

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke)
Energy Ohio, Inc., for Authority to Issue) Case No. 15-538-GE-AIS
Short-Term Notes and Other Evidences of)
Indebtedness.)

FINDING AND ORDER

The Commission finds:

- (1) Duke Energy Ohio, Inc. (Duke), is a public utility as defined in R.C. 4905.02 and, as such, is subject to the jurisdiction of this Commission.
- (2) R.C. 4905.401 permits public utilities that are electric light companies to "issue notes, or other evidences of indebtedness payable at periods of not more than twelve months[.]" when authorized by the Commission. Pursuant to the statute, Commission authorization is not required for a public utility electric light company to issue short-term notes and other evidences of indebtedness aggregating "not more than five percent of the par value of the other stocks, bonds, notes, and other evidences of indebtedness" of the company.
- (3) Pursuant to R.C. 4905.401, as of December 31, 2014, Duke 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 \$112 million, because such amount was less than five percent of the par value of the other stocks, bonds, notes, and other evidences of indebtedness of the company.
- (4) On June 11, 2014, in Case No. 14-803-GE-AIS, the Commission authorized Duke to participate in the Utility Money Pool Agreement (Money Pool) and borrow up to \$750 million through June 30, 2015. The Money Pool was created via an agreement between Duke Energy Corporation and its multiple regulated utility subsidiaries. The Money Pool allows its participants to coordinate borrowing and loaning funds on a short-term basis.

- (5) On March 26, 2015, Duke filed an Application and Exhibits (Application), pursuant to the provisions of R.C. 4905.401(A).
- (6) Duke is requesting consent and authority to issue notes or otherwise incur short-term indebtedness in aggregate principal amounts of not more than \$725 million at any one time, and continue its participation in the Money Pool through June 30, 2016, pursuant to the terms and conditions as described in the Application.
- (7) Duke proposes to use the proceeds from the short-term borrowing from 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.
- (8) Upon review of the Application, the Commission finds that the amount of the short-term borrowings from the Money Pool, the terms thereof, and the probable cost to Duke, 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 below) shall be applied, appear to be reasonably required by Duke 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 Duke from financial risks associated with other companies participating in the Money Pool (Participating Companies):
 - (a) Funds provided by Duke to the Money Pool and borrowed therefrom by the Participating Companies shall not exceed \$725 million, at any one time through June 30, 2016, and should only be loaned to those Participating Companies 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, Duke shall inform the Director of the Rates and Analysis Department of the Commission (Rates and Analysis Director) within 10 days, so that the Commission may consider whether to impose a similar condition on Duke.

- (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, Duke shall inform the Rates and Analysis Director in a timely manner.
- (d) Duke shall also provide information to the Rates and Analysis Director relating to its participation in the Money Pool on a quarterly basis.

It is, therefore,

ORDERED, That Duke is authorized, through June 30, 2016, 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 Duke'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 Finding and Order 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,

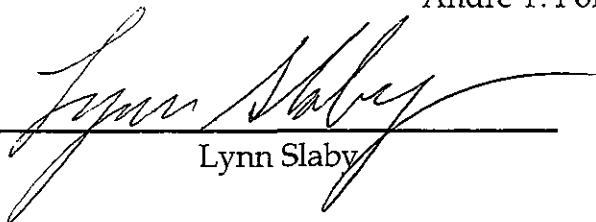
ORDERED, That nothing in this Finding and Order be deemed to be binding upon this Commission in any future proceedings or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

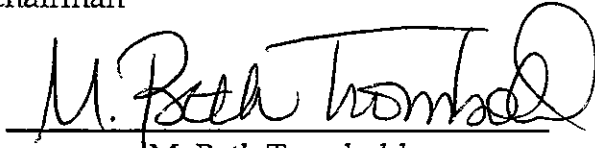
ORDERED, That nothing in this Finding and Order be construed to imply any guaranty or obligation by the Commission to assure completion of any specific construction project of Duke. It is, further,

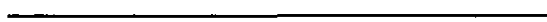
ORDERED, That a copy of this Finding and Order be served upon Duke and all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO



Andre T. Porter, Chairman

Lynn Slaby

M. Beth Trombold


Asim Z. Haque

Thomas W. Johnson

MP/js

Entered in the Journal

JUN 17 2015



Barcy F. McNeal

Secretary