

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF DUKE ENERGY INDIANA, LLC, AN)
INDIANA LIMITED LIABILITY COMPANY, FOR)
AUTHORITY (i) TO ISSUE UP TO \$1.0 BILLION)
PRINCIPAL AMOUNT OF DEBT SECURITIES TO BE)
COMPRISED OF PETITIONER'S SECURED FIRST)
MORTGAGE BONDS OR UNSECURED DEBT IN ANY)
COMBINATION THEREOF AND IN ONE OR MORE)
SERIES, PROVIDED, HOWEVER, THE AGGREGATE)
PRINCIPAL AMOUNT OF ALL SUCH SECURITIES)
SHALL NOT EXCEED \$1.0 BILLION, (ii) TO EXECUTE)
AND DELIVER LONG TERM LOAN AGREEMENTS TO)
BORROW UP TO \$300.0 MILLION FROM THE INDIANA)
FINANCE AUTHORITY, (iii) TO ENTER INTO CAPITAL)
LEASE OBLIGATIONS NOT TO EXCEED \$100.0)
MILLION PRINCIPAL IN THE AGGREGATE, (iv) TO)
ENTER INTO INTEREST RATE MANAGEMENT)
AGREEMENTS, AND (v) TO APPLY THE NET)
PROCEEDS OBTAINED FROM SUCH SECURITIES,)
LOAN AGREEMENTS, AND CAPITAL LEASE)
TRANSACTIONS TOWARD (a) THE DISCHARGE OR)
LAWFUL REFUNDING OF ITS OBLIGATIONS)
OUTSTANDING, OR THE REIMBURSEMENT OF ITS)
TREASURY FOR MONEY ACTUALLY EXPENDED)
FROM INCOME, OR FROM ANY OTHER MONEY IN)
THE TREASURY FOR SUCH PURPOSES, (b) PAYING)
PART OF THE COSTS OF PETITIONER'S)
CONSTRUCTION PROGRAM AND (c) PAYING THE)
COSTS OF ISSUING AND SELLING SAID SECURITIES,)
EXECUTING SAID LOAN AGREEMENTS,)
TRANSACTIONING SAID CAPITAL LEASE)
TRANSACTIONS)

CAUSE NO. 44857

VERIFIED PETITION

TO THE INDIANA UTILITY REGULATORY COMMISSION:

Duke Energy Indiana, LLC ("Duke Energy Indiana" or "Petitioner") respectfully
represents to this Commission as follows:

1. Petitioner's Organization and Business. Petitioner is a limited liability company organized and existing under the laws of the State of Indiana, with its principal office at 1000 East Main Street, Plainfield, Indiana. Petitioner is a public utility within the meaning of that term as used in the Indiana Public Service Commission Act, as amended, Ind. Code § 8-1-2-1 (the "Act"), and is subject to the jurisdiction of this Commission in the manner and to the extent provided by the Act and other laws of the State of Indiana. In addition, Petitioner is a wholly-owned subsidiary of Cinergy Corp., a Delaware corporation, and a second tier wholly-owned subsidiary of Duke Energy Corporation, a Delaware corporation.

Petitioner is engaged in rendering electric public utility service in the State of Indiana, and owns, operates, manages and controls plants and equipment within the State of Indiana used for the production, transmission, delivery and furnishing of such service to the public. It supplies electric energy to approximately 810,000 customers in various municipalities and unincorporated areas of 69 counties in the central, north central and southern parts of the State of Indiana. In addition, Duke Energy Indiana serves various wholesale customers and provides steam service to an industrial customer whose manufacturing facility is located adjacent to Duke Energy Indiana's Cayuga Generating Station. Substantially all of Petitioner's operating revenues are derived from the generation, transmission and distribution of electric energy.

2. Petitioner's Attorneys. The names and addresses of Petitioner's attorneys in this matter are Elizabeth A. Herriman and Casey M. Holsapple, 1000 East Main Street, Plainfield, Indiana 46168, each of whom is duly authorized to accept service of papers in this proceeding on behalf of Petitioner.

3. Purpose of Filing This Petition. This Petition is filed, pursuant to provisions of the Act, for the purpose of securing authorization for and approval of the Commission for its financing program beginning April 1, 2017 through April 1, 2019, such program being to:

- (a) issue and sell, from time to time over a period ending April 1, 2019, up to and including \$1.0 billion principal amount of debt securities to be comprised of first mortgage bonds (the “First Mortgage Bonds”), or senior and junior debentures (the “Debentures”), or other long term unsecured indebtedness, including, but not limited to, bank loans (the “Long Term Notes”) in any combination thereof and in one or more series, provided the aggregate of all such First Mortgage Bonds, Debentures and Long Term Notes shall not exceed \$1.0 billion;
- (b) execute and deliver, from time to time over a period ending April 1, 2019, one or more long term loan agreements (the “Loan Agreements”), to borrow from Indiana Finance Authority (the “Authority”) for terms not to exceed 40 years, the proceeds of up to a maximum of \$300.0 million aggregate principal amount of tax-exempt revenue bonds that may be issued in one or more series (the “Authority Bonds”);
- (c) enter into, from time to time over a period ending April 1, 2019, up to and including \$100.0 million principal amount of additional capital lease obligations (the “Capital Leases”);
- (d) enter into interest rate management agreements to manage interest costs and risks on its financial obligations (the “Interest Rate Management Agreements”); and
- (e) apply moneys obtained from the Securities, Loan Agreements, and Capital Lease transactions for the purposes described in this Petition, including, but not limited to, Section 7, “Use of Proceeds.”

4. Background. In Cause No. 44539, the Commission authorized Petitioner, among other matters, (i) to issue and sell, from time to time over a period ending April 1, 2017, up to and including \$1.0 billion principal amount of debt securities comprised of First Mortgage Bonds, Debentures, or Long Term Notes, in any combination thereof and in one or more series; (ii) to execute and deliver one or more long term loan agreements to borrow from the Indiana Finance Authority or other authorized issuer of tax-exempt bonds up to a maximum of \$300.0 million aggregate principal amount of tax-exempt revenue bonds; (iii) to enter into up to \$100.0 million principal amount of capital lease obligations; (iv) to enter into interest rate management agreements; (v) to realize the benefits of an economic development incentive by entering into tax increment financing agreements with respect to the same.

In May 2016, Duke Energy Indiana issued \$500 million 3.750% fixed rate First Mortgage Bonds due May 15, 2046. The total financing authorization granted in Cause No. 44539 is \$1.4 billion (\$1.0 billion in First Mortgage Bonds, Debentures and Long Term Notes, \$300.0 million in tax-exempt debt and \$100 million in capital leases), and will remain in effect until April 1, 2017. The total request for financing in this proceeding is for \$1.4 billion and covers a two year period ending April 1, 2019. The need for the requested financing is further described below in Section 6, "Capital and Financing Requirements."

The Company has also entered into a credit facility primarily for purposes of short term debt, but the Company has the right to designate borrowings under such credit facility as long term debt. Any such debt designated as long term debt under the credit facility would have to meet requirements for long term debt (as a form of Notes) under Cause No. 44266 or under the authorization requested with this petition.

5. Applicable Law. Petitioner believes that Indiana Code §§ 8-1-2-76 to 8-1-2-81, inclusive, and Indiana Code § 8-1-2-83 are or may be applicable to the subject matter of this Petition.

6. Capital and Financing Requirements. Petitioner projects substantial capital expenditures from April 1, 2017 through April 1, 2019, including, but not limited to: (i) environmental compliance requirements at coal-fired generating stations; and (ii) the construction, improvement and maintenance of its facilities.

The Company plans to refinance debt in the amount of approximately \$60.0 million during this two-year time period.

7. Use of Proceeds. Petitioner proposes, subject to the authorization of the Commission, to issue the Securities, execute Loan Agreements and enter into the Capital Leases to provide funds for: (a) the acquisition of property, material or working capital, (b) the construction, completion, extension or improvement of its facilities, including, but not limited to, systems related to solid waste disposal, (c) the improvement of its service, (d) the discharge or lawful refunding of its obligations, including, but not limited to, the possible redemption of debt, (e) the repayment or conversion of short-term indebtedness incurred by Petitioner, for such purposes, or (f) for other general corporate purposes.

8. Proposed Securities Financings.

(a) Method of Issuance. Petitioner proposes to issue or sell the Securities to one or more purchasers or underwriters through either negotiated offerings or through the competitive bidding process.

In the event the Securities are issued or sold through a negotiated offering, the terms of each offering of the Securities will be negotiated by Petitioner either with a limited number of

purchasers or with a single purchaser for a direct sale or for a sale through agents, or with a group of underwriters headed by managing underwriters or with one or more underwriters. If the Securities are issued or sold through competitive bidding, the Securities will be sold to the bidder(s) whose proposal results in the lowest annualized cost of money, with Petitioner having the right to reject any or all bids. Each of the bidders will be required to specify the coupon rate and the price, exclusive of accrued interest, to be paid for the Securities.

After approval of the terms for each offering in accordance with Petitioner's duly authorized policy for the Approval of Business Transactions, or by persons authorized in accordance with the Delegation of Authority for Business Transactions and Petitioner's Board of Directors as may be required, or by an authorized committee thereof or by persons authorized by Petitioner's Board of Directors, it is anticipated that an agreement setting forth the terms of the Securities would be signed.

(b) Pricing Parameters. Petitioner has developed parameters under which the Securities are to be issued or sold. The parameters, as set forth in Exhibit A, attached hereto and incorporated herein by this reference, are designed to provide a reasonable allowance for potential changes in financial market conditions between the time of Commission authorization and the actual issuance or sale of the Securities. The inclusion of the parameters within the Order in this Cause would allow Petitioner to issue or sell the Securities on any day when it believes it is appropriate to do so, provided the terms are within the parameters.

(c) Security and Other Agreements. If First Mortgage Bonds are issued, they will be issued under and secured by the indenture of mortgage and deed of trust, dated September 1, 1939, from Petitioner to Deutsche Bank National Trust Company (as successor to LaSalle Bank National Association), as Trustee (or any successor trustee), as previously amended and

supplemented by sixty-eight indentures supplemental thereto and to be supplemented by one or more supplemental indentures (said original indenture as so supplemented and amended being hereinafter called “Petitioner’s Mortgage”).

If Debentures are issued, they will be issued under the Indenture dated as of November 15, 1996, between Petitioner and The Bank of New York Mellon Trust Company, N.A., Trustee as successor to Fifth Third Bank, Trustee, as previously supplemented by ten indentures supplemental thereto, and to be supplemented by one or more supplemental indentures, or, alternatively, the Debentures may be issued pursuant to a new indenture agreement entered into between Petitioner and The Bank of New York Mellon Trust Company, N.A. or other qualified trustee (said original indenture as so supplemented or any such new indenture being hereinafter called “Petitioner’s Debenture Indenture”).

If Long Term Notes are issued, the obligations will be evidenced by a promissory note and a loan agreement or similar document under terms mutually agreeable to Petitioner and a qualified financial institution in conformity with generally accepted market conventions. Long Term Notes will have a maturity date in excess of one year and the indebtedness would bear interest at either a fixed or variable rate as agreed by the parties. Long Term Notes will be issued under terms and conditions similar to Debentures, except that Long Term Notes will typically be negotiated directly with one or more banks or other financial institutions, with less formality than is typical of the issuance and sale of Debentures.

9. Proposed Execution of Loan Agreements.

(a) What is Borrowed. Petitioner proposes to borrow from the Authority, from time to time over a period ending April 1, 2019, for terms not to exceed 40 years, the proceeds of up to a maximum of \$300.0 million aggregate principal amount of Authority Bonds that may be

issued from time to time during said period in multiple series. Petitioner will enter into one or more Loan Agreements with the Authority to evidence and secure its obligations to repay such loans. Petitioner will use the proceeds from the loans to finance or reimburse the costs of acquiring and constructing certain solid waste disposal facilities and related facilities and/or other qualifying costs.

(b) Petitioner's Obligations. Petitioner's primary obligations under each Loan Agreement will be to provide the Authority with sufficient revenues to enable it to pay the principal of, premium, if any, and interest on the Authority Bonds as and when any and all payments are due. Petitioner may issue First Mortgage Bonds or provide other security to secure Petitioner's obligations under each individual Loan Agreement. Alternatively, the Loan Agreements may be unsecured. First Mortgage Bonds or other security may be in aggregate principal amounts equal to the aggregate principal amounts of the Authority Bonds to which they relate (in which case the First Mortgage Bonds or other security may provide for the payment of interest at the rate borne by the Authority Bonds). Payments made with respect to the Authority Bonds would also be considered as payments on the related First Mortgage Bonds or other security. Each Loan Agreement will stand alone, allowing Petitioner the option of securing or not securing its obligations related to each Loan Agreement.

(c) Authority Bonds. Authority Bonds will be issued pursuant to one or more Indentures of Trust (the "Authority Indentures") to be entered into between the Authority and a trustee to be determined, which Authority Indentures establish the terms of each series of Authority Bonds. Authority Bonds will be special and/or limited obligations of the Authority payable out of revenues derived from the payments by or credited to Petitioner under the respective Authority Indentures and Loan Agreements.

Authority Bonds or any series thereof may be entitled to the benefits of one or more letters of credit or may be issued without the benefit of such letters of credit. If a letter of credit is obtained, Petitioner would enter into a reimbursement agreement with one or more qualified financial institutions issuing the letter of credit. Such reimbursement agreements would require Petitioner to reimburse the financial institutions for all drawings made under the letter of credit, together with the institution's expenses related thereto, and to pay annual fees not in excess of two percent (2.0%) of the amount available under the letter of credit. The reimbursement agreement may also consist of a credit facility with a group of banks, one of which would be the issuing bank for the letter of credit. The existence of a letter of credit securing payment of the Loan Agreements from a highly rated financial institution would be expected to allow the sale of the Authority Bonds with a lower interest rate than would exist without such a letter of credit.

It is expected that bond counsel will render its opinion that, under existing laws, including, but not limited to, regulations and official rulings by the Internal Revenue Service, interest on the Authority Bonds will be excluded from gross income of the recipient thereof for Federal income tax purposes, except for interest on any bond held by a substantial user or a related person as those terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended. Therefore, Petitioner generally expects the interest rate on the Authority Bonds will be less than the interest rate Petitioner would be able to obtain on taxable bonds that Petitioner could issue with similar terms and conditions in the capital markets.

The terms of each offering of Authority Bonds will be negotiated by Petitioner with underwriters. After approval of the terms by Petitioner and the Authority, Petitioner proposes to arrange for the sale of each series of Authority Bonds to the underwriters pursuant to one or

more (i) bond purchase agreements between the Authority and the underwriters, and (ii) one or more representation letters from Petitioner to the Authority and the underwriters.

Petitioner proposes that the Commission issue its order authorizing Petitioner to execute and deliver the Loan Agreements, any reimbursement agreements and letters of representation prior to the time Petitioner and the underwriters reach agreement with respect to the terms of the Authority Bonds. Petitioner will agree to a public offering price no higher than 102% nor less than 98% of the principal amount of the Authority Bonds, plus accrued interest, at an interest rate that may be either fixed or subject to adjustment at varying periods, but in either case not to be in excess of the parameters set forth in Exhibit A. If a series of the Authority Bonds bears interest at a rate that is subject to adjustment, the same will also contain a feature that will allow the interest rate to become fixed under certain circumstances. Petitioner also will agree to underwriting discounts or commissions not in excess of 3.50% of the principal amount of the Authority Bonds. Petitioner proposes the Commission include such limits in its order. It is anticipated the underwriters would offer the Authority Bonds to purchasers pursuant to one or more Official Statements. The proposed sale of the Authority Bonds and the possible issuance and delivery of First Mortgage Bonds or other security as part of such a sale are exempt from registration under the Securities Act of 1933, as amended.

10. Proposed Capital Lease Financings.

(a) Purpose. Petitioner also requests authorization to enter into Capital Lease transactions. Petitioner proposes to utilize Capital Leases purely as another form of financing the capital requirements discussed in “Capital and Financing Requirements” above. The Capital Leases will have structures and terms similar to other forms of debt financing, but with the

potential, in certain instances, to lower the overall cost associated with financing property acquisitions.

Capital Leases may be used to finance the acquisition of new property or newly constructed property, in order to optimize the cost of financing commensurate with such property's expected life (such property being more fully described in "Property Expected to be Leased" below).

(b) Property Expected to Be Leased. The property expected to be leased will consist of equipment used in Petitioner's operations including, but not limited to, landfill and coal yard heavy equipment, transportation equipment, turbines, transformers, water pumps, exhaust stacks, substations, meters, other generation and transmission and distribution equipment, computers and office equipment, and intangible property such as software and site licenses (collectively, the "Property").

(c) Amount Financed. The amount financed under each Capital Lease, excluding transaction costs, is not expected to be more than the net capitalized cost of the Property or the appraised value of the Property (in the event more than the capitalized cost is financed).

In accordance with generally accepted accounting principles, the net capitalized cost of property usually includes installation, training, allowance for funds, administrative overhead and other costs capitalized in connection with acquiring and placing the property in service. Such costs are expected to be included in the Property cost financed under each Capital Lease.

(d) Method of Transacting Capital Leases. To effectuate the lease transactions, Petitioner will obtain third-party lease financing for Property acquisitions. In connection therewith, the terms of each Capital Lease will be approved in accordance with Petitioner's

policies governing the Approval of Business Transactions, and it is anticipated that an agreement setting forth the terms of each Capital Lease will be executed.

The Lessor will either (1) pay the vendor and Petitioner for their respective costs associated with the acquisition or (2) reimburse Petitioner for the capitalized cost of the property, with Petitioner concurrently paying the vendor the invoice cost; this latter option being undertaken solely to allow administrative efficiencies.

(e) Related Agreements. Petitioner may enter into one or more participation agreements with its affiliates and the Lessor in connection with the Capital Leases, with such agreements defining Petitioner's role as principal and, as applicable, agent on behalf of its affiliates for billing and payment remittance purposes. Such arrangements will be undertaken solely for administrative efficiencies and the convenience for the parties involved and will be subject to Commission jurisdiction pursuant to Petitioner's Affiliate Standards.

(f) End of Term Options. At the end of each initial or renewal lease term, it is anticipated that Petitioner will have an option to either (a) renew each Capital Lease pursuant to arm's length negotiation with the then existing Lessor or other lessors, (b) purchase the Property, or (c) terminate the Capital Lease.

(g) Pricing Parameters. Petitioner has furnished in Exhibit B, attached hereto and incorporated herein by this reference, parameters within which the final negotiated Capital Leases and rental obligations will fall, and requests authority to execute Capital Leases of the Property within such parameters. The inclusion of the parameters within the Order in this Cause would allow Petitioner to consummate transactions when it believes it is appropriate to do so provided the terms are within the parameters.

11. Proposed Interest Rate Management Techniques.

(a) Purpose. Petitioner requests that this Commission grant it authority to utilize interest rate management techniques and enter into Interest Rate Management Agreements to manage its interest costs. Such authority will allow Petitioner sufficient alternatives and flexibility when striving to effectively manage interest rate risk.

(b) Description of Interest Rate Management Agreements. The Interest Rate Management Agreements will be products commonly used in today's capital markets, consisting of "interest rate swaps," "caps," "collars," "floors," "options," or hedging products such as "forwards," "futures," "treasury locks" or "forward starting swaps," or similar products, the purpose of which being to manage interest rate risk and costs.

Petitioner expects to enter into these agreements with counter-parties that are highly rated financial institutions. The transactions will be for a fixed period and a stated notional amount, and may be for underlying fixed or variable obligations of Petitioner. Interest Rate Management Agreements would be entered into solely to hedge and manage interest rate risk, and not for speculative purposes.

(c) Pricing Parameters. Petitioner proposes that the pricing parameters for Interest Rate Management Agreements be consistent with the parameters corresponding to the underlying obligation.

Net fees and commissions in connection with any Interest Rate Management Agreement will be in addition to the above parameters and will not exceed 1.00% of the notional amount involved.

12. Financial Exhibits and Periodic Reports. A balance sheet of Petitioner as of June 30, 2016, and a statement of operations of Petitioner for the period ended June 30, 2016, as filed

on Form 10-Q with the United States Securities and Exchange Commission are set forth in Exhibit C attached hereto and incorporated herein by this reference.

Within thirty (30) days of each issuance authorized herein, Duke Energy Indiana shall file with the Commission and serve upon the OUCC a filing that includes: (1) the amount of the issuance, (2) a description of the terms and intended purpose, (3) the type of financing, (4) a calculation of the effective interest cost (incorporating the effects of issuance expenses on the effective cost rate), (5) a *pro forma* balance sheet reflecting the reported financing by adjusting the most recently available quarterly balance sheet by adding the debt issuance obligation amount to debt outstanding and adding the net proceeds from the debt issuance to available cash, and (6) if the purpose of such financing is to refinance existing debt, the filing shall include a description of the characteristics of the debt being refinanced (e.g., amount of debt refinanced, interest rate, maturity date, and any costs involved in refinancing). Additionally, if requested by the OUCC, Duke Energy Indiana will provide an update of current interest rate market pricing conditions.

13. Petitioner's Proposed Financings and Interest Rate Management Techniques are Advantageous and in the Public Interest. The proposed financings, loan agreements, and interest rate management techniques discussed in this Petition are, in the opinion of Petitioner, necessary, advantageous and desirable in the public interest. The consummation of said financings, the execution of said loan agreements, and the utilization of said interest rate management techniques will enable Petitioner better to assure adequate, dependable and continuous service for the public to meet public needs. Because Petitioner's current financing authority granted by this Commission expires April 2, 2017, Petitioner respectfully requests that the Commission

enter an order in this cause if possible by February 28, 2017 to prevent any interruption in Petitioner's continued access to the capital markets.

WHEREFORE, Petitioner respectfully requests that the Indiana Utility Regulatory Commission enter an order in this cause:

- (i) authorizing Petitioner to:
 - (a) issue and sell, from time to time over a period ending April 1, 2019, up to and including \$1.0 billion principal amount of debt securities comprised of the First Mortgage Bonds, Debentures, or Long Term Notes, in any combination thereof and in one or more series, and on terms consistent with the parameters set forth in this Petition, provided that the aggregate of all such securities shall not exceed \$1.0 billion (collectively, the Securities"); and/or
 - (b) borrow, from time to time over a period ending April 1, 2019, from the Authority, for terms not to exceed 40 years, the proceeds of up to and including \$300.0 million aggregate principal amount of Authority Bonds that may be issued in one or more series, on terms consistent with the parameters set forth in this Petition, including, but not limited to, credit enhancements, such as the issuance of letters of credit and/or First Mortgage Bonds; and/or
 - (c) enter into, from time to time over a period ending April 1, 2019, up to and including an additional \$100.0 million principal amount of Capital Leases, consistent with the parameters set forth in this Petition; and/or

- (d) enter into Interest Rate Management Agreements to manage its effective interest costs on financial obligations consistent within the parameters set forth in this Petition;
 - (e) use the proceeds from the aforesaid Securities, Loan Agreements, and Capital Leases for the purposes specified in this Petition;
- (ii) authorizing Petitioner to:
- (a) execute and deliver one or more supplemental indentures, to be dated as of the date which the First Mortgage Bonds are issued, to Petitioner's Mortgage, which supplemental indenture will, among other matters, create the First Mortgage Bonds and will be in such final form as will be hereafter submitted to this Commission; and/or
 - (b) execute and deliver one or more new indentures or supplemental indentures to Petitioner's Debenture Indenture, to be dated as of the date which the Debentures are issued, which will, among other matters, create the Debentures and will be in such final form as will be hereafter submitted to this Commission; and/or
 - (c) execute and deliver one or more notes and loan agreements and/or other financing agreements, including, but not limited to, Loan Agreements, reimbursement agreements, bond purchase agreements and letters of representation, for purposes of the issuance of Long Term Notes and/or Authority Bonds, as

applicable, and which will be in such final form as will be hereafter submitted to this Commission; and/or

(d) execute and deliver one or more additional Capital Leases and other documentation related to effecting such Capital Leases; and/or

(e) execute and deliver one or more Interest Rate Management Agreements;

(iii) making such other and further orders in the premises as this Commission may deem appropriate and proper.

[Signature Page to Follow]

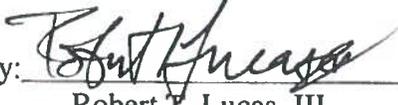
Dated this 29th day of September, 2016.

DUKE ENERGY INDIANA, LLC

By: _____


Stephen G. De May
Senior Vice President, Tax
and Treasurer

By: _____


Robert T. Lucas, III
Assistant Secretary

Its Attorney:



Elizabeth A. Herriman, Attorney No. 24942-49
1000 East Main Street
Plainfield, Indiana 46168
Telephone: 317-838-1254
Fax: 317-838-1842

STATE OF NORTH CAROLINA)
) SS:
COUNTY OF MECKLENBURG)

ROBERT T. LUCAS III, being first duly sworn, deposes and says that he is the Assistant Secretary of Duke Energy Indiana, LLC, the Petitioner in the above entitled cause; that as such officer of said limited liability company he has executed the foregoing Verified Petition and has authority so to do; that he has read said Verified Petition and knows the contents thereof; and that the statements therein contained are true to the best of his knowledge, information and belief.


Robert T. Lucas III

Subscribed and sworn to before me a notary public
of said State and County
this 27 day of September, 2016.


Commission Expires: 10-17-2019

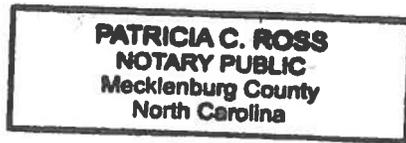


Exhibit A

Duke Energy Indiana, LLC

Securities Financing Parameter Summary

Principal Amount:	Up to \$1.0 billion of debt securities (collectively, the “Securities”), to be comprised of senior and junior debentures (collectively, the “Debentures”), other long term indebtedness (the “Long Term Notes”), or first mortgage bonds (the “First Mortgage Bonds”), in any combination thereof, in one or more series, provided the aggregate of all the Securities shall not exceed \$1.0 billion.
Maturity:	Up to 50 years.
Redemption Premiums:	Redemption premiums, if any, with respect to the Securities will be established as a result of the negotiations with underwriters, standard market convention at the time of issuance, or as part of a competitive bidding process.
Underwriting Commissions or Agents’ Fees:	Not to exceed 3.50% of the principal amount for the First Mortgage Bonds, the Debentures, and the Long Term Notes.
Price to Public:	No higher than 102% nor less than 98% of the principal amount, plus accrued interest, if any, for the First Mortgage Bonds and Debentures.
Interest Rate:	<p>Not to exceed those generally obtainable at the time of pricing or re-pricing of such First Mortgage Bonds, Debentures, and Long Term Notes for securities having the same or reasonably similar maturities and having reasonably similar terms, conditions and features issued by utility companies or utility holding companies of the same or reasonably comparable credit quality.</p> <p>Duke Energy Indiana agrees that the yield to maturity of Notes set at the time of pricing should not exceed by more than 5.0% the yield to maturity on U.S. Treasury bonds of comparable maturity at the time of pricing. In other words, the interest rate at the time of pricing a new debt obligation will reflect a credit spread to the relevant benchmark U.S. Treasury rate that will be less than or equal to 500 basis points. If the yield to maturity of Notes exceeds the yield to maturity on U.S. Treasury bonds of</p>

comparable maturity at the time of pricing by more than 5%, Petitioner agrees to meet with the OUCC and the Commission to discuss the financing.

Authority Bonds Financing Parameter Summary

Principal Amount:	Up to \$300.0 million of tax-exempt Authority Bonds, in one or more series, provided the aggregate of all Authority Bonds shall not exceed \$300.0 million.
Maturity:	Up to 40 years, subject to Indiana Code
Redemption Premiums:	Redemption premiums, if any, with respect to Authority Bonds will be established as a result of the negotiations with underwriters, standard market convention at the time of issuance, or as part of a competitive bidding process.
Underwriting Commissions or Agents' Fees:	Not to exceed 3.50% of the principal amount for the tax-exempt Authority Bonds.
Price to Public:	No higher than 102% nor less than 98% of the principal amount, plus accrued interest, if any, for Authority Bonds.
Interest Rate:	Not to exceed those generally obtainable at the time of pricing or re-pricing of Authority Bonds for securities having the same or reasonably similar maturities and having reasonably similar terms, conditions and features issued by utility companies or utility holding companies of the same or reasonably comparable credit quality.
Security:	Authority Bonds may include credit enhancements such as the issuance of letters of credit and/or the pledge of First Mortgage Bonds or other security.

Exhibit B

Duke Energy Indiana, LLC

Capital Lease Parameter Summary

Principal Amount:	Up to \$100 million, depending on the capitalized cost or appraised value of the Property, plus transaction costs.
Lease Term:	Will depend on available pricing but shall be for a maximum term of not more than 40 years for each initial or renewal term.
Lease Cost:	Aggregate cost of rental payments, commitment fees and closing costs during each initial or renewal period that results in an interest rate (implicit or otherwise) that is reasonably comparable to other financing alternatives with similar maturities.

Exhibit C
Duke Energy Indiana, LLC
CONDENSED CONSOLIDATED BALANCE SHEETS

Duke Energy Indiana Consolidated Balance Sheet from Form 10-Q as of June 30, 2016

(in millions)	June 30, 2016	December 31, 2015
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 12	\$ 9
Receivables (net of allowance for doubtful accounts of \$1 at 2016 and 2015)	87	96
Receivables from affiliated companies	60	71
Notes receivable from affiliated companies	147	83
Inventory	508	570
Regulatory assets	115	102
Other	45	15
Total current assets	974	946
Investments and Other Assets	221	212
Property, Plant and Equipment		
Cost	13,677	14,007
Accumulated depreciation and amortization	(4,219)	(4,484)
Generation facilities to be retired, net	93	—
Net property, plant and equipment	9,551	9,523
Regulatory Assets and Deferred Debits		
Regulatory assets	825	716
Other	2	2
Total regulatory assets and deferred debits	827	718
Total Assets	\$ 11,573	\$ 11,399
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 146	\$ 189
Accounts payable to affiliated companies	87	83
Taxes accrued	40	89
Interest accrued	59	56
Current maturities of long-term debt	221	547
Regulatory liabilities	57	62
Other	101	97
Total current liabilities	711	1,123
Long-Term Debt	3,566	3,071
Long-Term Debt Payable to Affiliated Companies	150	150
Deferred Credits and Other Liabilities		
Deferred income taxes	1,732	1,657
Investment tax credits	137	138
Accrued pension and other post-retirement benefit costs	74	80
Asset retirement obligations	520	525
Regulatory liabilities	745	754
Other	72	65
Total deferred credits and other liabilities	3,280	3,219
Commitments and Contingencies		
Equity		
Member's equity	3,866	—
Common stock, no par; \$0.01 stated value, 60,000,000 shares authorized; 53,913,701 shares outstanding at 2015	—	1
Additional paid-in capital	—	1,384
Retained earnings	—	2,450
Accumulated other comprehensive income	—	1
Total equity	3,866	3,836
Total Liabilities and Equity	\$ 11,573	\$ 11,399

Exhibit C (Continued)
Duke Energy Indiana, LLC
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

**Duke Energy Indiana Consolidated Statements of Operations from Form 10-Q for the
Period Ending June 30, 2016**

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Operating Revenues	\$ 702	\$ 686	\$ 1,416	\$ 1,474
Operating Expenses				
Fuel used in electric generation and purchased power	220	235	448	529
Operation, maintenance and other	189	180	351	361
Depreciation and amortization	97	107	222	211
Property and other taxes	22	19	45	18
Total operating expenses	528	541	1,066	1,119
Gain on Sale of Other Assets and Other, net	—	1	—	1
Operating Income	174	146	350	356
Other Income and Expenses, net	6	4	10	9
Interest Expense	47	43	91	88
Income Before Income Taxes	133	107	269	277
Income Tax Expense	48	39	89	101
Net Income	\$ 85	\$ 68	\$ 180	\$ 176
Other Comprehensive Loss, net of tax				
Reclassification into earnings from cash flow hedges	—	—	(1)	(1)
Comprehensive Income	\$ 85	\$ 68	\$ 179	\$ 175

CERTIFICATE OF SERVICE

The undersigned, attorney for the Petitioner herein, certifies that a copy of the foregoing Verified Petition has been served in person or by deposit in the United States Mail, first-class postage prepaid, this 29th day of September, 2016, upon the following:

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