

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
Duke Energy Ohio, Inc.			
NOTES TO FINANCIAL STATEMENTS (Continued)			

Asbestos-related Injuries and Damages Claims.

Duke Energy Carolinas has experienced numerous claims for indemnification and medical cost reimbursement relating to damages for bodily injuries alleged to have arisen from the exposure to or use of asbestos in connection with construction and maintenance activities conducted on its electric generation plants prior to 1985. As of December 31, 2011, there were 181 asserted claims for non-malignant cases with the cumulative relief sought of up to \$38 million, and 32 asserted claims for malignant cases with the cumulative relief sought of up to \$8 million. Based on Duke Energy Carolinas' experience, it is expected that the ultimate resolution of most of these claims likely will be less than the amount claimed.

Amounts recognized as asbestos-related reserves related to Duke Energy Carolinas in the respective Consolidated Balance Sheets totaled \$801 million and \$853 million as of December 31, 2011 2010, respectively, and are classified in Other within Deferred Credits and Other Liabilities and Other within Current Liabilities. These reserves are based upon the minimum amount in Duke Energy Carolinas' best estimate of the range of loss for current and future asbestos claims through 2030. Management believes that it is possible there will be additional claims filed against Duke Energy Carolinas after 2030. In light of the uncertainties inherent in a longer-term forecast, management does not believe that they can reasonably estimate the indemnity and medical costs that might be incurred after 2030 related to such potential claims. Asbestos-related loss estimates incorporate anticipated inflation, if applicable, and are recorded on an undiscounted basis. These reserves are based upon current estimates and are subject to greater uncertainty as the projection period lengthens. A significant upward or downward trend in the number of claims filed, the nature of the alleged injury, and the average cost of resolving each such claim could change our estimated liability, as could any substantial or favorable verdict at trial. A federal legislative solution, further state tort reform or structured settlement transactions could also change the estimated liability. Given the uncertainties associated with projecting matters into the future and numerous other factors outside our control, management believes that it is possible Duke Energy Carolinas may incur asbestos liabilities in excess of the recorded reserves.

Duke Energy Carolinas has a third-party insurance policy to cover certain losses related to asbestos-related injuries and damages above an aggregate self insured retention of \$476 million. Duke Energy Carolinas' cumulative payments began to exceed the self insurance retention on its insurance policy in 2008. Future payments up to the policy limit will be reimbursed by Duke Energy Carolinas' third party insurance carrier. The insurance policy limit for potential future insurance recoveries for indemnification and medical cost claim payments is \$968 million in excess of the self insured retention. Insurance recoveries of \$813 million and \$850 million related to this policy are classified in the respective Consolidated Balance Sheets in Other within Investments and Other Assets and Receivables as of December 31, 2011 and December 31, 2010, respectively. Duke Energy Carolinas is not aware of any uncertainties regarding the legal sufficiency of insurance claims. Management believes the insurance recovery asset is probable of recovery as the insurance carrier continues to have a strong financial strength rating.

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Duke Energy Ohio

Antitrust Lawsuit.

In January 2008, four plaintiffs, including individual, industrial and nonprofit customers, filed a lawsuit against Duke Energy Ohio in federal court in the Southern District of Ohio. Plaintiffs alleged that Duke Energy Ohio (then The Cincinnati Gas & Electric Company), conspired to provide inequitable and unfair price advantages for certain large business consumers by entering into non-public option agreements with such consumers in exchange for their withdrawal of challenges to Duke Energy Ohio's pending Rate Stabilization Plan (RSP), which was implemented in early 2005. On March 31, 2009, the District Court granted Duke Energy Ohio's motion to dismiss. Plaintiffs filed a motion to alter or set aside the judgment, which was denied by an order dated March 31, 2010. In April 2010, the plaintiffs filed their appeal of that order with the U.S. Court of Appeals for the Sixth Circuit, which heard argument on that appeal on January 11, 2012. It is not possible to predict at this time whether Duke Energy Ohio will incur any liability or to estimate the damages, if any, that Duke Energy Ohio might incur in connection with this lawsuit.

Asbestos-related Injuries and Damages Claims.

Duke Energy Ohio has been named as a defendant or co-defendant in lawsuits related to asbestos at its electric generating stations. The impact on Duke Energy Ohio's consolidated results of operations, cash flows or financial position of these cases to date has not been material. Based on estimates under varying assumptions concerning uncertainties, such as, among others: (i) the number of contractors potentially exposed to asbestos during construction or maintenance of Duke Energy Ohio generating plants; (ii) the possible incidence of various illnesses among exposed workers, and (iii) the potential settlement costs without federal or other legislation that addresses asbestos tort actions, Duke Energy Ohio estimates that the range of reasonably possible exposure in existing and future suits over the foreseeable future is not material. This estimated range of exposure may change as additional settlements occur and claims are made and more case law is established.

Duke Energy Indiana

Prosperity Mine, LLC.

On October 12, 2009, Prosperity Mine, LLC (Prosperity) filed for arbitration under an Agreement for the Sale and Purchase of Coal dated October 30, 2008. The Agreement provided for sale by Prosperity and purchase by Duke Energy Indiana of 500,000 tons of coal per year, commencing on January 1, 2009 and continuing until December 31, 2014, unless sooner terminated under the terms of the Agreement. Duke Energy Indiana could terminate the Agreement if a force majeure event lasted more than three months. Prosperity declared a force majeure event on February 13, 2010 and, when Prosperity did not notify Duke Energy Indiana that the force majeure had ended; Duke Energy Indiana sent written notice of termination on May 14, 2010. Prosperity contends that the termination was improper and that it is owed damages, quantified at \$88 million, for the full contractual volumes through 2014. On November 17, 2010, the arbitrators issued their decision, ruling in favor of Duke Energy Indiana on all counts. On January 7, 2011, Prosperity filed a lawsuit in Indiana state court alleging that the arbitrators exceeded their power and acted without authority and asking that the arbitrators' award be vacated. The parties reached a commercial arrangement pursuant to which Prosperity agreed to dismiss the lawsuit.

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Other Litigation and Legal Proceedings

The Duke Energy Registrants are involved in other legal, tax and regulatory proceedings arising in the ordinary course of business, some of which involve substantial amounts. Management believes that the final disposition of these proceedings will not have a material effect on its consolidated results of operations, cash flows or financial position.

The Duke Energy Registrants have exposure to certain legal matters that are described herein. Duke Energy has recorded reserves, including reserves related to the aforementioned asbestos-related injuries and damages claims, of \$810 million and \$900 million as of December 31, 2011 and December 31, 2010, respectively, for these proceedings and exposures (the total of which is primarily related to Duke Energy Carolinas). These reserves represent management's best estimate of probable loss as defined in the accounting guidance for contingencies. Duke Energy has insurance coverage for certain of these losses incurred. As of December 31, 2011 and December 31, 2010, Duke Energy recognized \$813 and \$850 million, respectively, of probable insurance recoveries related to these losses (the total of which is related to Duke Energy Carolinas).

The Duke Energy Registrants expense legal costs related to the defense of loss contingencies as incurred.

Other Commitments and Contingencies

General.

As part of its normal business, the Duke Energy Registrants are a party to various financial guarantees, performance guarantees and other contractual commitments to extend guarantees of credit and other assistance to various subsidiaries, investees and other third parties. To varying degrees, these guarantees involve elements of performance and credit risk, which are not included on the respective Consolidated Balance Sheets. The possibility of any of the Duke Energy Registrants having to honor their contingencies is largely dependent upon future operations of various subsidiaries, investees and other third parties, or the occurrence of certain future events.

In addition, the Duke Energy Registrants enter into various fixed-price, non-cancelable commitments to purchase or sell power (tolling arrangements or power purchase contracts), take-or-pay arrangements, transportation or throughput agreements and other contracts that may or may not be recognized on the respective Consolidated Balance Sheets. Some of these arrangements may be recognized at fair value on the respective Consolidated Balance Sheets if such contracts meet the definition of a derivative and the NPNS exception does not apply.

Operating and Capital Lease Commitments

The Duke Energy Registrants lease assets in several areas of their operations. Consolidated capitalized lease obligations are classified as debt on the Consolidated Balance Sheets (see Note 6). Amortization of assets recorded under capital leases is included in Depreciation and Amortization on the Consolidated Statements of Operations.

The following table includes rental expense for operating leases. These amounts are included in Operation, Maintenance and Other on the Consolidated Statements of Operations.

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(in millions)	For the years ended December 31,		
	2011	2010	2009
Duke Energy	\$ 104	\$ 122	\$ 129
Duke Energy Carolinas	43	60	56
Duke Energy Ohio	19	19	22
Duke Energy Indiana	24	24	26

The following table includes future minimum lease payments under operating leases, which at inception had a non-cancelable term of more than one year, and capital leases as of December 31, 2011.

(in millions)	Duke Energy							
	Duke Energy		Carolinas		Duke Energy Ohio		Duke Energy Indiana	
	Operating Leases	Capital Leases	Operating Leases	Capital Leases	Operating Leases	Capital Leases	Operating Leases	Capital Leases
2012	\$ 81	\$ 36	\$ 37	\$ 2	\$ 12	\$ 9	\$ 19	\$ 4
2013	70	25	31	2	10	8	18	3
2014	55	23	24	3	8	7	12	3
2015	42	22	19	3	7	7	9	3
2016	31	24	13	3	6	6	6	2
Thereafter	202	176	79	21	24	7	8	12
Total	\$ 481	\$ 306	\$ 203	\$ 34	\$ 67	\$ 44	\$ 72	\$ 27

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6. DEBT AND CREDIT FACILITIES

Summary of Debt and Related Terms

Duke Energy (in millions)	Weighted- Average Rate	Year Due	December 31,	
			2011	2010
Unsecured debt	5.7%	2012 – 2037	\$ 8,961	\$ 8,036
Secured debt	3.7%	2012 – 2035	1,118	1,167
First mortgage bonds ^(a)	5.1%	2013 – 2041	8,182	6,689
Capital leases	7.9%	2012 – 2047	306	283
Other debt ^(b)	1.9%	2012 – 2041	1,597	1,623
Non-recourse notes payable of VIEs			273	216
Notes payable and commercial paper ^(c)	0.6%		604	450
Fair value hedge carrying value adjustment			19	25
Unamortized debt discount and premium, net			(60)	(63)
Total debt ^(d)			21,000	18,426
Short-term notes payable and commercial paper			(154)	-
Current maturities of long-term debt			(1,894)	(275)
Short-term non-recourse notes payable of VIEs			(273)	(216)
Total long-term debt, including long-term debt of VIEs			\$ 18,679	\$ 17,935

- (a) As of December 31, 2011, substantially all of USFE&G's electric and gas plant in service is mortgaged under the mortgage bond indentures of Duke Energy Carolinas, Duke Energy Ohio and Duke Energy Indiana.
- (b) Includes \$1,515 million and \$1,540 million of Duke Energy tax-exempt bonds as of December 31, 2011 and 2010, respectively. As of December 31, 2011 and 2010, \$650 million and \$583 million, respectively, was secured by first mortgage bonds and \$231 million and \$348 million, respectively, was secured by a letter of credit.
- (c) Includes \$450 million as of both December 31, 2011 and 2010 that was classified as Long-term Debt on the Consolidated Balance Sheets due to the existence of long-term credit facilities which back-stop these commercial paper balances, along with Duke Energy's ability and intent to refinance these balances on a long-term basis. The weighted-average days to maturity was 17 days and 14 days as of December 31, 2011 and 2010, respectively.
- (d) As of December 31, 2011 and 2010, \$420 million and \$489 million, respectively, of debt was denominated in Brazilian Reals.

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Duke Energy Carolinas (in millions)	Weighted- Average Rate	Year Due	December 31,	
			2011	2010
Unsecured debt	6.1%	2012 – 2037	\$ 2,313	\$ 2,318
Secured debt associated with accounts receivable securitization	1.1%	2013	300	300
First mortgage bonds ^(a)	5.1%	2013 – 2041	5,913	4,413
Capital leases	14.1%	2012 – 2041	34	21
Tax-exempt bonds ^(b)	3.4%	2012 – 2040	415	415
Money pool borrowings ^(c)	0.5%		300	300
Fair value hedge carrying value adjustment			13	16
Unamortized debt discount and premium, net			(14)	(13)
Total debt			9,274	7,770
Current maturities of long-term debt			(1,178)	(8)
Total long-term debt, including long-term debt of VIEs			\$ 8,096	\$ 7,762

- (a) As of December 31, 2011, substantially all of Duke Energy Carolinas' electric plant in service is mortgaged under the mortgage bond indenture relating to Duke Energy Carolinas.
- (b) As of both December 31, 2011 and 2010, \$360 million were secured by first mortgage bonds.
- (c) Classified as Long-term Debt on the Consolidated Balance Sheets due to the existence of long-term credit facilities which back-stop these money pool borrowings, along with Duke Energy Carolinas' ability and intent to refinance these balances on a long-term basis.

Duke Energy Ohio (in millions)	Weighted- Average Rate	Year Due	December 31,	
			2011	2010
Unsecured debt	5.7%	2012 – 2036	\$ 1,305	\$ 1,305
First mortgage bonds ^(a)	4.3%	2013 – 2019	700	700
Capital leases	4.8%	2012 – 2020	44	53
Other debt ^(b)	0.6%	2024 – 2041	533	534
Fair value hedge carrying value adjustment			7	8
Unamortized debt discount and premium, net			(34)	(36)
Total debt			2,555	2,564
Current maturities of long-term debt			(507)	(7)
Total long-term debt			\$ 2,048	\$ 2,557

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- (a) As of December 31, 2011, substantially all of Franchised Electric & Gas' electric plant in service is mortgaged under the mortgage bond indenture relating to Duke Energy Ohio (excluding Duke Energy Kentucky).
- (b) Includes \$525 million of Duke Energy Ohio tax-exempt bonds as of December 31, 2011 and 2010. As of December 31, 2011 and 2010, \$27 million and \$77 million, respectively, was secured by a letter of credit.

Duke Energy Indiana (in millions)	Weighted-Average		December 31,	
	Rate	Year Due	2011	2010
Unsecured debt	5.7%	2012 – 2035	\$ 1,148	\$ 1,149
First mortgage bonds ^(a)	5.7%	2020 – 2039	1,569	1,577
Capital leases	7.4%	2012 – 2047	27	31
Money pool borrowings ^(b)	0.5%		450	150
Tax-exempt bonds ^(c)	2.0%	2019 – 2040	574	575
Unamortized debt discount and premium, net			(9)	(10)
Total debt			3,759	3,472
Notes payable			(300)	-
Current maturities of long-term debt			(6)	(11)
Total long-term debt			\$ 3,453	\$ 3,461

- (a) As of December 31, 2011, substantially all of Duke Energy Indiana's electric plant in service is mortgaged under the mortgage bond indenture relating to Duke Energy Indiana.
- (b) Includes \$150 million as of both December 31, 2011 and 2010, that was classified as Long-term Debt on the Consolidated Balance Sheets due to the existence of long-term credit facilities which back-stop these money pool borrowings, along with Duke Energy Indiana's ability and intent to refinance these balances on a long-term basis.
- (c) As of December 31, 2011 and 2010, \$289 million and \$223 million, respectively, were secured by first mortgage bonds. As of December 31, 2011 and December 31, 2010, \$204 million and \$271 million, respectively, was secured by a letter of credit.

Unsecured Debt.

In November 2011, Duke Energy issued \$500 million of senior notes, which carry a fixed interest rate of 2.15% and mature November 15, 2016. Proceeds from the issuance will be used to fund capital expenditures in Duke Energy's unregulated businesses in the U.S. and for general corporate purposes.

In August 2011, Duke Energy issued \$500 million principal amount of senior notes, which carry a fixed interest rate of 3.55% and mature September 15, 2021. Proceeds from the issuance will be used to repay a portion of Duke Energy's commercial paper as it matures, to fund capital expenditures in Duke Energy's unregulated businesses in the U.S. and for general corporate purposes.

In July 2010, International Energy issued \$281 million principal amount in Brazil, which carries an interest rate of 8.59% plus IGP-M (Brazil's monthly inflation index) non-convertible debentures due July 2015. Proceeds of the issuance were used to refinance Brazil debt related to DEIGP and for future debt maturities in Brazil.

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In March 2010, Duke Energy issued \$450 million principal amount of 3.35% senior notes due April 1, 2015. Proceeds from the issuance were used to repay \$274 million of borrowings under the master credit facility and for general corporate purposes.

First Mortgage Bonds.

In December 2011, Duke Energy Carolinas issued \$1 billion principal amount of first mortgage bonds, of which \$350 million carry a fixed interest rate of 1.75% and mature December 15, 2016 and \$650 million carry a fixed interest rate of 4.25% and mature December 15, 2041. Proceeds from the issuances were used to repay \$750 million 6.25% senior unsecured notes which matured January 15, 2012, with the remainder to fund capital expenditures and for general corporate purposes.

In May 2011, Duke Energy Carolinas issued \$500 million principal amount of first mortgage bonds, which carry a fixed interest rate of 3.90% and mature June 15, 2021. Proceeds from this issuance were used to fund capital expenditures and for general corporate purposes.

In July 2010, Duke Energy Indiana issued \$500 million principal amount of 3.75% first mortgage bonds due July 15, 2020. Proceeds from the issuance were used to repay \$123 million of borrowings under Duke Energy's master credit facility, to fund Duke Energy Indiana's ongoing capital expenditures and for general corporate purposes.

In June 2010, Duke Energy Carolinas issued \$450 million principal amount of 4.30% first mortgage bonds due June 15, 2020. Proceeds from the issuance were used to fund Duke Energy Carolinas' ongoing capital expenditures and for general corporate purposes.

Other Debt.

At December 31, 2011, Duke Energy Carolinas had \$400 million principal amount of 5.625% senior unsecured notes due November 2012 classified as Current maturities of long-term debt on Duke Energy Carolinas' Consolidated Balance Sheets. At December 31, 2010, these notes were classified as Long-term Debt on Duke Energy Carolinas' Consolidated Balance Sheets. Duke Energy Carolinas currently anticipates satisfying this obligation with proceeds from additional borrowings.

At December 31, 2011, Duke Energy Carolinas had \$750 million principal amount of 6.25% senior unsecured notes due January 2012 classified as Current maturities of long-term debt on Duke Energy Carolinas' Consolidated Balance Sheets. At December 31, 2010, these notes were classified as Long-term Debt on Duke Energy Carolinas' Consolidated Balance Sheets. As noted above, in January 2012, Duke Energy Carolinas satisfied this obligation with proceeds from borrowings under its December 2011 debt issuance.

At December 31, 2011, Duke Energy Ohio had \$500 million principal amount of 5.70% debentures due September 2012 classified as Current maturities of long-term debt on Duke Energy Ohio's Consolidated Balance Sheets. At December 31, 2010, these notes were classified as Long-term Debt on Duke Energy Ohio's Consolidated Balance Sheets. Duke Energy Ohio currently anticipates satisfying this obligation with proceeds from additional borrowings.

In April 2011, Duke Energy filed a registration statement (Form S-3) with the SEC to sell up to \$1 billion variable denomination floating rate demand notes, called PremierNotes. The Form S-3 states that no more than \$500 million of the notes will be outstanding at any particular time. The notes are offered on a continuous basis and bear interest at a floating rate per annum determined by the Duke Energy PremierNotes Committee, or its designee, on a weekly basis. The interest rate payable on notes held by an investor may vary based on the principal amount of the investment. The notes have no stated maturity date, but may be redeemed in whole or in part by Duke Energy at any time. The notes are non-transferable and may be redeemed in whole or in part at the investor's option. Proceeds from the sale of the notes will be used for general corporate purposes. The balance as of December 31, 2011, is \$79 million. The notes reflect a short-term debt obligation of Duke Energy and are reflected as Notes payable on Duke Energy's Consolidated Balance Sheets.

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In September 2010, Duke Energy Carolinas converted \$143 million of tax-exempt variable-rate demand bonds to tax-exempt term bonds, which carry a fixed interest rate of 4.375% and mature October 2031. Prior to the conversion, the bonds were held by Duke Energy Carolinas as treasury bonds. In connection with the conversion, the tax-exempt bonds were secured by a series of Duke Energy Carolinas' first mortgage bonds.

In September 2010, Duke Energy Carolinas converted \$100 million of tax-exempt variable-rate demand bonds, to tax-exempt term bonds, which carry a fixed interest rate of 4.625% and mature November 1, 2040. In connection with the conversion, the tax-exempt bonds were secured by a series of Duke Energy Carolinas' first mortgage bonds.

In September 2010, Duke Energy Indiana refunded \$70 million of tax-exempt auction rate bonds through the issuance of \$70 million principal amount of tax-exempt term bonds, of which \$60 million carry a fixed interest rate of 3.375% and mature March 1, 2019 and \$10 million carry a fixed interest rate of 3.75% and mature April 1, 2022. In connection with the conversion, the tax-exempt bonds were secured by a series of Duke Energy Indiana's first mortgage bonds.

Non-Recourse Notes Payable of VIEs.

To fund the purchase of receivables, CRC borrows from third parties and such borrowings fluctuate based on the amount of receivables sold to CRC. The borrowings are secured by the assets of CRC and are non-recourse to Duke Energy. The debt is recorded as short term as the facility has an expiration date of October 2012. At December 31, 2011 and 2010, CRC borrowings were \$273 million and \$216 million, respectively, and are reflected as Non-Recourse Notes Payable of VIEs on Duke Energy's Consolidated Balance Sheets.

Non-Recourse Long-Term Debt of VIEs.

In December 2010, Top of the World Wind Energy LLC, a subsidiary of DEGS, an indirect wholly-owned subsidiary of Duke Energy, entered into a long-term loan agreement for \$193 million principal amount maturing in December 2028. The collateral for this loan is substantially all of the assets of Top of the World Windpower LLC. The initial interest rate on the notes is the six month adjusted LIBOR plus an applicable margin. In connection with this debt issuance, DEGS entered into an interest rate swap to convert the substantial majority of the loan interest payments from a variable rate to a fixed rate of 3.465% plus the applicable margin, which was 2.375% as of December 31, 2011. Proceeds from the issuance will be used to help fund the existing wind portfolio.

In May 2010, Green Frontier Wind Power, LLC, a subsidiary of DEGS, an indirect wholly-owned subsidiary of Duke Energy, entered into a long-term loan agreement for \$325 million principal amount maturing in 2025. The collateral for this loan is a group of five wind farms located in Wyoming, Colorado and Pennsylvania. The initial interest rate on the notes is the six month adjusted London Interbank Offered Rate (LIBOR) plus an applicable margin. In connection with this debt issuance, DEGS entered into an interest rate swap to convert the substantial majority of the loan interest payments from a variable rate to a fixed rate of 3.4% plus the applicable margin, which was 2.5% as of December 31, 2011. Proceeds from the issuance will be used to help fund the existing wind portfolio. As this debt is non-recourse to Duke Energy, the balance at December 31, 2011 and 2010 is classified within Non-Recourse Long-term Debt of VIEs in Duke Energy's Consolidated Balance Sheets.

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Money Pool.

The Subsidiary Registrants receive support for their short-term borrowing needs through participation with Duke Energy and certain of its subsidiaries in a money pool arrangement. Under this arrangement, those companies with short-term funds may provide short-term loans to affiliates participating under this arrangement. The money pool is structured such that the Subsidiary Registrants separately manage their cash needs and working capital requirements. Accordingly, there is no net settlement of receivables and payables between the money pool participants. Per the terms of the money pool arrangement, the parent company, Duke Energy, may loan funds to its participating subsidiaries, but may not borrow funds through the money pool. Accordingly, as the money pool activity is between Duke Energy and its wholly-owned subsidiaries, all money pool balances are eliminated within Duke Energy's Consolidated Balance Sheets. The following table shows the Subsidiary Registrants' money pool balances and classification within their respective Consolidated Balance Sheets as of December 31, 2011 and 2010.

(in millions)	December 31, 2011			December 31, 2010	
	Receivables	Notes Payable	Long-Term Debt	Receivables	Long-Term Debt
Duke Energy Carolinas	\$ 923	\$-	\$ 300	\$ 339	\$ 300
Duke Energy Ohio	311	-	-	480	-
Duke Energy Indiana	-	300	150	115	150

Increases or decreases in money pool receivables are reflected within investing activities on the respective Subsidiary Registrants Consolidated Statements of Cash Flows, while increases or decreases in money pool borrowings are reflected within financing activities on the respective Subsidiary Registrants Consolidated Statements of Cash Flows.

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Accounts Receivable Securitization.

Duke Energy Carolinas securitizes certain accounts receivable through Duke Energy Receivables Finance Company, LLC (DERF), a bankruptcy remote, special purpose subsidiary. DERF is a wholly-owned limited liability company with a separate legal existence from its parent, and its assets are not intended to be generally available to creditors of Duke Energy Carolinas. As a result of the securitization, on a daily basis Duke Energy Carolinas sells certain accounts receivable, arising from the sale of electricity and/or related services as part of Duke Energy Carolinas' franchised electric business, to DERF. In order to fund its purchases of accounts receivable, DERF has a \$300 million secured credit facility with a commercial paper conduit, which terminates in August 2013. The credit facility and related securitization documentation contain several covenants, including covenants with respect to the accounts receivable held by DERF, as well as a covenant requiring that the ratio of Duke Energy Carolinas' consolidated indebtedness to Duke Energy Carolinas' consolidated capitalization not exceed 65%. As of December 31, 2011 and 2010, the interest rate associated with the credit facility, which is based on commercial paper rates, was 1.1% and 1.2%, respectively, and \$300 million was outstanding under the credit facility as of both December 31, 2011 and 2010. The securitization transaction was not structured to meet the criteria for sale accounting treatment under the accounting guidance for transfers and servicing of financial assets and, accordingly, is reflected as a secured borrowing in the Consolidated Balance Sheets. As of December 31, 2011 and 2010, the outstanding balance of the credit facility was secured by \$581 million and \$637 million, respectively, of accounts receivable held by DERF. The obligations of DERF under the credit facility with a commercial paper conduit are non-recourse to Duke Energy Carolinas. DERF meets the accounting definition of a VIE and is subject to the accounting rules for consolidation and transfers of financial assets. See Note 17 for further information on VIEs.

Floating Rate Debt.

Unsecured debt, secured debt and other debt includes floating-rate instruments. Floating-rate instruments are primarily based on commercial paper rates or a spread relative to an index such as LIBOR for debt denominated in U.S. dollars. The following table shows floating rate debt and the average interest rate associated with floating rate debt by registrant as of December 31, 2011 and 2010:

(in millions)	December 31, 2011		December 31, 2010	
	Floating Debt Balance	Average Interest Rate	Floating Debt Balance	Average Interest Rate
Duke Energy ^(a)	\$ 2,926	1.5%	\$ 2,851	1.6%
Duke Energy Carolinas	695	0.7%	695	0.8%
Duke Energy Ohio	525	0.5%	525	0.5%
Duke Energy Indiana	802	0.5%	502	0.4%

(a) Excludes \$353 million and \$376 million of Brazilian debt at December 31, 2011 and 2010, respectively, that is indexed annually to Brazilian inflation.

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Maturities and Call Options

Annual Maturities as of December 31, 2011

(in millions)	Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
2012	\$ 1,894	\$ 1,178	\$ 507	\$ 6
2013	1,843	705	263	405
2014	1,609	46	46	5
2015	1,190	506	5	5
2016	1,762	655	54	479
Thereafter	12,275	6,184	1,680	2,559
Total long-term debt, including current maturities	<u>\$20,573</u>	<u>\$ 9,274</u>	<u>\$ 2,555</u>	<u>\$ 3,459</u>

The Duke Energy Registrants have the ability under certain debt facilities to call and repay the obligation prior to its scheduled maturity. Therefore, the actual timing of future cash repayments could be materially different than the above as a result of Duke Energy Registrant's ability to repay these obligations prior to their scheduled maturity.

Available Credit Facilities.

In November 2011, Duke Energy entered into a new \$6 billion, five-year master credit facility, with \$4 billion available at closing and the remaining \$2 billion available following successful completion of the proposed merger with Progress Energy. The Duke Energy Registrants each have borrowing capacity under the master credit facility up to specified sublimits for each borrower. However, Duke Energy has the unilateral ability at any time to increase or decrease the borrowing sublimits of each borrower, subject to a maximum sublimit for each borrower. See the table below for the borrowing sublimits for each of the borrowers as of December 31, 2011. The amount available under the master credit facility has been reduced, as indicated in the table below, by the use of the master credit facility to backstop the issuances of commercial paper, letters of credit and certain tax-exempt bonds. As indicated, borrowing sub limits for the Subsidiary Registrants are also reduced for amounts outstanding under the money pool arrangement.

Name of Respondent Duke Energy Ohio, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

Master Credit Facility Summary as of December 31, 2011 (in millions)(a)(b)

	Duke Energy (Parent)	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana	Total Duke Energy
Facility Size ^(c)	\$ 1,250	\$ 1,250	\$ 800	\$ 700	\$ 4,000
Less:					
Notes Payable and Commercial Paper ^(d)	(75)	(300)	-	(150)	(525)
Outstanding Letters of Credit	(51)	(7)	(27)	-	(85)
Tax-Exempt Bonds	-	(95)	(84)	(81)	(260)
Available Capacity	\$ 1,124	\$ 848	\$ 689	\$ 469	\$ 3,130

- (a) This summary only includes Duke Energy's master credit facility and, accordingly, excludes certain demand facilities and committed facilities that are insignificant in size or which generally support very specific requirements, which primarily include facilities that backstop various outstanding tax-exempt bonds. These facilities that backstop various outstanding tax-exempt bonds generally have non-cancelable terms in excess of one year from the balance sheet date, such that the Duke Energy Registrants have the ability to refinance such borrowings on a long-term basis. Accordingly, such borrowings are reflected as Long-term Debt on the Consolidated Balance Sheets of the respective Duke Energy Registrant.
- (b) Credit facility contains a covenant requiring the debt-to-total capitalization ratio to not exceed 65% for each borrower.
- (c) Represents the sublimit of each borrower at December 31, 2011. The Duke Energy Ohio sublimit includes \$100 million for Duke Energy Kentucky.
- (d) Duke Energy issued \$450 million of Commercial Paper and loaned the proceeds through the money pool to Duke Energy Carolinas and Duke Energy Indiana (see money pool table above). The balances are classified as long-term borrowings within Long-term Debt in Duke Energy Carolinas' and Duke Energy Indiana's Consolidated Balance Sheets. Duke Energy issued an additional \$75 million of Commercial Paper in 2011. The balance is classified as Notes payable and commercial paper on Duke Energy's Consolidated Balance Sheets.

At December 31, 2011 and 2010, various tax-exempt bonds, commercial paper issuances and money pool borrowings were classified as Long-term Debt on the Consolidated Balance Sheets. These variable rate tax-exempt bonds, commercial paper issuances and money pool borrowings, which are short-term obligations by nature, are classified as long term due to Duke Energy's intent and ability to utilize such borrowings as long-term financing. As Duke Energy's master credit facility and other specific purpose credit facilities have non-cancelable terms in excess of one year as of the balance sheet date, Duke Energy has the ability to refinance these short-term obligations on a long-term basis. The following tables show short-term obligations classified as long-term debt as of December 31, 2011 and 2010:

Name of Respondent Duke Energy Ohio, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
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NOTES TO FINANCIAL STATEMENTS (Continued)

Short-term obligations classified as long term

(in millions)	December 31, 2011			
	Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
Tax exempt bonds ^{(a)(b)(c)(d)}	\$ 491	\$ 95	\$ 111	\$ 285
Notes payable and Commercial paper ^(e)	450	300	-	150
DERF ^(f)	300	300	-	-
Total	<u>\$ 1,241</u>	<u>\$ 695</u>	<u>\$ 111</u>	<u>\$ 435</u>

- (a) Of the \$491 million of tax-exempt bonds outstanding at December 31, 2011 at Duke Energy, the master credit facility served as a backstop for \$287 million of these tax-exempt bonds (of which \$27 million is in the form of letters of credit), with the remaining balance backstopped by other specific long-term credit facilities separate from the master credit facility.
- (b) For Duke Energy Carolinas, the master credit facility served as a backstop for the \$95 million of tax-exempt bonds outstanding at December 31, 2011.
- (c) All of the \$111 million of tax-exempt bonds outstanding at December 31, 2011 at Duke Energy Ohio were backstopped by Duke Energy's master credit facility (of which \$27 million is in the form of letters of credit).
- (d) Of the \$285 million of tax-exempt bonds outstanding at December 31, 2011 at Duke Energy Indiana, \$81 million were backstopped by Duke Energy's master credit facility, with the remaining balance backstopped by other specific long-term credit facilities separate from the master credit facility.
- (e) Duke Energy has issued \$450 million in Commercial Paper, which is backstopped by the master credit facility, and the proceeds are in the form of loans through the money pool to Duke Energy Carolinas of \$300 million and Duke Energy Indiana of \$150 million as of December 31, 2011.
- (f) DERF is a short-term obligation backed by a credit facility which expires in August 2013.

(in millions)	December 31, 2010			
	Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
Tax exempt bonds ^{(a)(b)(c)(d)}	\$ 632	\$ 95	\$ 161	\$ 352
Notes payable and Commercial paper ^(e)	450	300	-	150
DERF ^(f)	300	300	-	-
Total	<u>\$ 1,382</u>	<u>\$ 695</u>	<u>\$ 161</u>	<u>\$ 502</u>

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Duke Energy Ohio, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2011/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

- (a) Of the \$632 million of tax-exempt bonds outstanding at December 31, 2010, at Duke Energy, the master credit facility served as a backstop for \$311 million of these tax-exempt bonds (of which \$27 million is in the form of letters of credit), with the remaining balance backstopped by other specific long-term credit facilities separate from the master credit facility.
- (b) For Duke Energy Carolinas, the master credit facility served as a backstop for the \$95 million of tax-exempt bonds outstanding at December 31, 2010.
- (c) Of the \$161 million of tax-exempt bonds outstanding at December 31, 2010 at Duke Energy Ohio, \$111 million were backstopped by Duke Energy's master credit facility (of which \$27 million is in the form of letters of credit), with the remaining balance backstopped by other specific long-term credit facilities separate from the master credit facility.
- (d) Of the \$352 million of tax-exempt bonds outstanding at December 31, 2010 at Duke Energy Indiana, \$81 million were backstopped by Duke Energy's master credit facility, with the remaining balance backstopped by other specific long-term credit facilities separate from the master credit facility.
- (e) Duke Energy has issued \$450 million in Commercial Paper, which is backstopped by the master credit facility, and the proceeds are in the form of loans through the money pool to Duke Energy Carolinas of \$300 million and Duke Energy Indiana of \$150 million as of December 31, 2010.
- (f) DERF is a short-term obligation backed by a credit facility which expires in August 2013.

In January 2012, Duke Energy Indiana and Duke Energy Kentucky collectively entered into a \$156 million two-year bilateral letter of credit agreement, under which Duke Energy Indiana and Duke Energy Kentucky may request the issuance of letters of credit up to \$129 million and \$27 million, respectively, on their behalf to support various series of variable rate demand bonds. In addition, Duke Energy Indiana entered into a \$78 million two-year bilateral letter of credit facility. These credit facilities may not be used for any purpose other than to support the variable rate demand bonds issued by Duke Energy Indiana and Duke Energy Kentucky. In February 2012, letters of credit were issued corresponding to the amount of the facilities to support various series of tax-exempt bonds at Duke Energy Indiana and Duke Energy Kentucky.

In April 2010, Duke Energy and Duke Energy Carolinas entered into a \$200 million four-year unsecured revolving credit facility which expires in April 2014. Duke Energy and Duke Energy Carolinas are co-borrowers under this facility, with Duke Energy having a maximum borrowing sublimit of \$100 million and Duke Energy Carolinas having no maximum borrowing sublimit. Upon closing of the facility, Duke Energy made an initial borrowing of \$75 million for general corporate purposes, which is classified as Long-term debt on the Consolidated Balance Sheets.

In September 2008, Duke Energy Indiana and Duke Energy Kentucky collectively entered into a \$330 million three-year letter of credit agreement with a syndicate of banks, under which Duke Energy Indiana and Duke Energy Kentucky may request the issuance of letters of credit up to \$279 million and \$51 million, respectively, on their behalf to support various series of variable rate demand bonds issued or to be issued on behalf of either Duke Energy Indiana or Duke Energy Kentucky. This credit facility, which is not part of Duke Energy's master credit facility, may not be used for any purpose other than to support the variable rate demand bonds issued by Duke Energy Indiana and Duke Energy Kentucky. In September 2010, the letter of credit agreement was amended to reduce the size to \$327 million and extended the maturity date to September 2012. In September 2011, the maturity date for the agreement was extended to December 2012 and in December 2011, the maturity date was extended to March 2013 and the facility size was reduced to \$208 million. The facility was subsequently terminated in 2012.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

Restrictive Debt Covenants.

The Duke Energy Registrants' debt and credit agreements contain various financial and other covenants. Failure to meet those covenants beyond applicable grace periods could result in accelerated due dates and/or termination of the agreements. As of December 31, 2011, each of the Duke Energy Registrants were in compliance with all covenants related to their significant debt agreements. In addition, some credit agreements may allow for acceleration of payments or termination of the agreements due to nonpayment, or the acceleration of other significant indebtedness of the borrower or some of its subsidiaries. None of the significant debt or credit agreements may contain material adverse change clauses.

Other Financing Matters.

In September 2010, Duke Energy filed a registration statement (Form S-3) with the SEC. Under this Form S-3, which is uncapped, Duke Energy, Duke Energy Carolinas, Duke Energy Ohio and Duke Energy Indiana may issue debt and other securities in the future at amounts, prices and with terms to be determined at the time of future offerings. The registration statement also allows for the issuance of common stock by Duke Energy.

At December 31, 2011 and 2010, \$2.0 billion of debt issued by Duke Energy Carolinas was guaranteed by Duke Energy.

Other Loans.

During 2011 and 2010, Duke Energy had loans outstanding against the cash surrender value of the life insurance policies that it owns on the lives of its executives. The amounts outstanding were \$457 million as of December 31, 2011 and \$444 million as of December 31, 2010. The amounts outstanding were carried as a reduction of the related cash surrender value that is included in Other within Investments and Other Assets on the Consolidated Balance Sheets.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

7. GUARANTEES AND INDEMNIFICATIONS

Duke Energy and its subsidiaries have various financial and performance guarantees and indemnifications which are issued in the normal course of business. As discussed below, these contracts include performance guarantees, stand-by letters of credit, debt guarantees, surety bonds and indemnifications. Duke Energy and its subsidiaries enter into these arrangements to facilitate commercial transactions with third parties by enhancing the value of the transaction to the third party.

On January 2, 2007, Duke Energy completed the spin-off of its natural gas businesses to shareholders. Guarantees that were issued by Duke Energy or its affiliates, or were assigned to Duke Energy prior to the spin-off remained with Duke Energy subsequent to the spin-off. Guarantees issued by Spectra Energy Capital, LLC (Spectra Capital) or its affiliates prior to the spin-off remained with Spectra Capital subsequent to the spin-off, except for certain guarantees that are in the process of being assigned to Duke Energy. During this assignment period, Duke Energy has indemnified Spectra Capital against any losses incurred under these guarantee obligations. The maximum potential amount of future payments associated with the guarantees issued by Spectra Capital is \$206 million.

Duke Energy has issued performance guarantees to customers and other third parties that guarantee the payment and performance of other parties, including certain non-wholly-owned entities, as well as guarantees of debt of certain non-consolidated entities and less than wholly-owned consolidated entities. If such entities were to default on payments or performance, Duke Energy would be required under the guarantees to make payments on the obligations of the less than wholly-owned entity. The maximum potential amount of future payments Duke Energy could have been required to make under these guarantees as of December 31, 2011 was \$291 million. Of this amount, \$50 million relates to guarantees issued on behalf of less than wholly-owned consolidated entities, with the remainder related to guarantees issued on behalf of third parties and unconsolidated affiliates of Duke Energy.

Of the guarantees noted above, \$330 million of the guarantees expire between 2012 and 2028, with the remaining performance guarantees having no contractual expiration.

Included in the maximum potential amount of future payments discussed above is \$40 million of maximum potential amounts of future payments associated with guarantees issued to customers or other third parties related to the payment or performance obligations of certain entities that were previously wholly-owned by Duke Energy but which have been sold to third parties, such as DukeSolutions, Inc. (DukeSolutions) and Duke Engineering & Services, Inc. (DE&S). These guarantees are primarily related to payment of lease obligations, debt obligations, and performance guarantees related to provision of goods and services. Duke Energy has received back-to-back indemnification from the buyer of DE&S indemnifying Duke Energy for any amounts paid related to the DE&S guarantees. Duke Energy also received indemnification from the buyer of DukeSolutions for the first \$2.5 million paid by Duke Energy related to the DukeSolutions guarantees. Further, Duke Energy granted indemnification to the buyer of DukeSolutions with respect to losses arising under some energy services agreements retained by DukeSolutions after the sale, provided that the buyer agreed to bear 100% of the performance risk and 50% of any other risk up to an aggregate maximum of \$2.5 million (less any amounts paid by the buyer under the indemnity discussed above). Additionally, for certain performance guarantees, Duke Energy has recourse to subcontractors involved in providing services to a customer. These guarantees have various terms ranging from 2012 to 2021, with others having no specific term.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

Duke Energy has guaranteed certain issuers of surety bonds, obligating itself to make payment upon the failure of a former non-wholly-owned entity to honor its obligations to a third party, as well as used bank-issued stand-by letters of credit to secure the performance of non-wholly-owned entities to a third party or customer. Under these arrangements, Duke Energy has payment obligations which are triggered by a draw by the third party or customer due to the failure of the non-wholly-owned entity to perform according to the terms of its underlying contract. Substantially all of these guarantees issued by Duke Energy relate to projects at Crescent that were under development at the time of the joint venture creation in 2006. Crescent filed Chapter 11 petitions in a U.S. Bankruptcy Court in June 2009. During 2009, Duke Energy determined that it was probable that it will be required to perform under certain of these guarantee obligations and recorded a charge of \$26 million associated with these obligations, which represented Duke Energy's best estimate of its exposure under these guarantee obligations. At the time the charge was recorded, the face value of the guarantees was \$70 million, which has since been reduced to \$18 million as of December 31, 2011, as Crescent continues to complete some of its obligations under these guarantees.

Duke Energy has entered into various indemnification agreements related to purchase and sale agreements and other types of contractual agreements with vendors and other third parties. These agreements typically cover environmental, tax, litigation and other matters, as well as breaches of representations, warranties and covenants. Typically, claims may be made by third parties for various periods of time, depending on the nature of the claim. Duke Energy's potential exposure under these indemnification agreements can range from a specified amount, such as the purchase price, to an unlimited dollar amount, depending on the nature of the claim and the particular transaction. Duke Energy is unable to estimate the total potential amount of future payments under these indemnification agreements due to several factors, such as the unlimited exposure under certain guarantees.

At December 31, 2011, the amounts recorded on the Consolidated Balance Sheets for the guarantees and indemnifications mentioned above, including performance guarantees associated with projects at Crescent for which it is probable that Duke Energy will be required to perform, is \$19 million. This amount is primarily recorded in Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

8. JOINT OWNERSHIP OF GENERATING AND TRANSMISSION FACILITIES

Duke Energy Carolinas, along with North Carolina Municipal Power Agency Number 1, North Carolina Electric Membership Corporation and Piedmont Municipal Power Agency, have joint ownership of Catawba Nuclear Station, which is a facility operated by Duke Energy Carolinas.

Duke Energy Ohio, Columbus Southern Power Company, and Dayton Power & Light jointly own electric generating units and related transmission facilities in Ohio. Duke Energy Kentucky and Dayton Power & Light jointly own an electric generating unit. At December 31, 2011, Duke Energy Ohio and WVPA jointly owned Vermillion Station. Additionally, Duke Energy Indiana is a joint-owner of Gibson Station Unit No. 5 with WVPA and Indiana Municipal Power Agency (IMPA), as well as a joint-owner with WVPA and IMPA of certain Indiana transmission property and local facilities. These facilities constitute part of the integrated transmission and distribution systems, which are operated and maintained by Duke Energy Indiana.

The Duke Energy registrant's share of jointly-owned plant or facilities included on the December 31, 2011 Consolidated Balance Sheets is as follows:

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NOTES TO FINANCIAL STATEMENTS (Continued)			

(in millions)	Ownership Share	Property, Plant, and Equipment	Accumulated Depreciation	Construction Work in Progress
Duke Energy				
Duke Energy Carolinas				
Production:				
Catawba Nuclear Station (Units 1 and 2) ^(a)				
	19.25%	\$ 880	\$ 427	\$ 5
Duke Energy Ohio				
Production:				
Miami Fort Station (Units 7 and 8) ^(b)				
	64.0	612	190	4
W.C. Beckjord Station (Unit 6) ^{(b)(d)}				
	37.5	-	-	-
J.M. Stuart Station ^{(b)(c)}				
	39.0	805	251	17
Conesville Station (Unit 4) ^{(b)(c)}				
	40.0	295	51	14
W.M. Zimmer Station ^(b)				
	46.5	1,318	559	39
Killen Station ^{(b)(c)}				
	33.0	304	139	3
Vermillion ^{(b)(e)}				
	75.0	174	61	-
Transmission ^(a)				
	Various	104	54	-
Duke Energy Kentucky				
Production:				
East Bend Station ^(a)				
	69.0	434	234	6
Duke Energy Indiana				
Production:				
Gibson Station (Unit 5) ^(a)				
	50.05	305	141	3
Transmission and local facilities ^(a)				
	Various	3,335	1,448	-
International Energy				
Production:				
Brazil — Canoas I and II				
	47.2	332	91	-

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NOTES TO FINANCIAL STATEMENTS (Continued)			

- (a) Included in USFE&G segment.
- (b) Included in Commercial Power segment.
- (c) Station is not operated by Duke Energy Ohio.
- (d) During the 2010 and 2009, Duke Energy Ohio recorded impairment charges to write-down its share of W.C. Beckjord Station to fair value. See Note 12 for further details.
- (e) After receiving approval from the FERC and the IURC, on January 12, 2012, Duke Energy Ohio completed the sale its 75% ownership in the Vermillion Generating Station. Upon the close, Duke Energy Indiana and WVPA held 62.5% and 37.5% interests, respectively. See Notes 2 and 5 for further discussion of the Vermillion transaction.

The Duke Energy registrant's share of revenues and operating costs of the above jointly owned generating facilities are included within the corresponding line on the Consolidated Statements of Operations. Each participant in the jointly owned facilities must provide its own financing.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

9. ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations, which represent legal obligations associated with the retirement of certain tangible long-lived assets, are computed as the present value of the projected costs for the future retirement of specific assets and are recognized in the period in which the liability is incurred, if a reasonable estimate of fair value can be made. The present value of the liability is added to the carrying amount of the associated asset in the period the liability is incurred and this additional carrying amount is depreciated over the remaining life of the asset. Subsequent to the initial recognition, the liability is adjusted for any revisions to the estimated future cash flows associated with the asset retirement obligation (with corresponding adjustments to property, plant, and equipment), which can occur due to a number of factors including, but not limited to, cost escalation, changes in technology applicable to the assets to be retired and changes in federal, state or local regulations, as well as for accretion of the liability due to the passage of time until the obligation is settled. Depreciation expense is adjusted prospectively for any increases or decreases to the carrying amount of the associated asset. The recognition of asset retirement obligations has no impact on the earnings of Duke Energy's regulated electric operations as the effects of the recognition and subsequent accounting for an asset retirement obligation are offset by the establishment of regulatory assets and liabilities pursuant to regulatory accounting.

Asset retirement obligations recognized by Duke Energy relate primarily to the decommissioning of nuclear power facilities, asbestos removal, closure of landfills and removal of wind generation assets. Asset retirement obligations recognized by Duke Energy Carolinas relate primarily to the decommissioning of nuclear power facilities, asbestos removal and closure of landfills at fossil generation facilities. Asset retirement obligations at Duke Energy Ohio relate primarily to the retirement of gas mains, asbestos abatement at certain generating stations and closure and post-closure activities of landfills. Asset retirement obligations at Duke Energy Indiana relate primarily to obligations associated with future asbestos abatement at certain generating stations. Certain of the Duke Energy Registrants' assets have an indeterminate life, such as transmission and distribution facilities and thus the fair value of the retirement obligation is not reasonably estimable. A liability for these asset retirement obligations will be recorded when a fair value is determinable.

The following tables present the changes to the liability associated with asset retirement obligations for the Duke Energy Registrants during the years ended December 31, 2011 and 2010:

December 31, 2011

(in millions)	Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
Balance as of January 1,	\$ 1,816	\$ 1,728	\$ 27	\$ 46
Accretion expense ^(a)	111	105	2	2
Liabilities settled	(3)	(1)	(2)	—
Revisions in estimates of cash flows	1	9	—	(9)
Liabilities incurred in the current year	11	5	—	4
Balance as of December 31,	\$ 1,936	\$ 1,846	\$ 27	\$ 43

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Case No(s). 12-0001-EL-RPT

Summary: Annual Report Duke Energy Ohio Form 1 (Part 3b of 11) electronically filed by Ms. Sharon L Hood on behalf of Duke Energy Ohio, Inc.