



RECEIVED-DOCKETING DIV

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VIA OVERNIGHT DELIVERY

FILE

June 30, 2010

2010 JUL -1 AM 10:19

Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43215

PUCO

Anita M. Schafer
Sr. Paralegal

Re: Case No. 10-240-GE-AIS

Dear Docketing:

Enclosed please find an original and twelve copies of the Report of Duke Energy Ohio in compliance with the Finding and Order of April 14, 2010 which stated that the "...Applicant shall report to the Commission the terms and full particulars..... also report full details of Capital Lease(s).... The report shall include, but not be limited to, a detailed description of the transaction, the rationale for the transaction and a quantification of the benefits of the transaction."

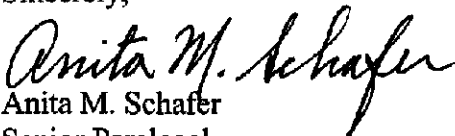
On June 18, 2010, Duke Energy Ohio, Inc. completed the following meter leasing transaction:

Date	June 18, 2010
Lessee	Duke Energy Ohio, Inc.
Lessor	Banc of America Leasing & Capital, LLC
Assigned to	Massmutual Asset Finance LLC
Amount	\$6,250,181.89
Term	10 years
Monthly Rental	\$61,066.53
Payable	July 18, 2010 and for each month thereafter
Early Buy Out Date	June 18, 2019
Early Buy Out Amount	\$753,146.92
Early Buy Out Implicit Rate	3.33%

A detailed description of the transaction is contained in the lease schedule which is attached. The rationale for the transaction is to reduce the financing cost of the meters. The quantification of the benefits of the transaction can be summed up as being that the effective interest cost of this transaction is 3.332% versus a marginal 10 year debt cost of 4.27%, which reflects a 10 year Treasury rate of 3.27% plus a Duke Energy Ohio credit spread of 1.00%. The net benefit is approximately .94% or 94 basis points.

Please date-stamp the extra two copies of the filing and return to me in the enclosed envelope.

Sincerely,


Anita M. Schafer
Senior Paralegal

355768

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.
Technician _____ Date Processed 07/01/2010
www.duke-energy.com

June 22, 2010

Mr. Joachim Castelsky
Duke Energy Corporation
526 South Church Street
Charlotte, NC 28202

RE: Lease Schedule No. 40306-11500-011 to Master Equipment Lease Agreement dated as of February 11, 1999 between Banc of America Leasing & Capital, LLC, successor-by-merger to Fleet Capital Corporation, as lessor, and Duke Energy Ohio, Inc., as lessee

Dear Mr. Castelsky:

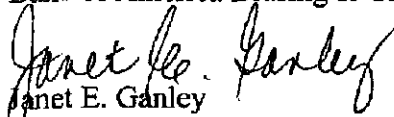
Attached are the following for your files:

- Fully executed copy of Lease Schedule No. 40306-11500-011
- Notice and Acknowledgment of Assignment Letter pertaining to the assignment of this schedule to MassMutual Asset Finance LLC

If you have any questions, please call me at 617-434-3657.

Very truly yours,

Banc of America Leasing & Capital, LLC



Janet E. Ganley
Vice President

Bank of America



LEASE SCHEDULE NO. 40306-11500-011
(True Lease Schedule)

One Financial Plaza
Providence, Rhode Island 02903-2305

Lessee: DUKE ENERGY OHIO, INC.
Address: 139 East Fourth Street
Cincinnati, OH 45202

1. This Lease Schedule No. 40306-11500-011 dated as of June 15, 2010 is entered into pursuant to and incorporates by this reference, all of the terms and provisions of that certain Master Equipment Lease Agreement No. 32861 dated as of February 11, 1999 (the "Master Lease"), for the lease of the Equipment described in Schedule A attached hereto. This Lease Schedule shall constitute a separate, distinct and independent lease of the Equipment and the contractual obligation of Lessee. References to the "the Lease" or "this Lease" shall mean and refer to this Lease Schedule, together with the Master Lease and all exhibits, addenda, schedules, certificates, riders and other documents and instruments executed and delivered in connection with this Lease Schedule, all as the same may be amended or modified from time to time. All capitalized terms used herein and not defined herein shall have the meanings set forth or referred to in the Master Lease. To the extent the terms and provisions of this Lease Schedule differ with the terms and provisions of the Master Lease, the terms and provisions of this Lease Schedule shall control. By its execution and delivery of this Lease Schedule, Lessee hereby reaffirms all of the representations, warranties and covenants contained in the Master Lease, as of the date hereof, and further represents and warrants to Lessor that no Event of Default, and no event or condition which with notice or the passage of time or both would constitute an Event of Default, has occurred and is continuing as of the date hereof.

2. **ACQUISITION COST.** The Acquisition Cost of the Equipment is \$ 6,250,181.89.

3. (a) **INITIAL TERM.** The Initial Term shall commence on the date hereof and shall continue for a period of 120 months after the "Lease Term Commencement Date" set forth in the Acceptance Certificate applicable to this Lease Schedule. The Equipment shall be deemed to have been accepted by Lessee for all purposes under this Lease upon Lessor's receipt of an Acceptance Certificate with respect to such Equipment, executed by Lessee after receipt of all other documentation required by Lessor with respect to such Equipment. The "Lease Term" of this Lease shall be comprised of the Initial Term, plus any renewal or extended term applicable in accordance with the terms of the Lease.

(b) **RENTAL PAYMENTS.** Lessee shall pay Lessor 120 consecutive rental payments in the amounts set forth in the schedule below ("Rental Payments"), plus any applicable sales/use taxes, commencing on the "Rental Payment Commencement Date" set forth in the Acceptance Certificate and MONTHLY thereafter for the remaining Lease Term. Each Rental Payment shall be payable on the same day of the month as the Rental Payment Date in each succeeding rental period during the remaining Lease Term (each, a "Rental Payment Date"):

<u>Number of Rental Payments</u>	<u>Amount of Each Rental Payment</u>
120	\$ 61,066.53

4. **EQUIPMENT LOCATION(S).** The Equipment will be located at the location(s) specified in Schedule A hereto. Lessee shall promptly upon request of Lessor provide a written report detailing the location of each unit of Equipment subject to this Lease.

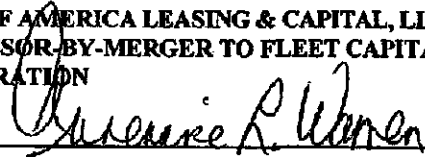
5. Lessor will invoice Lessee for all sales, use and/or personal property taxes as and when due and payable in accordance with applicable law, unless Lessee delivers to Lessor a valid exemption or self assessment certificate with respect to such taxes. Delivery of such certificate shall constitute Lessee's representation and warranty that no such taxes shall become due and payable with respect to the Equipment, and Lessee shall indemnify and hold harmless Lessor from and against any and all liability or damages, including late charges and interest which Lessor may incur by reason of the assessment of such taxes.

6. The Rental Payments may change for Equipment accepted after June 18, 2010.

Dated as of: June 15, 2010

**BANC OF AMERICA LEASING & CAPITAL, LLC
SUCCESSOR BY-MERGER TO FLEET CAPITAL
CORPORATION**

By:



Name:

Annemarie L. Warren

Title:

Vice President

DUKE ENERGY OHIO, INC.

By:



Name:

M. Allen Carrick

Title:

Asst. Treasurer

Bank of America



The following documents are attached to and made a part hereof: True Lease Schedule No.: 40306-11500-011, Acceptance Certificate, Warranty Bill of Sale and UCC Financing Statement

with: **DUKE ENERGY OHIO, INC.**

Recovery Period: 5 Years

Equipment Type	Quantity	Principal Manufactures	Equipment is Located In:
Gas Meters	15,309	AMERMETER	State of Ohio
		DRESSERING	State of Ohio
		ACTARIS	State of Ohio
		WESCO	State of Ohio
Electric Meters	10,809	AUSTININTL	State of Ohio
		GECDURHAMIND	State of Ohio
		GECONSER	State of Ohio
		GEENERGYSRVC	State of Ohio
		ITROELEMET	State of Ohio
		LANDGYR	State of Ohio
Gas Regulators	26,129	WESCO	State of Ohio
		REEDCITPOWLI	State of Ohio

SUCCESSOR-BY-MERGER TO FLEET CAPITAL CORPORATION

By: Annemarie L. Warren

Name: Annemarie L. Warren

Title: Vice President

DUKE ENERGY OHIO, INC.

By: M. Allen Carrick

Name: M. Allen Carrick

Title: Asst. Treasurer

Bank of America



One Financial Plaza
Providence, Rhode Island 02903-2305

ACCEPTANCE CERTIFICATE

This Acceptance Certificate (this "Acceptance Certificate") is attached to and made a part of that certain Lease Schedule No. 40306-11500-011, dated as of June 15, 2010 (the "Lease Schedule"), by and between the undersigned parties. All capitalized terms used herein and not defined herein shall have the meanings set forth or referred to in the Lease Schedule. To the extent the terms set forth in this Acceptance Certificate differ or conflict with any of the terms set forth in the Lease, the terms set forth in this Acceptance Certificate shall control.

1. Lessee acknowledges and agrees that each item of Equipment set forth on Schedule A hereto (collectively, the "Equipment") is hereby unconditionally and irrevocably accepted by Lessee for all purposes under the Lease at the locations specified in Schedule A hereto, and hereby agrees to faithfully perform all of its obligations under the Lease as of the date hereof (the "Acceptance Date"). Lessee hereby authorizes and directs Lessor (a) to make payment to each vendor of the Equipment pursuant to such vendor's invoice or any purchase order, purchase agreement or supply contract with such vendor, receipt and approval of which are hereby reaffirmed by Lessee, and/or (b) if Lessee has previously paid such vendors such amounts pursuant to any Agency Agreement between Lessor and Lessee, to reimburse Lessee in accordance with such Agency Agreement in lieu of paying such vendor invoices and for Lessee's actual installation costs of the Equipment which are reasonably acceptable to Lessor.

2. By its execution and delivery of this Acceptance Certificate, Lessee hereby reaffirms all of the representations, warranties and covenants contained in the Lease as of the date hereof, and further represents and warrants to Lessor that no Event of Default, and no event or condition which with notice or the passage of time or both would constitute an Event of Default, has occurred and is continuing as of the date hereof. Lessee further certifies to Lessor that Lessee has selected the Equipment and has received and approved the purchase order, purchase agreement or supply contract under which the Equipment will be acquired for all purposes of the Lease.

3. Lessee hereby represents and warrants that the Equipment has been delivered and is in operating condition or in a condition capable of operating and performing the operation for which it is intended to the satisfaction of the Lessee.

4. The LEASE TERM COMMENCEMENT DATE is the 18th day of June, 2010.

5. The RENTAL PAYMENT COMMENCEMENT DATE is the 18th day of July, 2010.

6. All terms and provisions of the Lease Schedule shall remain in full force and effect, except as otherwise provided below:

- ACQUISITION COST: \$ _____.

- LEASE TERM: _____ months.

- RENTAL PAYMENTS: Number of Rental Payments Rental Payment Amount

Dated: June 18, 2010

Agreed and Accepted:

BANC OF AMERICA LEASING & CAPITAL, LLC
SUCCESSOR-BY-MERGER TO FLEET CAPITAL
CORPORATION

By: Annemarie L. Warren

Name: Annemarie L. Warren
Title: Vice President

Title: _____

DUKE ENERGY OHIO, INC.

By: M. Allen Carrick

Name: M. Allen Carrick
Title: Asst. Treasurer

Title: _____

ACCEPTANCE CERTIFICATE

Bank of America



EARLY PURCHASE OPTION RIDER
(single option)

One Financial Plaza
Providence, Rhode Island 02903-2448

This Early Purchase Option Rider (this "Rider") is attached to and made a part of that certain Lease Schedule No. 40306-11500-011, dated as of June 15, 2010 (the "Lease Schedule"), by and between the undersigned parties.

So long as no Event of Default has occurred and is continuing under the Lease, and upon at least 90 days prior written notice to Lessor, Lessee shall have the right to terminate the Lease Term for all but not less than all of the Equipment on the Rental Payment Date for Rental Payment Number 108 (the "Termination Date"). Lessee shall pay to Lessor on the Termination Date an amount equal to: (a) all Rental Payments, late charges and other amounts due and owing under the Lease; plus (b) all taxes, assessments and other charges due or payable in connection with the sale of the Equipment to Lessee; plus (c) 12.05% of the Acquisition Cost of the Equipment.

Provided that Lessor shall have received all amounts payable hereunder on the Termination Date, and that no Event of Default then exists and is continuing under the Lease, Lessor shall convey all of its right, title and interest in and to the Equipment to Lessee on the Termination Date, on an "AS-IS," "WHERE-IS" BASIS WITHOUT REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, and without recourse to Lessor, except that the Equipment shall be free and clear of all liens created by Lessor.

In the event Lessee shall not pay all amounts due hereunder on the Termination Date, then the Lease Term for the Equipment shall continue in full force and effect, and this Rider shall be null and void and of no further force and effect.

All capitalized terms used herein and not defined herein shall have the meanings set forth or referred to in the Lease Schedule. Except as specifically set forth herein, all of the terms and conditions of the Lease shall remain in full force and effect and are hereby ratified and affirmed. To the extent that the provisions of this Rider conflict with any provisions contained in the Lease, the provisions of this Rider shall control.

Dated as of: June 15, 2010

BANC OF AMERICA LEASING & CAPITAL, LLC
SUCCESSOR-BY-MERGER TO FLEET CAPITAL
CORPORATION

By: Annemarie L. Warren

Name: Annemarie L. Warren

Title: Vice President

DUKE ENERGY OHIO, INC.

By: M. Allen Carrick

Name: M. Allen Carrick

Title: Asst. Treasurer

Bank of America



PURCHASE OPTION RIDER

One Financial Plaza
Providence, Rhode Island 02903-2448

This Purchase Option Rider (this "Rider") is attached to and made a part of that certain Lease Schedule No. 40308-11500-011, dated as of June 15, 2010 (the "Lease Schedule"), by and between the undersigned parties.

1. **Purchase Option.** If no Event of Default (or event or condition which, with the passage of time or giving of notice, or both, would become such an Event of Default) shall have occurred and be continuing, and the Lease shall not have been earlier terminated, Lessee shall have the option to purchase (the "Purchase Option") all, but not less than all, of the Equipment at the expiration of the Lease Term for an amount, payable in immediately available funds on the last day of the Lease Term, equal to: (a) all Rental Payments, late charges and other amounts due and owing under the Lease; plus (b) all taxes, assessments and other charges due or payable in connection with the sale of the Equipment to Lessee; plus (c) the Purchase Option Price (hereinafter defined).

Provided that Lessor shall have received all amounts payable hereunder on the last day of the Lease Term, and that no Event of Default then exists and is continuing under the Lease, Lessor shall convey all of its right, title and interest in and to the Equipment to Lessee on the last day of the Lease Term, on an "AS-IS," "WHERE-IS" BASIS WITHOUT REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, and without recourse to Lessor, except that the Equipment shall be free and clear of all liens created by Lessor. If Lessee intends to exercise the Purchase Option, Lessee shall give irrevocable written notice to Lessor (the "Option Notice") not more than 240 days, nor less than 180 days, prior to the expiration of the Lease Term. If Lessee fails to give such written notice to Lessor, it shall be conclusively presumed that Lessee has elected not to exercise the Purchase Option.

2. **Purchase Option Price.** If Lessee has elected to exercise the Purchase Option, then the "Purchase Option Price" shall be the Fair Market Value (hereinafter defined) of the Equipment. As soon as practicable following Lessor's receipt of the Option Notice, Lessor and Lessee shall agree on the Fair Market Value of the Equipment as of the end of the Lease Term. "Fair Market Value" of the Equipment shall be the amount determined on the basis of, and equal in value to, the amount which would be obtained in an arm's-length transaction between an informed and willing buyer-user (other than a buyer-user currently in possession or a used equipment or scrap dealer) and an informed and willing seller, under no compulsion to buy or sell, provided, however, that in such determination (i) costs of removal from the location of current use shall not be a deduction from such value, (ii) it shall be assumed (whether or not the same be true) that the Equipment has been maintained and would have been returned to Lessor in compliance with the requirements of the Lease, and (iii) if any item of Equipment has been attached to or installed on or in any other property leased or owned by Lessee, then the fair market value of such item of Equipment shall be determined on an installed basis, in place and in use.

If Lessor and Lessee fail to agree upon Fair Market Value on or before one hundred sixty (160) days prior to the expiration of the Lease Term, then such value shall be determined by the Appraisal Procedure (as set forth in Section 3 below), at Lessee's sole cost and expense.

3. **Appraisal Procedure.** On the earlier of 160 days prior to the end of the Lease Term or the date on which either party hereto shall have given written notice to the other requesting determination of the Fair Market Value of the Equipment by this Appraisal Procedure (the "Appraisal Notice"), the parties shall consult for the purpose of appointing a qualified American Society of Appraisers ("ASA") certified appraiser by mutual agreement. If no such appraiser is so appointed within ten (10) business days after the Appraisal Notice is given, each party shall appoint a certified ASA appraiser and the two appraisers shall attempt to

jointly agree on the Fair Market Value of the Equipment. If the two appraisers cannot so agree, then the two appraisers so appointed shall appoint a third certified ASA appraiser. If the two appraisers have been unable to agree on the Fair Market Value and on a third appraiser within thirty (30) days after the date of their appointment, Lessor may apply to the ASA or the American Arbitration Association to make such appointment, and both parties shall be bound by any such appointment. Any appraiser or appraisers appointed pursuant to this Appraisal Procedure shall be bound to determine the Fair Market Value of the Equipment within thirty (30) days after the appointment of the final appraiser to be employed pursuant to this Appraisal Procedure. If the parties shall have appointed a single appraiser, his or her determination of value shall be final, binding and conclusive on the parties. If the parties have appointed two appraisers, then their jointly agreed determination of value shall be final, binding and conclusive on the parties. If three appraisers shall be appointed, the values determined by the three appraisers shall be averaged, the appraisal having a value furthest from the average shall be discarded and the remaining two appraised values shall be averaged, and the average of the remaining two appraised values shall be final, binding and conclusive on the parties.

All capitalized terms used herein and not defined herein shall have the meanings set forth or referred to in the Lease Schedule. Except as specifically set forth herein, all of the terms and conditions of the Lease shall remain in full force and effect and are hereby ratified and affirmed. To the extent that the provisions of this Rider conflict with any provisions contained in the Lease, the provisions of this Rider shall control.

Dated as of: June 15, 2010

**BANC OF AMERICA LEASING & CAPITAL, LLC
SUCCESSOR-BY-MERGER TO FLEET CAPITAL
CORPORATION**

By: *Annemarie L. Warren*

Name: **Annemarie L. Warren**

Title: **Vice President**

DUKE ENERGY OHIO, INC.

By: *M. Allen Carrick*

Name: *M. Allen Carrick*

Title: *Asst. Treasurer*

Bank of America



RENEWAL OPTION RIDER

One Financial Plaza
Providence, Rhode Island 02903-2448

This Renewal Option Rider (this "Rider") is attached to and made a part of that certain Lease Schedule No. 40306-11500-011 dated as of June 15, 2010 (the "Lease Schedule"), by and between the undersigned parties.

1. **Renewal Option.** If no Event of Default (or event or condition which, with the passage of time or giving of notice, or both, would become such an Event of Default) shall have occurred and be continuing, and the Lease shall not have been earlier terminated, Lessee shall have the option to renew and extend the Lease Term (the "Renewal Option") for all, but not less than all, of the Equipment for not more than one consecutive twelve-month renewal term (, a "Renewal Term") following the end of the Lease Term, provided that Lessee shall have notified Lessor in writing (the "Option Notice") of Lessee's intention to exercise the Renewal Option not more than 240 days, nor less than 180 days, prior to the expiration of the Lease Term, which notice shall be irrevocable. If Lessee does not furnish the Option Notice to Lessor as provided herein, Lessee shall be irrevocably deemed to have elected not to exercise the Renewal Option, and the Lease shall terminate on the last day of the Lease Term.

During a Renewal Term, the Lease shall continue in full force and effect on the same terms, covenants and conditions set forth herein, provided, however, that the Rental Payments payable by Lessee on each Rental Payment Date during a Renewal Term shall be an amount equal to the Fair Market Rental Value (defined in Section 2 below).

2. **Fair Market Rental Value.** "Fair Market Rental Value" of the Equipment shall be the amount determined on the basis of, and equal in value to, the amount which would be obtained in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor, each under no compulsion to lease, provided, however, that in such determination (i) costs of removal from the location of current use shall not be a deduction from such value (ii) and it shall be assumed (whether or not the same be true) that the Equipment has been maintained and would have been returned to Lessor in compliance with the requirements of the Lease, and (iii) if any item of Equipment has been attached to or installed on or in any other property leased or owned by Lessee, then the fair market rental value of such item of Equipment shall be determined on an installed basis, in place and in use.

As soon as practicable following Lessor's receipt of the Option Notice, Lessor and Lessee shall agree on the Fair Market Rental Value of the Equipment as of the end of the Lease Term. If Lessor and Lessee fail to agree upon Fair Market Rental Value on or before one hundred sixty (160) days prior to the expiration of the Lease Term, then such value shall be determined by the Appraisal Procedure (as set forth in Section 3 below), at Lessee's sole cost and expense.

3. **Appraisal Procedure.** On the earlier of 160 days prior to the end of the Lease Term or the date on which either party hereto shall have given written notice to the other requesting determination of the Fair Market Rental Value of the Equipment by this Appraisal Procedure (the "Appraisal Notice"), the parties shall consult for the purpose of appointing a qualified American Society of Appraisers ("ASA") certified appraiser by mutual agreement. If no such appraiser is so appointed within ten (10) business days after the Appraisal Notice is given, each party shall appoint a certified ASA appraiser and the two appraisers shall attempt to jointly agree on the Fair Market Rental Value of the Equipment. If the two appraisers cannot so agree, then the two appraisers so appointed shall appoint a third certified ASA appraiser. If the two appraisers have been unable to agree on the Fair Market Rental Value and on a third appraiser within thirty (30) days after the date of their appointment, Lessor may apply to the ASA or the American Arbitration Association to make such appointment, and both parties shall be bound by any such appointment. Any appraiser or appraisers appointed pursuant to this Appraisal Procedure shall be bound to determine the Fair Market Rental Value of the Equipment within thirty (30) days after the appointment of the final appraiser to be employed pursuant to this Appraisal Procedure. If the parties shall have appointed a single appraiser, his or her determination of value shall be final, binding and conclusive on the parties. If the parties have appointed two appraisers, then their jointly agreed determination of value shall be final, binding and conclusive on the parties. If three appraisers shall be appointed, the values determined by the three appraisers shall be averaged, the appraisal having a value furthest from the average shall be discarded and the remaining two appraised values shall be averaged, and the average of the remaining two appraised values shall be final, binding and conclusive on the parties.

All capitalized terms used herein and not defined herein shall have the meanings set forth or referred to in the Lease Schedule. Except as specifically set forth herein, all of the terms and conditions of the Lease shall remain in full force and effect and are hereby ratified and affirmed. To the extent that the provisions of this Rider conflict with any provisions contained in the Lease, the provisions of this Rider shall control.

Dated as of: June 15, 2010

**BANC OF AMERICA LEASING & CAPITAL, LLC
SUCCESSOR-BY-MERGER TO FLEET CAPITAL
CORPORATION**

By: *Annemarie L. Warren*

Name: **Annemarie L. Warren**

Title: **Vice President**

DUKE ENERGY OHIO, INC.

By: *M. Allen Carrick*

Name: *M. Allen Carrick*

Title: *Asst. Treasurer*

Bank of America

One Financial Plaza
Providence, Rhode Island 02903-

STIPULATED LOSS VALUE SCHEDULE

This Stipulated Loss Value Schedule (this "Schedule") is attached to and made a part of that certain Lease Schedule No. 40306-11500-011 dated as of June 15, 2010 (the "Lease Schedule"), by and between the undersigned parties.

The following Stipulated Loss Values shall be used to calculate final liquidated damages under Section 13 of the Master Lease and payments owed by Lessee upon loss, destruction, theft or irreparable damage to the Equipment under Section 5 of the Master Lease. The Stipulated Loss Value with respect to any item of Equipment on any Rental Payment Date during the Lease Term shall be an amount equal to the sum of: (a) all Rental Payments and other amounts then due and owing to Lessor under the Lease, together with all accrued interest and late charges thereon, calculated through and including the date of payment; plus (b) the product of the Acquisition Cost of the such Equipment multiplied by the percentage set forth below as of such Rental Payment Date.

Rental Payment Date for Rental Payment Number	Percentage of Acquisition Cost	Rental Payment Date for Rental Payment Number	Percentage of Acquisition Cost	Rental Payment Date for Rental Payment Number	Percentage of Acquisition Cost
1	103.00	41	75.79	81	44.03
2	102.35	42	75.06	82	43.19
3	101.75	43	74.30	83	42.36
4	101.13	44	73.55	84	41.51
5	100.52	45	72.80	85	40.67
6	99.90	46	72.04	86	39.83
7	99.28	47	71.28	87	38.98
8	98.65	48	70.52	88	38.13
9	98.02	49	69.75	89	37.29
10	97.39	50	68.99	90	36.43
11	96.75	51	68.22	91	35.58
12	96.11	52	67.44	92	34.73
13	95.46	53	66.67	93	33.87
14	94.80	54	65.89	94	33.01
15	94.15	55	65.11	95	32.15
16	93.48	56	64.33	96	31.28
17	92.82	57	63.54	97	30.42
18	92.15	58	62.75	98	29.55
19	91.47	59	61.96	99	28.68
20	90.79	60	61.17	100	27.82
21	90.11	61	60.37	101	26.94
22	89.42	62	59.57	102	26.07
23	88.74	63	58.77	103	25.19
24	88.04	64	57.97	104	24.32
25	87.35	65	57.17	105	23.44
26	86.65	66	56.36	106	22.55
27	85.95	67	55.55	107	21.67
28	85.24	68	54.74	108	20.78
29	84.53	69	53.93	109	19.90
30	83.82	70	53.11	110	19.01
31	83.10	71	52.29	111	18.11
32	82.38	72	51.48	112	17.22
33	81.66	73	50.66	113	16.33
34	80.94	74	49.83	114	15.43
35	80.21	75	49.01	115	14.53
36	79.48	76	48.19	116	13.63

37	78.75	77	47.36	117	12.73
38	78.02	78	46.53	118	11.82
39	77.28	79	45.70	119	10.91
40	76.54	80	44.87	120	10.00

All capitalized terms used herein and not defined herein shall have the meanings set forth or referred to in the Lease Schedule. Except as specifically set forth herein, all of the terms and conditions of the Lease shall remain in full force and effect and are hereby ratified and affirmed.

Dated as of: June 15, 2010

BANC OF AMERICA LEASING & CAPITAL, LLC
SUCCESSOR-BY-MERGER TO FLEET CAPITAL
CORPORATION

By: _____

Name: **Annemarie L. Warren**

Vice President

Title: _____

DUKE ENERGY OHIO, INC.

By: _____

Name: _____

Title: _____

Bank of America



WARRANTY BILL OF SALE

One Financial Plaza
Providence, Rhode Island 02903-2448

DUKE ENERGY OHIO, INC. ("Seller") of 139 East Fourth Street, Cincinnati, OH 45202, in consideration of the sum of \$ 6,250,181.89 Dollars, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby sell, transfer and assign to Banc of America Leasing & Capital, LLC, Successor-By-Merger to Fleet Capital Corporation ("BALC") a Delaware limited liability company having its principal office at One Financial Plaza, Providence, Rhode Island 02903, the equipment set forth in Schedule A hereto (the "Equipment").

Seller hereby covenants with and warrants to BALC that Seller is the lawful owner of the Equipment and has the right to sell the Equipment, and that the Equipment is free and clear of all rights, claims, liens, charges, security interests or encumbrances of any other person. Seller will forever indemnify, defend and warrant all of the rights of BALC in and to the Equipment transferred hereunder against the claims and demands of all other persons.

IN WITNESS WHEREOF, Seller has duly executed this Bill of Sale this 18th day of June, 2010

DUKE ENERGY OHIO, INC.

By:

M. Allen Carrick

Name:

M. Allen Carrick

Title:

Asst. Treasurer

Bank of America



PAY PROCEEDS LETTER

One Financial Plaza
Providence, Rhode Island 02903-2448

We, the undersigned, hereby authorize Banc of America Leasing & Capital, LLC, Successor-By-Merger to Fleet Capital Corporation to pay the following Payee(s) from the proceeds of financial accommodations provided to us by BALC as evidenced by that certain TRUE LEASE SCHEDULE No. 40306-11500-011 dated as of June 15, 2010. Make disbursements directly to said Payee(s) as follows:

PAYEE	Amount of Payment
DUKE ENERGY OHIO, INC.	\$ 6,250,181.89
TOTAL:	\$ 6,250,181.89

Dated as of: June 18, 2010

DUKE ENERGY OHIO, INC.

By: M. Allen Carrick

Name: M. Allen Carrick

Title: Asst. Treasurer

Bank of America.



NOTICE AND ACKNOWLEDGMENT OF ASSIGNMENT

June 15, 2010

Duke Energy Ohio, Inc.
139 East Fourth Street
Cincinnati, OH 45202

Reference is hereby made to that certain Lease Schedule No. 40306-11500-011 (the "Designated Schedule") issued pursuant to and incorporating the terms of Master Equipment Lease Agreement No. 32861 dated as of February 11, 1999 (the "Master Lease"), by and between BANC OF AMERICA LEASING & CAPITAL, LLC (successor-by-merger to Fleet Capital Corporation) ("Assignor"), and DUKE ENERGY OHIO, INC. (f/k/a The Cincinnati Gas & Electric Company) ("Lessee").

Assignor hereby gives Lessee notice, and Lessee hereby acknowledges receipt of notice, that effective as of June 15, 2010 (the "Effective Date"), Assignor has assigned to MASSMUTUAL ASSET FINANCE LLC ("MassMutual") ("Assignee"), whose offices are at 2 Hampshire Street, Suite 101, Foxborough, MA 02035, all rights, title, interests, obligations and liabilities of Assignor to the extent accruing on or after the Effective Date in, under and with respect to (a) the Designated Schedule, (b) solely to the extent incorporated in the Designated Schedule by reference, the Master Lease, and (c) solely to the extent related to the Designated Schedule, all of the other documents, instruments, agreements, certificates and filings executed and/or delivered to Lessor pursuant to the Master Lease (together with the Designated Schedule, the "Lease Documents"). MassMutual will subsequently assign, grant a security interest in, or otherwise transfer its legal and/or beneficial interest in the Equipment and the Lease Documents to an affiliate in connection with a financing involving the Equipment and the Lease Documents (such assignments, grants and other transfers, and MassMutual, such MassMutual Affiliates and any such agent or entity are collectively referred to herein as "Assignee"). From and after the date of this Notice and Acknowledgment of Assignment, all payments of rent and other sums now or hereafter becoming due pursuant to the Designated Schedule or with respect to the equipment described on the Designated Schedule (the "Equipment") shall be paid to Assignor as fiscal agent for Assignee or, upon receipt of notice from Assignee of the termination of such fiscal agency, to Assignee as directed in Assignee's invoices.

In recognition of each Assignee's reliance upon this Notice, Lessee certifies, confirms and agrees as follows:

1. The Master Lease, the Designated Schedule and the other Lease Documents have been duly authorized, executed and delivered by Lessee; constitute the legal, valid and binding obligation of Lessee, enforceable against Lessee in accordance with the terms thereof; are in full force and effect on the date of execution of this notice by Lessee; are not subject to any defenses, set-offs, claims, counterclaims, or any right to cancellation or termination; constitute the entire agreement between Assignor and Lessee regarding the leasing of the Equipment and the terms and conditions of the Designated Schedule with respect to the Equipment, and there are no other documents or agreements binding upon or affecting the Equipment; and no default by Assignor or Lessee or event which, with the passage of time or the giving of notice, or both, would constitute a default by Assignor or Lessee under the Designated Schedule has occurred. All names, addresses, signatures, amounts and other facts contained in the Master Lease, the Designated Schedule and the other Lease Documents are correct.

2. There are no modifications, amendments or supplements to the Master Lease which relate to the Designated Schedule or any of the other Lease Documents; and any future modification, termination, amendment or supplement to the Designated Schedule, the Master Lease which relates to the Designated Schedule or any of the other Lease Documents, or settlement of amounts due thereunder which relates to the Designated Schedule or any of the other Lease Documents, shall be ineffective without Assignee's prior written consent.
3. The Equipment has been delivered to and accepted by Lessee and is in good working order and suitable for Lessee's purposes in all respects. The Equipment is in Lessee's possession and is located at the location specified in the Designated Schedule. No casualty has occurred with respect to the Equipment.
4. There has been no prepayment of rent or other sums payable under the Designated Schedule. Payments of any and all monies due under the Designated Schedule have been and will continue to be paid in strict accordance with the terms thereof. The Designated Schedule is current in all respects, including, but not limited to, the payment of any applicable sales, use and personal property taxes. As of the date hereof, there are One Hundred Twenty (120) rental payments, each in the amount of \$61,066.53, remaining to be paid on the 15th day of each month under the Designated Schedule.
5. Lessee acknowledges and agrees that (i) Assignee shall be the owner of the Equipment (subject to the rights created in Lessee pursuant to the Designated Schedule) and Assignor shall have no interest or authority of any nature regarding the Equipment or the Designated Schedule, and Assignor shall be released from all obligations and liabilities thereunder and with respect to the other Lease Documents arising after the Effective Date to the extent the same have been assigned to, and accepted and assumed by Assignee, (ii) Lessee will deal exclusively with respect to the Designated Schedule with MassMutual, as agent for the Assignee, and Lessee will deliver copies of all notices and other communications given or made by Lessee to MassMutual, as agent for the Assignee, at the address listed above, (iii) so far as enforcement of the Designated Schedule is concerned, notwithstanding the existence of other schedules or supplements thereto, the Designated Schedule is separate and severable and Assignee may take enforcement action with respect to the Designated Schedule independently of other assignees, equipment owners or financing parties having an interest in the Master Lease and other lease schedules not included in the Designated Schedule, and (iv) Lessee will execute such other instruments and take such actions as Assignee reasonably may require to further confirm the vesting of rights under the Designated Schedule in Assignee and Assignee's ownership of the Equipment.
6. Lessee has not received any notice of, nor has Lessee caused or participated in, any prior sale, transfer, assignment, hypothecation or pledge of all or any portion of the Equipment, the Designated Schedule or the rents reserved thereunder.
7. Lessee will keep the Master Lease, the Designated Schedule and the Equipment free and clear of all liens and encumbrances (other than the interest of Assignor, Assignee or parties claiming by, through or under them).
8. All representations and duties of Assignor intended to induce Lessee to enter into the Designated Schedule, whether required by the Designated Schedule or otherwise, have been fulfilled.
9. Lessee has executed only one (1) original of the Designated Schedule which was delivered to Assignor.

10. Lessee agrees to promptly send to Assignee such financial statements and other notices as may be required to be sent to the lessor under the terms of the Master Lease, as assignee of Assignor's interest under the Designated Schedule, directly to Assignee at Assignee's address set forth hereinabove.

Accepted and agreed to on this 18th day of June, 2010.

BANC OF AMERICA LEASING & CAPITAL, LLC
(successor-by-merger to Fleet Capital Corporation)
Assignor

DUKE ENERGY OHIO, INC.

Lessee

By: Janet E. Ganley
Name: Janet E. Ganley
Title: Vice President

By: M. Allen Carrick
Name: M. Allen Carrick
Title: Asst. Treasurer

MASSMUTUAL ASSET FINANCE LLC
Assignee

By: Rosemary Abbott
Name: Rosemary Abbott
Title: Vice President