

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. 12-1249-GE-AIS
Time, of Short-Term Unsecured Notes and)
Other Evidences of Indebtedness.)

FINDING AND ORDER

The Commission finds:

- (1) Duke Energy Ohio, Inc. (Applicant) is an Ohio corporation and a public utility as defined in Section 4905.02, Revised Code, and is subject to the jurisdiction of this Commission.
- (2) On April 19, 2012 the Applicant filed this application and exhibits (Application), pursuant to the provisions of Sections 4905.40 and 4905.401(A), Revised Code.
- (3) On June 29, 2011, in Case No. 11-2997-GE-AIS, the Commission authorized the Applicant to participate in the Utility Money Pool Agreement (Money Pool) and borrow up to \$600 million through June 30, 2012. Pursuant to Section 4905.401, Revised Code, Applicant was permitted to have outstanding notes and other evidences of short-term indebtedness, issuable without prior authorization of this Commission in the amount of approximately \$ 148 million. As of March 31, 2012, Applicant had outstanding short-term debt of approximately \$ 12.1 million and \$5.1 million of long-term debt subject to redemption within one year.
- (4) Applicant is requesting consent and authority to have short-term notes outstanding in aggregate principal amounts of not more than \$600 million at any one time, and continue its participation in the Money Pool through June 30, 2013, pursuant to the terms and conditions as described in the Application.

- (5) Applicant proposes to use the proceeds for the short-term borrowing under the Money Pool for interim financing of its capital expenditure programs, working capital needs, and to repay previous borrowings incurred for such purposes, as described in the Application.
- (6) Upon review of the Application, the Commission finds that the amount of the short-term borrowings under the Money Pool, the terms thereof, and the probable cost to the Applicant, which are to be no less favorable than the terms as described in the Application, do not appear to be unjust or unreasonable. In addition, based on the information contained in the Application and the exhibits thereto, the purposes to which the proceeds from the borrowings through the participation in the Money Pool (subject to the conditions mentioned below) shall be applied appear to be reasonably required by Applicant to meet its present and prospective obligations to provide utility service. Therefore, the Commission finds that the Application should be approved subject to the following conditions that are intended to insulate the Applicant from financial risks associated with other companies participating in the Money Pool (Participating Companies):
 - (a) Funds provided by the Applicant to the Money Pool and borrowed therefrom by the Participating Companies shall not exceed \$600 million, at any one time through June 30, 2013, and should only be loaned to those Money Pool Participants who are regulated public utilities or such utilities' subsidiaries.
 - (b) If any regulatory agency having jurisdiction over one or more of the Participating Companies imposes any condition limiting the amount of short-term debt that may be loaned to any Participating Company in the Money Pool, the Applicant shall inform the Director of the Utilities Department of the Commission within 10 days, so that the Commission may consider whether to impose a similar condition on the Applicant.
 - (c) Loans to the Participating Companies made through the Money Pool shall be made only to those Participating Companies that have, or whose direct parent company has, investment grade or higher credit

ratings from at least one nationally recognized rating agency, or in the absence of such rating, investment grade or higher credit ratings on their corporate credit rating from at least one nationally recognized rating agency. In the event the credit rating of any Participating Company, or its parent company in the case of an unrated company, falls below investment grade, the Applicant shall inform the Director of the Utilities Department of the Commission in a timely manner.

- (d) The Applicant shall also provide information to the Director of the Utilities Department of the Commission relating to its participation in the Money Pool on a quarterly basis.

It is, therefore,

ORDERED, That the Applicant, Duke Energy Ohio, Inc., is authorized, through June 30, 2013, to participate in the Money Pool, pursuant to the terms and conditions as described in the Application and subject to the conditions provided for in this Finding and Order. It is, further,

ORDERED, That the authorization granted by this Finding and Order shall not be construed as limiting the Commission's determination of the appropriateness of the Applicant's future long-term security offerings issued wholly or in part for the purpose of retiring its outstanding short-term evidences of indebtedness. It is, further,

ORDERED, That nothing in this order shall be construed to imply any guaranty or obligation as to the unsecured notes and other evidences of indebtedness, or the associated interest, on the part of the State of Ohio. It is, further,

ORDERED, That nothing in this Finding and Order be deemed to be binding upon this Commission in any future proceedings or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation of the Applicant. It is, further,

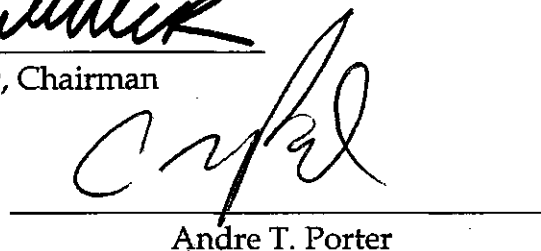
ORDERED, That nothing in this Finding and Order be construed to imply any guaranty or obligation by the Commission to assure completion of any specific construction project of the Applicant. It is, further

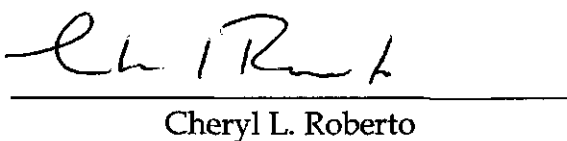
ORDERED, That a copy of this Finding and Order be served upon all interested persons of record in this case.

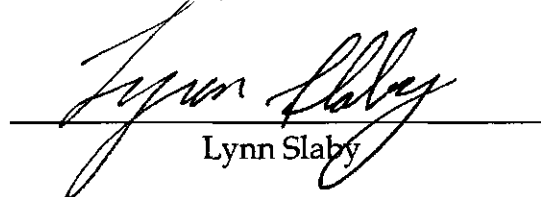
THE PUBLIC UTILITIES COMMISSION OF OHIO


Todd A. Snitchler, Chairman


Steven D. Lesser


Andre T. Porter


Cheryl L. Roberto


Lynn Slaby

MJP/jd

Entered in the Journal

JUN 13 2012



Barcy F. McNeal
Secretary