	Available-for-Sale Auction Rate Securities	Available-for-Sale NDTF Investments	Derivatives (net)	Total
Year Ended December 31, 2010				
Balance at January 1, 2010	$ 198	$ -	$ 25	$ 223
Total pre-tax realized and unrealized losses included in earnings:				
Revenue, non-regulated electric, natural gas, and other	-	-	(45)	(45)
Fuel used in electric generation and purchased power-non-regulated	-	-	(13)	(13)
Total pre-tax gains (losses) included in other comprehensive income:				
Gains on available for sale securities and other	22	-	-	22
Losses on commodity cash flow hedges	-	-	(1)	(1)
Net purchases, sales, issuances and settlements	(102)	45	(3)	(60)
Total gains included on the Consolidated Balance Sheet as regulatory asset or liability or as non-current liability	-	2	18	20
Balance at December 31, 2010	$ 118	$ 47	$ (19)	$ 146
Pre-tax amounts included in the Consolidated Statements of Operations related to Level 3 measurements outstanding at December 31, 2010:				
Revenue, non-regulated electric, natural gas, and other	$ -	$ -	$ 1	$ 1
Total	$ -	$ -	$ 1	$ 1

	Available-for-Sale Auction Rate Securities	Available-for-Sale NDTF Investments	Derivatives (net)	Total
Year Ended December 31, 2009				
Balance at January 1, 2009	$ 224	$ -	$ 34	$ 258
Total pre-tax realized or unrealized (losses) gains included in earnings:				
Revenue, non-regulated electric, natural gas, and other	-	-	(5)	(5)
Fuel used in electric generation and purchased power-non-regulated	-	-	16	16
Total pre-tax (losses) gains included in other comprehensive income:				
Losses on available for sale securities and other	(10)	-	-	(10)
Gains on commodity cash flow hedges	-	-	1	1
Net purchases, sales, issuances and settlements	(16)	-	(7)	(23)
Total losses included on the Consolidated Balance Sheet as regulatory asset or liability or as non-current liability	-	-	(14)	(14)
Balance at December 31, 2009	$ 198	$ -	$ 25	$ 223
Pre-tax amounts included in the Consolidated Statements of Operations related to Level 3 measurements outstanding at December 31, 2009:				
Revenue, non-regulated electric, natural gas, and other	$ -	$ -	$ (14)	$ (14)
Fuel used in electric generation and purchased power-non-regulated	-	-	(12)	(12)
Total	$ -	$ -	$ (26)	$ (26)

Duke Energy Carolinas

The following tables provide the fair value measurement amounts for assets and liabilities recorded on Duke Energy Carolinas' Consolidated Balance Sheets at fair value at December 31, 2011 and December 31, 2010. Amounts presented in the tables below exclude cash collateral amounts.

(in millions) Description	Total Fair Value Amounts at December 31, 2011	Level 1	Level 2	Level 3
Investments in available-for-sale auction rate securities[a]	$ 12	$ -	$ -	$ 12
Nuclear decommissioning trust fund equity securities	1,337	1,285	46	6
Nuclear decommissioning trust fund debt securities	723	109	567	47
Derivative assets[b]	1	-	1	-
Total assets	$ 2,073	$ 1,394	$ 614	$ 65

(a) Included in Other within Investments and Other Assets on the Consolidated Balance Sheets.
(b) Included in Other within Current Assets and Other within Investments and Other Assets on the Consolidated Balance Sheets.

(in millions) **Description**	Total Fair Value Amounts at December 31, 2010	Level 1	Level 2	Level 3
Investments in available-for-sale auction rate securities[a]	$ 12	$ -	$ -	$ 12
Nuclear decommissioning trust fund equity securities	1,365	1,313	46	6
Nuclear decommissioning trust fund debt securities	649	35	573	41
Derivative assets[b]	62	1	61	-
Total assets	2,088	1,349	680	59
Derivative liabilities[c]	(1)	(1)	-	-
Net assets	$ 2,087	$ 1,348	$ 680	$ 59

(a) Included in Other within Investments and Other Assets on the Consolidated Balance Sheets.
(b) Included in Other within Current Assets and Other within Investments and Other Assets on the Consolidated Balance Sheets.
(c) Included in Other within Current Liabilities and Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.

The following table provides a reconciliation of beginning and ending balances of assets measured at fair value on a recurring basis where the determination of fair value includes significant unobservable inputs (Level 3):

Rollforward of Level 3 Measurements

(in millions)	Available-for-Sale Auction Rate Securities	Available-for-Sale NDTF Investments	Total
Year Ended December 31, 2011			
Balance at January 1, 2011	$12	$47	$ 59
Net purchases, sales, issuances and settlements:			
Purchases	-	8	8
Sales		(3)	(3)
Total gains included on the Consolidated Balance Sheet as regulatory asset or liability	-	1	1
Balance at December 31, 2011	$12	$53	$ 65

(in millions)	Available-for-Sale Auction Rate Securities	Available-for-Sale NDTF Investments	Total
Year Ended December 31, 2010			
Balance at January 1, 2010	$66	$-	$ 66
Total pre-tax gains included in other comprehensive income			
Gains on available for sale securities and other	12	-	12
Net purchses, sales, inssurances and settlements	(66)	45	(21)
Total gains included on the Consolidated Balance Sheet as regulatory asset or liability	-	2	2
Balance at December 31, 2010	$12	$ 47	$ 59

(in millions)		Available-for-Sale Auction Rate Securities
Year Ended December 31, 2009		
Balance at January 1, 2009	$	72
Total pre-tax unrealized losses included in Other Comprehensive income:		
Losses on available for sale securities and other		(6)
Balance at December 31, 2009	$	66

Duke Energy Ohio

The following tables provide the fair value measurement amounts for assets and liabilities recorded on Duke Energy Ohio's Consolidated Balance Sheets at fair value at December 31, 2011 and December 31, 2010. Amounts presented in the tables below exclude cash collateral amounts which are disclosed separately in Note 14.

(in millions)	Total Fair Value Amounts at December 31, 2011	Level 1	Level 2	Level 3
Description				
Derivative assets[(a)]	$ 56	$ 42	$ 5	$ 9
Derivative liabilities[(b)]	(30)	(10)	(8)	(12)
Net Assets	$ 26	$ 32	$ (3)	$ (3)

(a) Included in Other within Current Assets and Other within Investments and Other Assets on the Consolidated Balance Sheets.

(b) Included in Other within Current Liabilities and Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.

(in millions)	Total Fair Value Amounts at December 31, 2010	Level 1	Level 2	Level 3
Description				
Derivative assets[(a)]	$ 59	$ 20	$ 6	$ 33
Derivative liabilities[(b)]	(32)	(7)	(5)	(20)
Net Assets	$ 27	$ 13	$ 1	$ 13

(a) Included in Other within Current Assets and Other within Investments and Other Assets on the Consolidated Balance Sheets.
(b) Included in Other within Current Liabilities and Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.

The following table provides a reconciliation of beginning and ending balances of assets measured at fair value on a recurring basis where the determination of fair value includes significant unobservable inputs (Level 3):

Rollforward of Level 3 Measurements

Year Ended December 31, 2011	Derivatives (net)
Balance at January 1, 2011	$ 13
Total pre-tax realized and unrealized losses included in earnings:	
Revenue, non-regulated electric and other	(4)
Net purchases, sales, issuances and settlements:	
Settlements	(14)
Total gains included on the Consolidated Balance Sheet as regulatory asset or liability or as non-current liability	2
Balance at December 31, 2011	$ (3)

There were insignificant amounts included in the Consolidated Statements of Operations related to Level 3 measurements outstanding at December 31, 2011.

		Derivatives (net)
Year Ended December 31, 2010		
Balance at January 1, 2010		
Total pre-tax realized and unrealized gains (losses) included in earnings:	$	7
Revenue, non-regulated electric and other		8
Fuel used in electric generation and purchased power-non-regulated		(12)
Total pre-tax losses included in other comprehensive income		
Losses on commodity cash flow hedges		(1)
Net purchases, sales, issuances and settlements		8
Total gains included on the Consolidated Balance Sheet as regulatory asset or liability or as non-current liability		3
Balance at December 31, 2010	$	13

Year Ended December 31, 2010		
Balance at January 1, 2010	$	4
Net purchases, sales, issuances and settlements		(15)
Total gains included on the Consolidated Balance Sheet as regulatory asset or liability or as current or non-current liability		15
Balance at December 31, 2010	$	4

Year Ended December 31, 2009		
Balance at January 1, 2009	$	10
Net purchases, sales, issuances and settlements		(9)
Total gains included on the Consolidated Balance Sheet as regulatory asset or liability or as current or non-current liability		3
Balance at December 31, 2009	$	4

Duke Energy Indiana

The following tables provide the fair value measurement amounts for assets and liabilities recorded on Duke Energy Indiana's Consolidated Balance Sheets at fair value at December 31, 2011 and December 31, 2010. Amounts presented in the tables below exclude cash collateral amounts.

(in millions)	Total Fair Value Amounts at December 31, 2011	Level 1	Level 2	Level 3
Description				
Available-for-sale equity securities[(a)]	$ 46	$ 46	$ -	$ -
Available-for-sale debt securities[(a)]	28	-	28	-
Derivative assets[(b)]	4	-	-	4
Total Assets	78	46	28	4
Derivative liabilities[(c)]	(69)	(1)	(68)	-
Net Assets	$ 9	$ 45	$ (40)	$ 4

(a) Included in Other within Investments and Other Assets on the Consolidated Balance Sheets.
(b) Included in Other within Current Assets on the Consolidated Balance Sheets.
(c) Included in Other within Current Liabilities and Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.

(in millions)	Total Fair Value Amounts at December 31, 2010	Level 1	Level 2	Level 3
Description				
Available-for-sale equity securities[(a)]	$ 47	$ 47	$ -	$ -
Available-for-sale debt securities[(a)]	26	-	26	-
Derivative assets[(b)]	4	-	-	4
Total Assets	77	47	26	4
Derivative liabilities[(c)]	(2)	-	(2)	-
Net Assets	$ 75	$ 47	$ 24	$ 4

(a) Included in Other within Investments and Other Assets on the Consolidated Balance Sheets.
(b) Included in Other within Current Assets on the Consolidated Balance Sheets.
(c) Included in Other within Current Liabilities and Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.

Rollforward of Level 3 measurements

(in millions)	Derivatives (net)
Year Ended December 31, 2011	
Balance at January 1, 2011	$ 4
Total pre-tax realized or unrealized gains included in earnings:	
Revenue, regulated electric[a]	14
Net purchases, sales, issuances and settlements:	
Purchases[a]	8
Settlements	(21)
Total losses included on the Consolidated Balance Sheet as regulatory asset or liability or as current or non-current liability	(1)
Balance at December 31, 2011	$ 4

(a) Amounts relate to financial transmission rights.

(in millions)	Derivatives (net)
Year Ended December 31, 2010	
Balance at January 1, 2010	$ 4
Net purchases, sales, issuances and settlements	(15)
Total gains included on the Consolidated Balance Sheet as regulatory asset or liability or as current or non-current liability	15
Balance at December 31, 2010	$ 4
Year Ended December 31, 2009	
Balance at January 1, 2009	$ 10
Net purchases, sales, issuances and settlements	(9)
Total gains included on the Consolidated Balance Sheet as regulatory asset or liability or as current or non-current liability	3
Balance at December 31, 2009	$ 4

Additional Fair Value Disclosures — Long-term debt:

The fair value of financial instruments, excluding financial assets and certain financial liabilities included in the scope of the accounting guidance for fair value measurements disclosed in the tables above, is summarized in the following table. Judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates determined as of December 31, 2011 and 2010 are not necessarily indicative of the amounts the Duke Energy Registrants could have settled in current markets.

As of December 31, 2011

	Duke Energy		Duke Energy Carolinas		Duke Energy Ohio		Duke Energy Indiana	
(in millions)	**Book Value[a]**	**Approximate Fair Value**	**Book Value[a]**	**Approximate Fair Value**	**Book Value**	**Approximate Fair Value**	**Book Value**	**Approximate Fair Value**
Long-term debt, including current maturities	$ 20,573	$ 23,053	$ 9,274	$ 10,629	$ 2,555	$ 2,688	$ 3,459	$ 4,048

(a) Includes Non-recourse long-term debt of variable interest entities of $949 million for Duke Energy and $300 million for Duke Energy Carolinas.

As of December 31, 2010

	Duke Energy		Duke Energy Carolinas		Duke Energy Ohio		Duke Energy Indiana	
(in millions)	**Book Value**	**Approximate Fair Value**	**Book Value**	**Approximate Fair Value**	**Book Value**	**Approximate Fair Value**	**Book Value**	**Approximate Fair Value**
Long-term debt, including current maturities (a)	$ 18,210	$ 19,484	$ 7,770	$ 8,376	$ 2,564	$ 2,614	$ 3,472	$ 3,746

a) Includes Non-recourse long-term debt of variable interest entities of $976 million for Duke Energy and $300 million for Duke Energy Carolinas.

At both December 31, 2011 and December 31, 2010, the fair value of cash and cash equivalents, accounts and notes receivable, accounts and notes payable and commercial paper, as well as restricted funds held in trust at Duke Energy Ohio, are not materially different from their carrying amounts because of the short-term nature of these instruments and/or because the stated rates approximate market rates.

See Note 21 for disclosure of fair value measurements for investments that support Duke Energy's qualified, non-qualified and other post-retirement benefit plans.

16. INVESTMENTS IN DEBT AND EQUITY SECURITIES

The Duke Energy Registrants classify their investments in debt and equity securities into two categories — trading and available-for-sale. Investments in debt and equity securities held in grantor trusts associated with certain deferred compensation plans and certain other investments are classified as trading securities and are reported at fair value in the Consolidated Balance Sheets with net realized and unrealized gains and losses included in earnings each period. All other investments in debt and equity securities are classified as available-for-sale securities, which are also reported at fair value on the Consolidated Balance Sheets with unrealized gains and losses excluded from earnings and reported either as a regulatory asset or liability, as discussed further below, or as a component of other comprehensive income until realized.

Trading Securities. Duke Energy holds investments in debt and equity securities in grantor trusts that are associated with certain deferred compensation plans. At December 31, 2011 and 2010, the fair value of these investments was $32 million and $29 million, respectively. Additionally, at December 31, 2010 Duke Energy held Windstream Corp. equity securities, which were received as proceeds from the sale of Duke Energy's equity investment in Q-Comm during the fourth quarter of 2010 (see Note 2). The fair value of these securities at December 31, 2010 was $87 million. Duke Energy subsequently sold these securities in the first quarter of 2011. Proceeds received from the sale of Windstream equity securities are reflected in Net proceeds from the sale of equity investments and other assets, and sales of and collections on notes receivable in the Duke Energy Consolidated Statement of Cash Flows.

Available for Sale Securities. Duke Energy's available-for-sale securities are primarily comprised of investments held in the NDTF at Duke Energy Carolinas, investments in a grantor trust at Duke Energy Indiana related to other post-retirement benefit plans as required by the IURC, Duke Energy captive insurance investment portfolio, Duke Energy foreign operations investment portfolio, and investments of Duke Energy and Duke Energy Carolinas in auction rate debt securities.

The investments within the Duke Energy Carolinas NDTF and the Duke Energy Indiana grantor trust are managed by independent investment managers with discretion to buy, sell and invest pursuant to the objectives set forth by the trust agreements. Therefore, Duke Energy Carolinas and Duke Energy Indiana have limited oversight of the day-to-day management of these investments. Since day-to-day investment decisions, including buy and sell decisions, are made by the investment manager, the ability to hold investments in unrealized loss positions is outside the control of Duke Energy Carolinas and Duke Energy Indiana. Accordingly, all unrealized losses associated with equity securities within the Duke Energy Carolinas NDTF and the Duke Energy Indiana grantor trust are considered other-than-temporary and are recognized immediately when the fair value of individual investments is less than the cost basis of the investment. Pursuant to regulatory accounting, substantially all unrealized losses associated with investments in debt and equity securities within the Duke Energy Carolinas NDTF or the Duke Energy Indiana grantor trust are deferred as a regulatory asset, thus there is no immediate impact on the earnings of Duke Energy Carolinas and Duke Energy Indiana as a result of any other-than-temporary impairments that would otherwise be required to be recognized in earnings.

For investments in debt and equity securities held in the captive insurance investment portfolio and investments in auction rate debt securities, unrealized gains and losses are included in other comprehensive income until realized, unless it is determined that the carrying value of an investment is other-than-temporarily impaired, at which time the write-down to fair value may be included in earnings based on the criteria discussed below.

For available-for-sale securities outside of the Duke Energy Carolinas NDTF and the Duke Energy Indiana grantor trust, which are discussed separately above, Duke Energy analyzes all investment holdings each reporting period to determine whether a decline in fair value should be considered other-than-temporary. Criteria used to evaluate whether an impairment associated with equity securities is other-than-temporary includes, but is not limited to, the length of time over which the market value has been lower than the cost basis of the investment, the percentage decline compared to the cost of the investment and management's intent and ability to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in market value. If a decline in fair value is determined to be other-than-temporary, the investment is written down to its fair value through a charge to earnings.

With respect to investments in debt securities, under the accounting guidance for other-than-temporary impairment, if the entity does not have an intent to sell the security and it is not more likely than not that management will be required to sell the debt security before the recovery of its cost basis, the impairment write-down to fair value would be recorded as a component of other comprehensive income, except for when it is determined that a credit loss exists. In determining whether a credit loss exists, management considers, among other things, the length of time and the extent to which the fair value has been less than the amortized cost basis, changes in the financial condition of the issuer of the security, or in the case of an asset backed security, the financial condition of the underlying loan obligors, consideration of underlying collateral and guarantees of amounts by government entities, ability of the issuer of the security to make scheduled interest or principal payments and any changes to the rating of the security by rating agencies. If it is determined that a credit loss exists, the amount of impairment write-down to fair value would be split between the credit loss, which would be recognized in earnings, and the amount attributable to all other factors, which would be recognized in other comprehensive income. Since management believes, based on consideration of the criteria above, that no credit loss exists as of December 31, 2011 and 2010, and management does not have the intent to sell such investments in auction rate debt securities and the investments in debt securities within its captive insurance investment portfolio, and foreign operations investment portfolio, and it is not more likely than not that management will be required to sell these securities before the anticipated recovery of their cost basis, management concluded that there were no other-than-temporary impairments necessary as of December 31, 2011 and 2010. Accordingly, all changes in the market value of investments in auction rate debt securities, captive insurance investments, and foreign operation investments were reflected as a component of other comprehensive income in 2011 and 2010. See Note 15 for additional information related to fair value measurements for investments in auction rate debt securities.

Management will continue to monitor the carrying value of its entire portfolio of investments in the future to determine if any additional other-than-temporary impairment losses should be recorded.

Investments in debt and equity securities are classified as either short-term investments or long-term investments based on management's intent and ability to sell these securities, taking into consideration liquidity factors in the current markets with respect to certain short-term investments that have historically provided for a high degree of liquidity, such as investments in auction rate debt securities.

Short-term investments.

During the year ended December 31, 2011, Duke Energy purchased $190 million of corporate debt securities using excess cash from its foreign operations. These investments are classified as Short-Term Investments on the balance sheet and are available for current operations of Duke Energy's foreign business. During the year ended December 31, 2011, Duke Energy received proceeds on sales of auction rate securities of approximately $59 million (par value). During the year ended December 31 2010, there were no purchases or sales of short-term investments.

Long-term investments.

Duke Energy classifies its investments in debt and equity securities held in the Duke Energy Carolinas NDTF (see Note 15 for further information), the Duke Energy Indiana grantor trust and the captive insurance investment portfolio as long term. Additionally, Duke Energy has classified $71 million carrying value ($89 million par value) and $118 million carrying value ($149 million par value) of investments in auction rate debt securities as long-term at December 31, 2011 and 2010, respectively, due to market illiquidity factors as a result of continued failed auctions. All of these investments are classified as available-for-sale and, therefore, are reflected on the Consolidated Balance Sheets at estimated fair value based on either quoted market prices or management's best estimate of fair value based on expected future cash flow using appropriate risk-adjusted discount rates. Since management does not intend to use these investments in current operations, these investments are classified as long term.

The cost of securities is determined using the specific identification method.
The estimated fair values of investments classified as available-for-sale are as follows (in millions):

Duke Energy

	December 31, 2011						December 31, 2010					
	Gross Unrealized Holding Gains[(a)]		Gross Unrealized Holding Losses[(a)]		Estimated Fair Value		Gross Unrealized Holding Gains[(a)]		Gross Unrealized Holding Losses[(a)]		Estimated Fair Value	
Short-term Investments	$	-	$	-	$	190	$	-	$	-	$	-
Total short-term investments	$	-	$	-	$	190	$	-	$	-	$	-
Equity Securities	$	448	$	(18)	$	1,397	$	481	$	(16)	$	1,435
Corporate Debt Securities		9		(3)		256		12		(3)		270
Municipal Bonds		3		-		79		1		(9)		69
U.S. Government Bonds		17		-		327		10		(1)		235
Auction Rate Debt Securities		-		(17)		71		-		(31)		118
Other		6		(4)		229		11		(5)		274
Total long-term investments	$	483	$	(42)	$	2,359	$	515	$	(65)	$	2,401

(a) The table above includes unrealized gains and losses of $473 million and $22 million, respectively, at December 31, 2011 and unrealized gains and losses of $505 million and $32 million, respectively, at December 31, 2010 associated with investments held in the Duke Energy Carolinas NDTF. Additionally, the table above includes unrealized gains of $6 million and $1 million of unrealized losses at December 31, 2011, and unrealized gains of $6 million and an insignificant amount of unrealized losses, at December 31, 2010 associated with investments held in the Duke Energy Indiana grantor trust. As discussed above, unrealized losses on investments within the NDTF and Duke Energy Indiana grantor trust are deferred as a regulatory asset pursuant to regulatory accounting treatment.

For the years ended December 31, 2011 and 2009, a pre-tax gain of $6 million and $7 million, respectively were reclassified out of AOCI into earnings. There were no reclassifications out of AOCI into earnings for the year ended December 31, 2010.

Debt securities held at December 31, 2011, which excludes auction rate securities based on the stated maturity date, mature as follows: $141 million in less than one year, $318 million in one to five years, $240 million in six to 10 years and $381 million thereafter.

The fair values and gross unrealized losses of available-for-sale debt and equity securities which are in an unrealized loss position for which other-than-temporary impairment losses have not been recorded in the Consolidated Statement of Operations, summarized by investment type and length of time that the securities have been in a continuous loss position, are presented in the table below as of December 31, 2011 and 2010.

	December 31, 2011			December 31, 2010		
	Estimated Fair Value (a)	Unrealized Loss Position > 12 Months	Unrealized Loss Position < 12 Months	Estimated Fair Value (a)	Unrealized Loss Position > 12 Months	Unrealized Loss Position < 12 Months
Equity Securities	$ 123	(6)	$ (12)	$ 85	(11)	$ (5)
Corporate Debt Securities	258	(2)	(1)	73	(2)	(2)
Municipal Bonds	3	-	-	42	(8)	(1)
U.S. Government Bonds	8	-	-	38	-	(1)
Auction Rate Debt Securities (b)	71	(17)	-	118	(31)	-
Other	121	-	(4)	84	(1)	(3)
Total long-term investments	$ 584	$ (25)	$ (17)	$ 440	$ (53)	$ (12)

(a) The table above includes fair values of $289 million and $226 million at December 31, 2011 and December 31, 2010, respectively, associated with investments held in the Duke Energy Carolinas NDTF. Additionally, the table above includes fair values of $11 million and $5 million at December 31, 2011 and December 31, 2010, respectively, associated with investments held in the Duke Energy Indiana grantor trust.

(b) See Note 15 for information about fair value measurements related to investments in auction rate debt securities.

Duke Energy Carolinas

	December 31, 2011			December 31, 2010		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
Equity Securities	$ 443	$ (16)	$ 1,337	$ 475	$ (16)	$ 1,365
Corporate Debt Securities	8	(2)	205	10	(3)	227
Municipal Bonds	2	-	51	1	(9)	43
U.S. Government Bonds	16	-	306	10	-	224
Auction Rate Debt Securities	-	(3)	12	-	(3)	12
Other	4	(4)	161	9	(4)	155
Total long-term investments	$ 473	$ (25)	$ 2,072	$ 505	$ (35)	$ 2,026

Debt securities held at December 31, 2011, which excludes auction rate securities based on the stated maturity date, mature as follows: $65 million in less than one year, $144 million in one to five years, $205 million in six to 10 years and $309 million thereafter.

The fair values and gross unrealized losses of available-for-sale debt and equity securities which are in an unrealized loss position for which other-than-temporary impairment losses have not been recorded in the Consolidated Statement of Operations, summarized by investment type and length of time that the securities have been in a continuous loss position, are presented in the table below as of December 31, 2011 and December 31, 2010.

	December 31, 2011			December 31, 2010		
	Estimated Fair Value	Unrealized Loss Position > 12 Months	Unrealized Loss Position < 12 Months	Estimated Fair Value	Unrealized Loss Position > 12 Months	Unrealized Loss Position < 12 Months
Equity Securities	$ 111	(4)	$ (12)	$ 79	(11)	$ (5)
Corporate Debt Securities	57	(1)	(1)	59	(2)	(1)
Municipal Bonds	-	-	-	28	(8)	(1)
U.S. Government Bonds	8	-	-	33	-	-
Auction Rate Debt Securities[(a)]	12	(3)	-	12	(3)	-
Other	113	(1)	(3)	27	(1)	(3)
Total long-term investments	$ 301	$ (9)	$ (16)	$ 238	$ (25)	$ (10)

(a) See Note 15 for information about fair value measurements related to investments in auction rate debt securities.

Duke Energy Indiana

	December 31, 2011			December 31, 2010		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
Equity Securities	$ 5	$ (1)	$ 46	$ 6	$ -	$ 47
Municipal Bonds	1	-	28	-	-	26
Total long-term investments	$ 6	$ (1)	$ 74	$ 6	$ -	$ 73

Debt securities held at December 31, 2011 mature as follows: $1 million in less than one year, $20 million in one to five years, $6 million in six to 10 years and $1 million thereafter.

The fair values and gross unrealized losses of available-for-sale debt and equity securities which are in an unrealized loss position for which other-than-temporary impairment losses have not been recorded in the Consolidated Statement of Operations, summarized by investment type and length of time that the securities have been in a continuous loss position, are presented in the table below as of December 31, 2011 and December 31, 2010.

	December 31, 2011			December 31, 2010		
	Fair Value	Unrealized Loss Position > 12 Months	Unrealized Loss Position < 12 Months	Fair Value	Unrealized Loss Position > 12 Months	Unrealized Loss Position < 12 Months
Equity Securities	$ 8	$ -	$ (1)	$ -	$ -	$ -
Municipal Bonds	3	-	-	14	-	-
Total long-term investments	$ 11	$ -	$ (1)	$ 14	$ -	$ -

17. VARIABLE INTEREST ENTITIES

VIE is an entity that is evaluated for consolidation using more than a simple analysis of voting control. The analysis to determine whether an entity is a VIE considers contracts with an entity, credit support for an entity, the adequacy of the equity investment of an entity and the relationship of voting power to the amount of equity invested in an entity. This analysis is performed either upon the creation of a legal entity or upon the occurrence of an event requiring reevaluation, such as a significant change in an entity's assets or activities. If an entity is determined to be a VIE, a qualitative analysis of control determines the party that consolidates a VIE based on what party has the power to direct the most significant activities of the VIE that impact its economic performance as well as what party has rights to receive benefits or is obligated to absorb losses that are significant to the VIE. The analysis of the party that consolidates a VIE is a continual reassessment.

CONSOLIDATED VIEs

The table below shows the VIEs that Duke Energy and Duke Energy Carolinas consolidate and how these entities impact Duke Energy's and Duke Energy Carolinas' respective Consolidated Balance Sheets. None of these entities is consolidated by Duke Energy Ohio or Duke Energy Indiana.

Other than the discussion below related to CRC, no financial support was provided to any of the consolidated VIEs during the years ended December 31, 2011 and 2010, respectively, or is expected to be provided in the future, that was not previously contractually required.

(in millions)	Duke Energy Carolinas: Duke Energy Receivables Financing LLC (DERF)	Duke Energy: CRC	Duke Energy: CinCap V	Duke Energy: Renewables	Duke Energy: Other	Duke Energy: Total
At December 31, 2011						
VIE Balance Sheets						
Restricted Receivables of VIEs	$ 581	$ 547	$ 13	$ 13	$ 3	$ 1,157
Other Current Assets	-	-	2	124	8	134
Intangibles, net	-	-	-	12	-	12
Restricted Other Assets of VIEs	-	-	65	10	60	135
Other Assets	-	-	14	36	-	50
Property, Plant and Equipment Cost, VIEs	-	-	-	913	-	913
Less Accumulated Depreciation and Amortization	-	-	-	(62)	-	(62)
Other Deferred Debits	-	-	-	24	2	26
Total Assets	581	547	94	1,070	73	2,365
Accounts Payable	-	-	-	1	1	2
Non-Recourse Notes Payable	-	273	-	-	-	273
Taxes Accrued	-	-	-	3	-	3
Current Maturities of Long-Term Debt	-	-	11	49	5	65
Other Current Liabilities	-	-	3	59	-	62
Non-Recourse Long-Term Debt	300	-	60	528	61	949
Deferred Income Taxes	-	-	-	160	-	160
Asset Retirement Obligation	-	-	-	13	-	13
Other Liabilities	-	-	13	37	-	50
Total Liabilities	300	273	87	850	67	1,577
Noncontrolling interests	-	-	-	-	1	1
Net Duke Energy Corporation Shareholders' Equity	$ 281	$ 274	$ 7	$ 220	$ 5	$ 787

	Duke Energy					
	Duke Energy Carolinas					
(in millions)	Duke Energy Receivables Financing LLC (DERF)	CRC	CinCap V	Renewables	Other	Total
At December 31, 2010						
VIE Balance Sheets						
Restricted Receivables of VIEs	$ 637	$ 629	$ 12	$ 20	$ 4	$ 1,302
Other Current Assets	-	-	4	282	8	294
Intangibles, net	-	-	-	13	-	13
Restricted Other Assets of VIEs	-	-	76	(2)	65	139
Other Assets	-	-	23	-	-	23
Property, Plant and Equipment Cost, VIEs	-	-	-	892	50	942
Less Accumulated Depreciation and Amortization	-	-	-	(26)	(29)	(55)
Other Deferred Debits	-	-	-	24	(3)	21
Total Assets	637	629	115	1,203	95	2,679
Accounts Payable	-	-	-	2	2	4
Non-Recourse Notes Payable	-	216	-	-	-	216
Taxes Accrued	-	-	-	1	-	1
Current Maturities of Long-Term Debt	-	-	9	45	7	61
Other Current Liabilities	-	-	5	16	-	21
Non-Recourse Long-Term Debt	300	-	71	518	87	976
Deferred Income Taxes	-	-	-	191	-	191
Asset Retirement Obligation	-	-	-	12	-	12
Other Liabilities	-	-	22	4	-	26
Total Liabilities	300	216	107	789	96	1,508
Noncontrolling interests	-	-	-	-	1	1
Net Duke Energy Corporation Shareholders' Equity	$ 337	$ 413	$ 8	$ 414	$ (2)	$ 1,170

DERF.

Duke Energy Carolinas securitizes certain accounts receivable through DERF, a bankruptcy remote, special purpose subsidiary. DERF is a wholly-owned limited liability company of Duke Energy Carolinas 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 expires in August 2013. Duke Energy Carolinas provides the servicing for the receivables (collecting and applying the cash to the appropriate receivables). Duke Energy Carolinas' borrowing under the credit facility is limited to the amount of qualified receivables sold, which has been and is expected to be in excess of the amount borrowed, which is maintained at $300 million. The debt is classified as long-term since the facility has an expiration date of greater than one year from the balance sheet date.

The obligations of DERF under the facility are non-recourse to Duke Energy Carolinas. Duke Energy and its subsidiaries have no requirement to provide liquidity, purchase assets of DERF or guarantee performance. DERF is considered a VIE because the equity capitalization is insufficient to support its operations. If deficiencies in the net worth of DERF were to occur, those deficiencies would be cured through funding from Duke Energy Carolinas. In addition, the most significant activity of DERF relates to the decisions made with respect to the management of delinquent receivables. Since those decisions are made by Duke Energy Carolinas and any net worth deficiencies of DERF would be cured through funding from Duke Energy Carolinas, Duke Energy Carolinas consolidates DERF.

CRC.

CRC was formed in order to secure low cost financing for Duke Energy Ohio, including Duke Energy Kentucky, and Duke Energy Indiana. Duke Energy Ohio and Duke Energy Indiana sell on a revolving basis at a discount, nearly all of their customer accounts receivable and related collections to CRC. The receivables which are sold are selected in order to avoid any significant concentration of credit risk and exclude delinquent receivables. The receivables sold are securitized by CRC through a facility managed by two unrelated third parties and the receivables are used as collateral for commercial paper issued by the unrelated third parties. These loans provide the cash portion of the proceeds paid by CRC to Duke Energy Ohio and Duke Energy Indiana. The proceeds obtained by Duke Energy Ohio and Duke Energy Indiana from the sales of receivables are cash and a subordinated note from CRC (subordinated retained interest in the sold receivables) for a portion of the purchase price (typically approximates 25% of the total proceeds). The amount borrowed by CRC against these receivables is non-recourse to the general credit of Duke Energy, and the associated cash collections from the accounts receivable sold is the sole source of funds to satisfy the related debt obligation. Borrowing is limited to approximately 75% of the transferred receivables. Losses on collection in excess of the discount are first absorbed by the equity of CRC and next by the subordinated retained interests held by Duke Energy Ohio and Duke Energy Indiana. The discount on the receivables reflects interest expense plus an allowance for bad debts net of a servicing fee charged by Duke Energy Ohio and Duke Energy Indiana. Duke Energy Ohio and Duke Energy Indiana are responsible for the servicing of the receivables (collecting and applying the cash to the appropriate receivables). Depending on the experience with collections, additional equity infusions to CRC may be required to be made by Duke Energy in order to maintain a minimum equity balance of $3 million. For the years ended December 31, 2011, 2010 and 2009, respectively, Duke Energy infused $6 million, $10 million and $11 million of equity to CRC to remedy net worth deficiencies. The amount borrowed fluctuates based on the amount of receivables sold. The debt is short term because the facility has an expiration date of less than one year from the balance sheet date. The current expiration date is October 2012. CRC is considered a VIE because the equity capitalization is insufficient to support its operations, the power to direct the most significant activities of the entity are not performed by the equity holder, Cinergy, and deficiencies in the net worth of CRC are not funded by Cinergy, but by Duke Energy. The most significant activity of CRC relates to the decisions made with respect to the management of delinquent receivables. These decisions, as well as the requirement to make up deficiencies in net worth, are made by Duke Energy and not by Duke Energy Ohio, Duke Energy Kentucky or Duke Energy Indiana. Thus, Duke Energy consolidates CRC. Duke Energy Ohio and Duke Energy Indiana do not consolidate CRC.

CinCap V.

CinCap V was created to finance and execute a power sale agreement with Central Maine Power Company for approximately 35 MW of capacity and energy. This agreement expires in 2016. CinCap V is considered a VIE because the equity capitalization is insufficient to support its operations. As Duke Energy has the power to direct the most significant activities of the entity, which are the decisions to hedge and finance the power sales agreement, CinCap V is consolidated by Duke Energy.

Renewables.

Duke Energy's renewable energy facilities include Green Frontier Windpower, LLC, Top of The World Wind Energy LLC and various solar projects, all subsidiaries of DEGS, an indirect wholly-owned subsidiary of Duke Energy.

These renewable energy facilities are VIEs due to power purchase agreements with terms that approximate the expected life of the projects. These fixed price agreements effectively transfer the commodity price risk to the buyer of the power. Duke Energy has consolidated these entities since inception because the most significant activities that impact the economic performance of these renewable energy facilities were the decisions associated with the siting, negotiation of the purchase power agreement, engineering, procurement and construction, and decisions associated with ongoing operations and maintenance related activities, all of which were made solely by Duke Energy.

The debt held by these renewable energy facilities is non-recourse to the general credit of Duke Energy. Duke Energy and its subsidiaries have no requirement to provide liquidity or purchase the assets of these renewable energy facilities. Duke Energy does not guarantee performance except for an immaterial multi-purpose letter of credit and various immaterial debt service reserve and operations and maintenance reserve guarantees. The assets are restricted and they cannot be pledged as collateral or sold to third parties without the prior approval of the debt holders.

Other.

Duke Energy has other VIEs with restricted assets and non-recourse debt. These VIEs include certain on-site power generation facilities. Duke Energy consolidates these particular on-site power generation entities because Duke Energy has the power to direct the majority of the most significant activities, which, most notably involve the oversight of operation and maintenance related activities that impact the economic performance of these entities.

During the second quarter of 2011, the customer for one of these on-site generation facilities canceled its contract. As a result, the entity providing the on-site generation services no longer has any activity or assets, other than a receivable with payments to be collected through 2017. As of December 31, 2011, Duke Energy no longer consolidates this entity.

NON-CONSOLIDATED VIEs

The table below shows the VIEs that the Duke Energy Registrants do not consolidate and how these entities impact Duke Energy's, Duke Energy Ohio's and Duke Energy Indiana's respective Consolidated Balance Sheets. As discussed above, while Duke Energy consolidates CRC, Duke Energy Ohio and Duke Energy Indiana do not consolidate CRC as they are not the primary beneficiary.

(in millions)	Duke Energy DukeNet	Duke Energy Renewables	Duke Energy Other	Duke Energy Total	Duke Energy Ohio	Duke Energy Indiana
At December 31, 2011						
Consolidated Balance Sheets						
Receivables	$ -	$ -	$ -	$ -	$ 129	$ 139
Investments in equity method unconsolidated affiliates	129	81	25	235	-	-
Intangibles	-	-	111	111	111	-
Total Assets	129	81	136	346	240	139
Other Current Liabilities	-	-	3	3	-	-
Deferred Credits and Other Liabilities	-	-	18	18	-	-
Total Liabilities	-	-	21	21	-	-
Net Duke Energy Corporation Shareholders' Equity	$ 129	$ 81	$ 115	$ 325	$ 240	$ 139

(in millions)	Duke Energy DukeNet	Duke Energy Renewables	Duke Energy Other	Duke Energy Total	Duke Energy Ohio	Duke Energy Indiana
At December 31, 2010						
Consolidated Balance Sheets						
Receivables	$ -	$ -	$ -	$ -	$ 216	$ 192
Investments in equity method unconsolidated affiliates	137	95	23	255	-	-
Intangibles	-	-	119	119	119	-
Total Assets	137	95	142	374	335	192
Other Current Liabilities	-	-	3	3	-	-
Deferred Credits and Other Liabilities	-	-	28	28	-	-
Total Liabilities	-	-	31	31	-	-
Net Duke Energy Corporation Shareholders' Equity	$ 137	$ 95	$ 111	$ 343	$ 335	$ 192

No financial support that was not previously contractually required was provided to any of the unconsolidated VIEs during the years ended December 31, 2011 and 2010, respectively, or is expected to be provided in the future.

With the exception of the power purchase agreement with the Ohio Valley Electric Corporation (OVEC), which is discussed below, and various guarantees, reflected in the table above as “Deferred Credits and Other Liabilities”, the Duke Energy Registrants are not aware of any situations where the maximum exposure to loss significantly exceeds the carrying values shown above.

CRC.

As discussed above, CRC is consolidated only by Duke Energy. Accordingly, the retained interest in the sold receivables recorded on the Consolidated Balance Sheets of Duke Energy Ohio and Duke Energy Indiana are eliminated in consolidation at Duke Energy.

The proceeds obtained from the sales of receivables are largely cash but do include a subordinated note from CRC for a portion of the purchase price (typically approximates 25% of the total proceeds). The subordinated note is a retained interest (right to receive a specified portion of cash flows from the sold assets) and is classified within Receivables in Duke Energy Ohio’s and Duke Energy Indiana’s Consolidated Balance Sheets at December 31, 2011 and 2010, respectively. The retained interests reflected on the Consolidated Balance Sheets of Duke Energy Ohio and Duke Energy Indiana approximate fair value.

The carrying values of the retained interests are determined by allocating the carrying value of the receivables between the assets sold and the interests retained based on relative fair value. Because the receivables generally turnover in less than two months, credit losses are reasonably predictable due to the broad customer base and lack of significant concentration, and the purchased beneficial interest (equity in CRC) is subordinate to all retained interests and thus would absorb losses first, the allocated basis of the subordinated notes are not materially different than their face value. The hypothetical effect on the fair value of the retained interests assuming both a 10% and a 20% unfavorable variation in credit losses or discount rates is not material due to the short turnover of receivables and historically low credit loss history. Interest accrues to Duke Energy Ohio, Duke Energy Indiana and Duke Energy Kentucky on the retained interests using the accretable yield method, which generally approximates the stated rate on the notes since the allocated basis and the face value are nearly equivalent. An impairment charge is recorded against the carrying value of both the retained interests and purchased beneficial interest whenever it is determined that an other-than-temporary impairment has occurred. The key assumptions used in estimating the fair value in 2011 and 2010 is detailed in the following table:

	2011	2010
Duke Energy Ohio		
Anticipated credit loss ratio	0.8%	0.8%
Discount rate	2.6%	2.7%
Receivable turnover rate	12.7%	12.6%
Duke Energy Indiana		
Anticipated credit loss ratio	0.4%	0.5%
Discount rate	2.6%	2.7%
Receivable turnover rate	10.2%	10.2%

The following table shows the gross and net receivables sold as of December 31, 2011 and December 31, 2010, respectively:

	Duke Energy Ohio	Duke Energy Indiana
Receivables sold as of December 31, 2011	$302	$279
Less: Retained interests	129	139
Net receivables sold as of December 31, 2011	$173	$140

	Duke Energy Ohio	Duke Energy Indiana
Receivables sold as of December 31, 2010	$373	$284
Less: Retained interests	216	192
Net receivables sold as of December 31, 2010	$157	$ 92

The following table shows the retained interests, sales, and cash flows during the years ended December 31, 2011, 2010 and 2009 respectively:

	Duke Energy Ohio	Duke Energy Indiana
Year Ended December 31, 2011		
Sales		
Receivables sold	$2,390	$ 2,658
Loss recognized on sale	21	16
Cash flows		
Cash proceeds from receivables sold	$2,474	$ 2,674
Collection fees received	1	1
Return received on retained interests	12	13

	Duke Energy Ohio	Duke Energy Indiana
Year Ended December 31, 2010		
Sales		
Receivables sold	$2,858	$ 2,537
Loss recognized on sale	26	17
Cash flows		
Cash proceeds from receivables sold	$2,809	$ 2,474
Collection fees received	1	1
Return received on retained interests	15	13

	Duke Energy Ohio	Duke Energy Indiana
Year Ended December 31, 2009		
Sales		
Receivables sold	$3,108	$ 2,398
Loss recognized on sale	26	16
Cash flows		
Cash proceeds from receivables sold	$3,063	$ 2,353
Collection fees received	2	1
Return received on retained interests	15	12

Cash flows from the sale of receivables are reflected within Operating Activities on Duke Energy Ohio's and Duke Energy Indiana's Consolidated Statements of Cash Flows.

Collection fees received in connection with the servicing of transferred accounts receivable are included in Operation, Maintenance and Other on Duke Energy Ohio's and Duke Energy Indiana's Consolidated Statements of Operations. The loss recognized on the sale of receivables is calculated monthly by multiplying the receivables sold during the month by the required discount which is derived monthly utilizing a three year weighted average formula that considers charge-off history, late charge history, and turnover history on the sold receivables, as well as a component for the time value of money. The discount rate, or component for the time value of money, is calculated monthly by summing the prior month-end LIBOR plus a fixed rate of 2.39%.

DukeNet.

In 2010, Duke Energy sold a 50% ownership interest in DukeNet to Alinda. The sale resulted in DukeNet becoming a joint venture with Duke Energy and Alinda each owning a 50% interest. In connection with the formation of the new DukeNet joint venture, a five-year, $150 million senior secured credit facility was executed with a syndicate of ten external financial institutions. This credit facility is non-recourse to Duke Energy. DukeNet is considered a VIE because it has entered into certain contractual arrangements that provide DukeNet with additional forms of subordinated financial support. The most significant activities that impact DukeNet's economic performance relate to its business development and fiber optic capacity marketing and management activities. The power to direct these activities is jointly and equally shared by Duke Energy and Alinda. As a result, Duke Energy does not consolidate the DukeNet joint venture. Accordingly, DukeNet is a non-consolidated VIE that is reported as an equity method investment.

Unless consent by Duke Energy is given otherwise, Duke Energy and its subsidiaries have no requirement to provide liquidity, purchase the assets of DukeNet, or guarantee performance.

Renewables.

Duke Energy has investments in various entities that generate electricity through the use of renewable energy technology. Some of these entities, which were part of the Catamount acquisition, are VIEs which are not consolidated due to the joint ownership of the entities when they were created and the power to direct and control key activities is shared jointly Instead, Duke Energy's investment is recorded under the equity method of accounting. These entities are VIEs due to power purchase agreements with terms that approximate the expected life of the project. These fixed price agreements effectively transfer the commodity price risk to the buyer of the power.

Other.

Duke Energy has investments in various other entities that are VIEs which are not consolidated. The most significant of these investments is Duke Energy Ohio's 9% ownership interest in OVEC. Through its ownership interest in OVEC, Duke Energy Ohio has a contractual arrangement through June 2040 to buy power from OVEC's power plants. The proceeds from the sale of power by OVEC to its power purchase agreement counterparties, including Duke Energy Ohio, are designed to be sufficient for OVEC to meet its operating expenses, fixed costs, debt amortization and interest expense, as well as earn a return on equity. Accordingly, the value of this contract is subject to variability due to fluctuations in power prices and changes in OVEC's costs of business, including costs associated with its 2,256 megawatts of coal-fired generation capacity. As discussed in Note 5, the proposed rulemaking on cooling water intake structures, utility boiler MACT, CSAPR and CCP's could increase the costs of OVEC which would be passed through to Duke Energy Ohio. The initial carrying value of this contract was recorded as an intangible asset when Duke Energy acquired Cinergy in April 2006.

In addition, the company has guaranteed the performance of certain entities in which the company no longer has an equity interest. As a result, the company has a variable interest in certain other VIEs that are non-consolidated.

18. EARNINGS PER SHARE

Basic Earnings Per Share (EPS) is computed by dividing net income attributable to Duke Energy common shareholders, adjusted for distributed and undistributed earnings allocated to participating securities, by the weighted-average number of common shares outstanding during the period. Diluted EPS is computed by dividing net income attributable to Duke Energy common shareholders, as adjusted for distributed and undistributed earnings allocated to participating securities, by the diluted weighted-average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution that could occur if securities or other agreements to issue common stock, such as stock options, phantom shares and stock-based performance unit awards were exercised or settled.

The following table illustrates Duke Energy's basic and diluted EPS calculations and reconciles the weighted-average number of common shares outstanding to the diluted weighted-average number of common shares outstanding for the years ended December 31, 2011, 2010, and 2009.

(in millions, except per share amounts)	Income	Average Shares	EPS
2011			
Income from continuing operations attributable to Duke Energy common shareholders, as adjusted for participating securities — basic	$ 1,702	1,332	$ 1.28
Effect of dilutive securities:			
Stock options, performance and restricted stock		1	
Income from continuing operations attributable to Duke Energy common shareholders, as adjusted for participating securities — diluted	$ 1,702	1,333	$ 1.28
2010			
Income from continuing operations attributable to Duke Energy common shareholders, as adjusted for participating securities — basic	$ 1,315	1,318	$ 1.00
Effect of dilutive securities:			
Stock options, performance and restricted stock		1	
Income from continuing operations attributable to Duke Energy common shareholders, as adjusted for participating securities — diluted	$ 1,315	1,319	$ 1.00
2009			
Income from continuing operations attributable to Duke Energy common shareholders, as adjusted for participating securities — basic	$ 1,061	1,293	$ 0.82
Effect of dilutive securities:			
Stock options, performance and restricted stock		1	
Income from continuing operations attributable to Duke Energy common shareholders, as adjusted for participating securities — diluted	$ 1,061	1,294	$ 0.82

As of December 31, 2011, 2010 and 2009, 7 million, 13 million and 20 million, respectively, of stock options, unvested stock and performance awards were not included in the “effect of dilutive securities” in the above table because either the option exercise prices were greater than the average market price of the common shares during those periods, or performance measures related to the awards had not yet been met.

Beginning in the fourth quarter of 2008, Duke Energy began issuing authorized but previously unissued shares of common stock to fulfill obligations under its Dividend Reinvestment Plan (DRIP) and other internal plans, including 401(k) plans. During the years ended December 31, 2010 and 2009, Duke Energy received proceeds of $288 million and $494 million, respectively, from the sale of common stock associated with these plans. Proceeds from the sale of common stock associated with these plans were not significant in 2011. Duke Energy has discontinued issuing new shares of common stock under the DRIP.

19. SEVERANCE

2011 Severance Plans.

In conjunction with the proposed merger with Progress Energy, in August 2011, Duke Energy announced plans to offer a voluntary severance plan to approximately 4,850 eligible employees. As this is a voluntary plan, all severance benefits offered under this plan are considered special termination benefits under GAAP. Special termination benefits are measured upon employee acceptance and recorded immediately absent a significant retention period. If a significant retention period exists, the cost of the special termination benefits are recorded ratably over the remaining service periods of the affected employees. Approximately 500 employees accepted the termination benefits during the voluntary window period, which closed on November 30, 2011. Duke Energy reserves the right to reject any request to volunteer based on business needs and/or excessive participation. The estimated amount of severance payments associated with this voluntary plan, contingent upon a successful close of the proposed merger with Progress Energy, are expected to be approximately $80 million.

2010 Severance Plans.

During 2010, the majority of severance charges were related to a voluntary severance plan whereby eligible employees were provided a window during which to accept termination benefits. As this was a voluntary plan, all severance benefits offered under this plan were considered special termination benefits under GAAP. Special termination benefits are measured upon employee acceptance and recorded immediately absent a significant retention period. If a significant retention period exists, the cost of the special termination benefits are recorded ratably over the remaining service periods of the affected employees. Approximately 900 employees accepted the termination benefits during the voluntary window period, which closed March 31, 2010. Future severance costs under Duke Energy's ongoing severance plan, if any, are currently not estimable.

Amounts included in the table below represent severance expense recorded by the Duke Energy Registrants during 2010. The Duke Energy Registrants recorded insignificant amounts for severance expense during 2011.

	Year Ended December 31, 2010[a]
Duke Energy	$ 172
Duke Energy Carolinas	99
Duke Energy Ohio	24
Duke Energy Indiana	33

(a) These amounts are recorded in Operation, Maintenance and Other within Operating Expenses on the Consolidated Statements of Operations.

The severance costs discussed above for the Subsidiary Registrants include an allocation of their proportionate share of severance costs for employees of Duke Energy's shared services affiliate that provides support to the Subsidiary Registrants. Amounts included in the table below represent the severance liability recorded by Duke Energy Carolinas and Duke Energy Indiana for employees of those registrants, and excludes costs allocated from and paid by Duke Energy's shared services affiliate.

(in millions)	Balance at December 31, 2010	Provision / Adjustments	Cash Reductions	Balance at December 31, 2011
Duke Energy	$ 87	$ (2)	$ (53)	$ 32
Duke Energy Carolinas	21	(2)	(18)	1
Duke Energy Indiana	1	-	(1)	-

20. STOCK-BASED COMPENSATION

For employee awards, equity classified stock-based compensation cost is measured at the service inception date or the grant date, based on the estimated achievement of certain performance metrics or the fair value of the award, and is recognized as expense or capitalized as a component of property, plant and equipment over the requisite service period.

Duke Energy's 2010 Long-Term Incentive Plan (the 2010 Plan) reserved 75 million shares of common stock for awards to employees and outside directors. The 2010 Plan superseded the 2006 Long-Term Incentive Plan, as amended (the 2006 Plan), and no additional grants will be made from the 2006 Plan. Under the 2010 Plan, the exercise price of each option granted cannot be less than the market price of Duke Energy's common stock on the date of grant and the maximum option term is 10 years. The vesting periods range from immediate to three years. Duke Energy has historically issued new shares upon exercising or vesting of share-based awards. In 2012, Duke Energy may use a combination of new share issuances and open market repurchases for share-based awards which are exercised or become vested; however Duke Energy has not determined with certainty the amount of such new share issuances or open market repurchases.

The 2010 Plan allows for a maximum of 18.75 million shares of common stock to be issued under various stock-based awards other than options and stock appreciation rights.

Stock-Based Compensation Expense

Pre-tax stock-based compensation expense recorded in the Consolidated Statements of Operations is as follows:

	For the Years Ended December 31,		
(in millions)	**2011[(a)]**	**2010[(a)]**	**2009[(a)]**
Stock Options	$ 2	$ 2	$ 2
Phantom Awards	27	26	17
Performance Awards	23	39	20
Other Stock Awards	-	-	1
Total	$ 52	$ 67	$ 40

(a) Excludes stock-based compensation cost capitalized as a component of property, plant and equipment of $2 million, $4 million and $4 million for the years ended December 31, 2011, 2010 and 2009, respectively.

The tax benefit associated with the stock-based compensation expense for the years ended December 31, 2011, 2010 and 2009 was $20 million, $26 million and $16 million, respectively.

Stock Option Activity

	Options (in thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Life (in years)	Aggregate Intrinsic Value (in millions)
Outstanding at December 31, 2010	13,881	$ 17		
Granted	1,074	18		
Exercised	(4,734)	15		
Forfeited or expired	(3,954)	22		
Outstanding at December 31, 2011	6,267	$ 15	4.6	$ 41
Exercisable at December 31, 2011	4,256	$ 15	2.7	$ 31
Options Expected to Vest	2,011	$ 17	8.6	$ 10

On December 31, 2010 and 2009, Duke Energy had 12 million and 17 million exercisable options, respectively with a weighted-average exercise price of $17 and $18, respectively. The options granted in 2011 were expensed immediately, therefore, there is no future compensation cost associated with these options. The following table includes information related to Duke Energy's stock options.

	For the Years Ended December 31,		
(in millions)	2011	2010	2009
Intrinsic value of options exercised	$ 26	$ 8	$ 6
Tax benefit related to options exercised	10	3	2
Cash received from options exercised	74	14	24
	(in thousands of shares)		
Stock options granted[(a)]	1,074	1,103	603

(a) The options granted in 2011 were expensed immediately, therefore, there is no future compensation cost associated with these options.

These assumptions were used to determine the grant date fair value of the stock options granted during 2011:

Weighted-Average Assumptions for Option Pricing

Risk-free interest rate[a]	2.5%
Expected dividend yield[b]	5.7%
Expected life[c]	6.0 years
Expected volatility[d]	18.8%

(a) The risk free rate is based upon the U.S. Treasury Constant Maturity rates as of the grant date.
(b) The expected dividend yield is based upon annualized dividends and the 1-year average closing stock price.
(c) The expected life of options is derived from the simplified method approach.
(d) Volatility is based upon 50% historical and 50% implied volatility. Historic volatility is based on Duke Energy's historical volatility over the expected life using daily stock prices. Implied volatility is the average for all option contracts with a term greater than six months using the strike price closest to the stock price on the valuation date.

Phantom Stock Awards

Phantom stock awards issued and outstanding under the 2010 Plan and the 2006 Plan generally vest over periods from immediate to three years. The following table includes information related to Duke Energy's phantom stock awards.

	Shares awarded (in thousands)	Fair value[a] (in millions)
Years ended December 31,		
2011	1,907	$ 34
2010	1,047	17
2009	1,096	16

(a) Based on the market price of Duke Energy's common stock at the grant date.

The following table summarizes information about phantom stock awards outstanding at December 31, 2011:

	Shares (in thousands)	Weighted Average Per Share Grant Date Fair Value
Number of Phantom Stock Awards:		
Outstanding at December 31, 2010	1,763	$ 17
Granted	1,907	18
Vested	(1,057)	18
Forfeited	(46)	18
Outstanding at December 31, 2011	2,567	$ 17
Phantom Stock Awards Expected to Vest	2,503	$ 17

The total grant date fair value of the shares vested during the years ended December 31, 2011, 2010 and 2009 was $19 million, $29 million and $23 million, respectively. At December 31, 2011, Duke Energy had $19 million of unrecognized compensation cost which is expected to be recognized over a weighted-average period of 2.6 years.

Performance Awards

Stock-based awards issued and outstanding under the 2010 Plan and the 2006 Plan generally vest over three years if performance targets are met. Vesting for certain stock-based performance awards can occur in three years, at the earliest, if performance is met. Certain performance awards granted in 2011, 2010 and 2009 contain market conditions based on the total shareholder return (TSR) of Duke Energy stock relative to a pre-defined peer group (relative TSR). These awards are valued using a path-dependent model that incorporates expected relative TSR into the fair value determination of Duke Energy's performance-based share awards. The model uses three year historical volatilities and correlations for all companies in the pre-defined peer group, including Duke Energy, to simulate Duke Energy's relative TSR as of the end of the performance period. For each simulation, Duke Energy's relative TSR associated with the simulated stock price at the end of the performance period plus expected dividends within the period results in a value per share for the award portfolio. The average of these simulations is the expected portfolio value per share. Actual life to date results of Duke Energy's relative TSR for each grant is incorporated within the model. Other performance awards not containing market conditions were awarded in 2011, 2010 and 2009. The performance goal for the 2011 and 2010 award is Duke Energy's Return on Equity (ROE) over a three year period. The performance goal for the 2009 award is Duke Energy's compounded annual growth rate of annual diluted EPS, adjusted for certain items, over a three year period. All of these awards are measured at grant date price. The following table includes information related to Duke Energy's performance awards.

	Shares awarded (in thousands)	Fair value[(a)] (in millions)
Years ended December 31,		
2011	1,294	$ 20
2010	2,734	38
2009	3,426	44

(a) Based on the market price of Duke Energy's common stock at the grant date.

The following table summarizes information about stock-based performance awards outstanding at the maximum level at December 31, 2011:

	Shares (in thousands)	Weighted Average Per Share Grant Date Fair Value
Number of Stock-based Performance Awards:		
Outstanding at December 31, 2010	7,550	$ 14
Granted	1,294	16
Vested	(2,111)	16
Forfeited	(363)	13
Outstanding at December 31, 2011	6,370	$ 14
Stock-based Performance Awards Expected to Vest	6,212	$ 14

The total grant date fair value of the shares vested during the years ended December 31, 2011, 2010 and 2009 was $33 million, $15 million and $20 million, respectively. At December 31, 2011, Duke Energy had $17 million of unrecognized compensation cost which is expected to be recognized over a weighted-average period of 1.5 years.

Other Stock Awards

Other stock awards issued and outstanding under the 1998 Plan vest over periods from three to five years. There were no other stock awards issued during the years ended December 31, 2011, 2010 or 2009.

The following table summarizes information about other stock awards outstanding at December 31, 2011:

	Shares (in thousands)	Weighted Average Per Share Grant Date Fair Value
Number of Other Stock Awards:		
Outstanding at December 31, 2010	131	$ 28
Vested	(131)	28
Forfeited	-	-
Outstanding at December 31, 2011	-	-

The total fair value of the shares vested during the years ended December 31, 2011, 2010 and 2009 was $4 million, $1 million, and $1 million, respectively.

21. EMPLOYEE BENEFIT PLANS

Duke Energy

Defined Benefit Retirement Plans

Duke Energy and its subsidiaries (including legacy Cinergy businesses) maintain qualified, non-contributory defined benefit retirement plans. The plans cover most U.S. employees using a cash balance formula. Under a cash balance formula, a plan participant accumulates a retirement benefit consisting of pay credits that are based upon a percentage (which varies with age and years of service) of current eligible earnings and current interest credits. Certain legacy Cinergy U.S. employees are covered under plans that use a final average earnings formula. Under a final average earnings formula, a plan participant accumulates a retirement benefit equal to a percentage of their highest 3-year average earnings, plus a percentage of their highest 3-year average earnings in excess of covered compensation per year of participation (maximum of 35 years), plus a percentage of their highest 3-year average earnings times years of participation in excess of 35 years. Duke Energy also maintains non-qualified, non-contributory defined benefit retirement plans which cover certain executives.

Duke Energy's policy is to fund amounts on an actuarial basis to provide assets sufficient to meet benefit payments to be paid to plan participants. The following table includes information related to Duke Energy's contributions to its U.S. qualified defined benefit pension plans.

	For the Years Ended December 31,			
(in millions)	2012	2011	2010	2009
Contributions made				
Anticipated contributions	$ 200	$ 200	$ 400	$ 800

Actuarial gains and losses subject to amortization are amortized over the average remaining service period of the active employees. The average remaining service period of active employees covered by the qualified retirement plans is ten years. The average remaining service period of active employees covered by the non-qualified retirement plans is nine years. Duke Energy determines the market-related value of plan assets using a calculated value that recognizes changes in fair value of the plan assets in a particular year on a straight line basis over the next five years.

Net periodic benefit costs disclosed in the tables below for the qualified, non-qualified and other post-retirement benefit plans represent the cost of the respective benefit plan for the periods presented. However, portions of the net periodic benefit costs disclosed in the tables below have been capitalized as a component of property, plant and equipment.

Duke Energy uses a December 31 measurement date for its defined benefit retirement plan assets and obligations.

Qualified Pension Plans

Components of Net Periodic Pension Costs: Qualified Pension Plans

(in millions)	For the Years Ended December 31, 2011[a]	2010[a]	2009[a]
Service cost	$ 96	$ 96	$ 85
Interest cost on projected benefit obligation	232	248	257
Expected return on plan assets	(384)	(378)	(362)
Amortization of prior service cost	6	5	7
Amortization of actuarial loss	77	50	2
Settlement and contractual termination benefit cost	-	13	-
Other	18	18	17
Net periodic pension costs	$ 45	$ 52	$ 6

(a) These amounts exclude $14 million, $16 million and $10 million for the years ended December 31, 2011, 2010 and 2009, respectively, of regulatory asset amortization resulting from purchase accounting adjustments associated with Duke Energy's merger with Cinergy in April 2006.

Other Changes in Plan Assets and Projected Benefit Obligations

Recognized in Accumulated Other Comprehensive Income and Regulatory Assets: Qualified Pension Plans

(in millions)	For the Years Ended December 31, 2011	2010
Regulatory assets, net increase	$ 152	$ 350
Accumulated other comprehensive (income) loss[a]		
Deferred income tax asset	(10)	143
Actuarial losses (gains) arising during the year	60	(5)
Amortization of prior year actuarial losses	(8)	(16)
Reclassification of actuarial gains (losses) to regulatory assets	8	(365)
Amortization of prior year prior service cost	(1)	(3)
Reclassification of prior service cost to regulatory assets	-	(19)
Net amount recognized in accumulated other comprehensive (income) loss	$ 49	$ (265)

(a) Excludes actuarial losses of $2 million in 2011 and $3 million in 2010 recognized in other accumulated comprehensive income, net of tax, associated with a Brazilian retirement plan.

Reconciliation of Funded Status to Net Amount Recognized: Qualified Pension Plans

(in millions)	As of and for the Years Ended December 31, 2011	2010
Change in Projected Benefit Obligation		
Obligation at prior measurement date	$ 4,861	$ 4,695
Service cost	96	96
Interest cost	232	248
Actuarial (gains) losses	(7)	190
Plan amendments	18	2
Settlement and contractual termination benefit cost	-	13
Benefits paid	(320)	(383)
Obligation at measurement date	$ 4,880	$ 4,861

The accumulated benefit obligation was $4,661 million and $4,611 million at December 31, 2011 and 2010, respectively.

(in millions)	As of and for the Years Ended December 31, 2011	2010
Change in Fair Value of Plan Assets		
Plan assets at prior measurement date	$ 4,797	$ 4,224
Actual return on plan assets	64	556
Benefits paid	(320)	(383)
Employer contributions	200	400
Plan assets at measurement date	$ 4,741	$ 4,797

Amounts Recognized in the Consolidated Balance Sheets: Qualified Pension Plans

The following table provides the amounts related to Duke Energy's qualified pension plans that are reflected in Other within Investments and Other Assets and Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets at December 31, 2011 and 2010:

(in millions)	As of December 31, 2011	2010
Prefunded pension cost	$ -	$ 101
Accrued pension liability	(139)	(165)
Net amount recognized	$ (139)	$ (64)

The following table provides the amounts related to Duke Energy's qualified pension plans that are reflected in Other within Regulatory Assets and Deferred Debits and AOCI on the Consolidated Balance Sheets at December 31, 2011 and 2010:

(in millions)	As of December 31, 2011	2010
Regulatory assets	$ 1,411	$ 1,259
Accumulated other comprehensive (income) loss		
Deferred income tax asset	(73)	(63)
Prior service cost	4	5
Net actuarial loss	201	141
Net amount recognized in accumulated other comprehensive (income) loss[(a)]	$ 132	$ 83

(a) Excludes accumulated other comprehensive income of $19 million and $17 million as of December 31, 2011 and 2010, respectively, net of tax, associated with a Brazilian retirement plan.

Of the amounts above, $98 million of unrecognized net actuarial loss and $5 million of unrecognized prior service cost will be recognized in net periodic pension costs in 2012.

Additional Information: Qualified Pension Plans

Information for Plans with Accumulated Benefit Obligation in Excess of Plan Assets

(in millions)	As of December 31, 2011	2010
Projected benefit obligation	$ -	$1,052
Accumulated benefit obligation	-	956
Fair value of plan assets	$ -	$ 951

Assumptions Used for Pension Benefits Accounting

(percentages)	As of December 31, 2011	2010	2009
Benefit Obligations			
Discount rate	5.10	5.00	5.50
Salary increase (graded by age)	4.40	4.10	4.50

	2011	2010	2009
Net Periodic Benefit Cost			
Discount rate	5.00	5.50	6.50
Salary increase	4.10	4.50	4.50
Expected long-term rate of return on plan assets	8.25	8.50	8.50

The discount rate used to determine the current year pension obligation and following year's pension expense is based on a bond selection-settlement portfolio approach. This approach develops a discount rate by selecting a portfolio of high quality corporate bonds that generate sufficient cash flow to provide for the projected benefit payments of the plan. The selected bond portfolio is derived from a universe of non-callable corporate bonds rated Aa quality or higher. After the bond portfolio is selected, a single interest rate is determined that equates the present value of the plan's projected benefit payments discounted at this rate with the market value of the bonds selected.

Non-Qualified Pension Plans

Components of Net Periodic Pension Costs: Non-Qualified Pension Plans

(in millions)	For the Years Ended December 31, 2011	2010	2009
Service cost	$ 1	$ 1	$ 2
Interest cost on projected benefit obligation	8	9	10
Amortization of prior service cost	2	2	2
Settlement credit	-	-	(1)
Net periodic pension costs	$ 11	$ 12	$ 13