute and Deliver)	
Long-Term Loan Agreements, (3) Enter Into)	
Capital Lease Obligations, and (4) Enter Into)	
Interest Rate Management Agreements)	

**AMENDED APPLICATION
AND REQUEST FOR EXPEDITED DECISION**

To the honorable Public Utilities Commission of Ohio (Commission):

Duke Energy Ohio, Inc. (DE-Ohio or the Company), a public utility as defined by R.C. 4905.02 and 4905.03, respectfully represents and requests that the Commission amend its current Application filed January 12, 2009 to read on the following pages as follows:

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Due to the current credit markets, the interest rate parameters approved by the Commission in Case No. 08-201-GE-AIS may not provide the Company sufficient pricing flexibility. Credit spreads have widened significantly, although treasury rates are near historical lows. As such, in anticipation of entering into those transactions for which it made application, DE-Ohio now seeks approval from this Commission for a limited interest rate structure that is:

Not to exceed those generally obtainable at the time of pricing or re-pricing for Securities having the same or reasonably similar maturities and having reasonably similar terms, conditions and features issued by utility

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companies or utility holding companies of the same or reasonably comparable credit quality. The maximum interest rates requested are as follows:

- Debt Securities – 10%
- Authority's Bonds - 8.5% per annum at the time of initial issuance and 13% thereafter.
- Capital Leases – 9%

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DE-Ohio proposes that the Commission issue its order authorizing DE-Ohio to execute and deliver the Loan Agreements and any reimbursement agreements prior to the time DE-Ohio and the underwriters reach agreement with respect to the terms of the Authority's Bonds. DE-Ohio will agree to a public offering price no higher than 102% nor less than 98% of the principal amount of the Authority's bonds, plus accrued interest, at an interest rate that may be either fixed or subject to adjustment at varying periods, but in either case not to be in excess of 8.5% per annum at the time of initial issuance and 13% thereafter. If a series of the Authority's Bonds bears interest at a rate that is subject to adjustment, the same will also contain a feature that will allow the interest rate to become fixed under certain circumstances. DE-Ohio also will agree to underwriting discounts and commissions not in excess of 1.25% of the principal amount of the Authority's Bonds for issuances to primarily institutional investors and not in excess of 3.50% of the principal amount of the Authority's Bonds for issuances to primarily retail investors. DE-Ohio proposes the Commission include such limits in its order.

Pg. 20 – Exhibit A

Interest Rate:

Not to exceed those generally obtainable at the time of pricing or re-pricing of such Bonds, Debentures, and Long Term Notes for securities having the same or reasonably similar maturities and having reasonably similar terms, conditions and features issued by utility companies or utility holding companies of the same or reasonably comparable credit quality and does not exceed a rate of 10%.

Pg. 21 – Exhibit B Capital Lease Parameter Summary

Lease Cost:

Aggregate cost of rental payments, commitment fees and closing costs during each initial or renewal period that results in an interest rate (implicit or otherwise) that is reasonably comparable to other financing alternatives with similar terms and maturities by utility companies or utility holding companies of the same or reasonably comparable credit quality and does not exceed a rate of 9%.

All other aspects of the Application filed on January 12, 2009 shall be incorporated into this Amended Application.

WHEREFORE, Duke Energy Ohio, Inc. respectfully requests that this Commission issue an expedited Order finding that:

1. Applicant is a public utility as defined in Section 4905.02, Ohio Revised Code, and as such is subject to the jurisdiction of this Commission;
2. The Application is filed under provisions of Section 4905.41, Ohio Revised Code;
3. Applicant is authorized through February 11, 2010: (a) to issue and sell, from time to time up to \$700 million principal amount of first mortgage bonds (Bonds), unsecured indebtedness (Debentures), issue other long-term indebtedness (Long-Term Notes) or any combination thereof (Debt Securities), in one or more series; (b) to borrow from time to time from the Ohio Air Quality Development Authority and/or the Ohio Water Development Authority, any statutory successor thereto or other authorized issuer of tax exempt bonds in the State of Ohio (collectively, the Authority), the proceeds of a maximum of \$375 million aggregate principal amount of the Authority's revenue bonds that may be issued in one or more series (Authority's Bonds) and to enter into one or more Loan Agreements with the Authority to evidence and secure its obligations to repay such loans; and, (c) to enter into from time to time additional capital lease transactions totaling in the aggregate up to \$100 million, to account for such transactions and to apply the proceeds from such transactions, all as proposed in this Application.
4. Applicant is authorized to enter into interest rate management agreements to manage the interest costs of its financial obligations (Interest Rate Management Agreements), and to account for such Interest Rate Management Agreements, all as proposed in this Application.
5. The issuance of the Securities, the execution of the Loan Agreements, and the Capital Lease transactions are reasonably required and the money to be procured therefrom is necessary for Applicant's lawful corporate purposes; the use of Interest Rate Management Agreements is reasonably justified; and the Commission is satisfied that consent and authority should be granted accordingly.

6. When the transactions authorized by this Order have occurred, Applicant shall report to this Commission the terms and full particulars regarding each transaction or, in lieu of that where applicable, Applicant may submit a copy of: (a) each prospectus as filed with the Securities and Exchange Commission setting forth each sale of the Securities; (b) the Official Statement and Loan Agreement issued in connection with the issuance of the Authority's Bonds; or, (c) each Capital Lease agreement or summary that provides the terms and full particulars of the transaction.
7. The cash proceeds procured from the aforesaid transactions are to be used for the purposes specified in the Application as provided in Section 4905.40, Ohio Revised Code.
8. Applicant is hereby authorized to account for the transactions and the Interest Rate Management Agreements as specified in the Application.
9. Nothing in this Order shall be construed to imply any guaranty or obligation as to the transactions, Interest Rate Management Agreements, or the interest thereon, on the part of the State of Ohio.

Respectfully submitted this 27th day of January 2009.

DUKE ENERGY OHIO



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