

Duke Energy CORP  
Form 11-K  
June 15, 2012

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**FORM 11-K**

**ANNUAL REPORT**

**PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**For the Year Ended December 31, 2011**

**of**

**Duke Energy Retirement Savings Plan for Legacy  
Cinergy Union Employees (IBEW 1393)**

**Commission File Number 1-32853**

Edgar Filing: Duke Energy CORP - Form 11-K

**Issuer of Securities held pursuant to the Plan is**

**DUKE ENERGY CORPORATION, 550 South Tryon Street,**

**Charlotte, North Carolina 28202-1803**

---

**DUKE ENERGY RETIREMENT SAVINGS PLAN  
FOR LEGACY CINERGY UNION EMPLOYEES (IBEW 1393)**

**TABLE OF CONTENTS**

<b><u>Report of Independent Registered Public Accounting Firm</u></b>	3
<b>Financial Statements:</b>	
<u>Statements of Net Assets Available for Benefits as of December 31, 2011 and 2010</u>	4
<u>Statement of Changes in Net Assets Available for Benefits For the Year Ended December 31, 2011</u>	5
<u>Notes to Financial Statements</u>	6 15
<b>Supplementary Information:</b>	
<u>Form 5500, Schedule H, Part IV, Line 4i Schedule of Assets (Held at End of Year) as of December 31, 2011</u>	16

NOTE: All other schedules described by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended, have been omitted because they are not applicable.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Benefits Committee of Duke Energy Corporation

Charlotte, North Carolina

We have audited the accompanying Statements of Net Assets Available for Benefits of the Duke Energy Retirement Savings Plan for Legacy Cinergy Union Employees (IBEW 1393) (the Plan) as of December 31, 2011 and 2010 and the related Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2011. These financial statements are the responsibility of Plan management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Plan management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2011 and 2010, and the changes in net assets available for benefits for the year ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended. This supplementary information is the responsibility of Plan management. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ McCONNELL & JONES LLP

Houston, Texas

June 15, 2012

**DUKE ENERGY RETIREMENT SAVINGS PLAN  
FOR LEGACY CINERGY UNION EMPLOYEES (IBEW 1393)**

**Statements of Net Assets Available for Benefits**

**December 31, 2011 and 2010**

(IN THOUSANDS)

	<b>2011</b>	<b>2010</b>
<b>Assets</b>		
<b>Investments, at fair value</b>		
Plan interest in Duke Energy Retirement Savings Plan Master Trust	\$ 188,042	\$ 180,679
<b>Receivables</b>		
Notes receivable from participants	5,176	4,853
Employer's contributions	273	1,923
<b>Total receivables</b>	<b>5,449</b>	<b>6,776</b>
<b>Net assets, at fair value</b>	<b>193,491</b>	<b>187,455</b>
Adjustment from fair value to contract value for interest in Duke Energy Retirement Savings Plan Master Trust relating to fully benefit-responsive investment contracts	(575)	(403)
<b>Net assets available for benefits</b>	<b>\$ 192,916</b>	<b>\$ 187,052</b>

See Notes to Financial Statements.

**DUKE ENERGY RETIREMENT SAVINGS PLAN  
FOR LEGACY CINERGY UNION EMPLOYEES (IBEW 1393)**

**Statement of Changes in Net Assets Available for Benefits**

**For the Year Ended December 31, 2011**

(IN THOUSANDS)

<b>Additions to net income attributed to:</b>	
<b>Investment income</b>	
Plan interest in net income of Duke Energy Retirement Savings Plan Master Trust	\$ 5,469
<b>Interest income on notes receivable from participants</b>	222
<b>Contributions</b>	
Participants	10,370
Employer s	5,080
Participants rollover	246
<b>Total contributions</b>	<b>15,696</b>
<b>Total additions</b>	<b>21,387</b>
<b>Deductions from net assets attributed to:</b>	
Benefits paid to participants	(14,239)
Administrative fees	(99)
<b>Total deductions</b>	<b>(14,338)</b>
<b>Net increase prior to transfers</b>	<b>7,049</b>
Inter-plan transfers, net	(1,185)
<b>Net increase</b>	<b>5,864</b>
<b>Net assets available for benefits, beginning of year</b>	<b>187,052</b>
<b>Net assets available for benefits, end of year</b>	<b>\$ 192,916</b>

See Notes to Financial Statements.

---

**DUKE ENERGY RETIREMENT SAVINGS PLAN**

**FOR LEGACY CENERGY UNION EMPLOYEES (IBEW 1393)**

**Notes to Financial Statements**

**December 31, 2011 and 2010**

**1. Description of the Plan**

The following description of the Duke Energy Retirement Savings Plan for Legacy Cinergy Union Employees (IBEW 1393) (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

**Participation and Purpose**

The Plan is a defined contribution plan sponsored by Duke Energy Corporation (Duke Energy), covering union employees represented by the International Brotherhood of Electrical Workers, Local 1393. Duke Energy and each of its affiliated companies that is at least 80% owned and that participates in the Plan are collectively referred to as Participating Companies. The Plan is administered by the Duke Energy Corporation Benefits Committee (Benefits Committee) and trustee by the Fidelity Management Trust Company (Fidelity).

The purpose of the Plan is to provide an opportunity for eligible employees to enhance their long-range financial security through employee contributions, matching contributions from Participating Companies, and investment among certain investment funds, one of which provides an investment interest in Duke Energy common stock (Common Stock). The Plan is, in part, an employee stock ownership plan and is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

**Contributions**

Duke Energy automatically enrolls new full time employees eligible for the Plan. The contributions made to the Plan on the employee's behalf will be invested in one or more funds selected in accordance with procedures established by the Plan administrator. If an employee chooses not to participate, Fidelity, the recordkeeper must be contacted by the employee to change the deferral rate to 0%.

Participants may elect to contribute (subject to certain limitations) in the form of pre-tax deferrals, Roth 401(k) contributions and/or after-tax contributions up to 75% of eligible earnings per pay period without regard to years of service. Various provisions of the Internal Revenue Code (IRC) may limit the deferrals of some highly compensated employees. All pre-tax deferrals are exempt, up to the allowed maximum, from federal and state income tax withholding in the year they are deferred, but are subject to payroll taxes. Participant deferrals are intended to satisfy the requirements of Section 401(k) of the IRC.

For participants classified as Duke Formula Employees, Duke Energy matches 100% of the first 6% of pre-tax and/or Roth 401(k) contributions from the employee's eligible compensation. For participants not classified as Duke Formula Employees, Duke Energy matches 100% of the first 3% and 50% of the next 2% of pre-tax and/or Roth 401(k) contributions from the employee's eligible compensation. Participants not classified as Duke Formula Employees could be entitled to an additional incentive match of up to a maximum of 1% of eligible compensation based upon meeting corporate goals. Participant after-tax contributions and matching contributions are intended to satisfy the requirements of Section 401(m) of the IRC.

Prior to the plan year beginning January 1, 2011, Duke Energy made Deferred Profit Sharing contributions to the Plan for eligible employees for the plan year in an amount determined by the Company. Effective with the plan year beginning January 1, 2011, Duke Energy discontinued making Deferred Profit Sharing contributions to the Plan. Duke Energy made a final Deferred Profit Sharing Contribution of \$1,163,620 for the 2010 plan year.

Participants age 50 or older by the end of the year, may contribute an additional pre-tax and/or Roth 401(k) contribution amount over and above the IRC limits each year. For 2011, the IRC allowed participants age 50 or older to contribute up to \$5,500 over and above the \$16,500 pre-tax

## Edgar Filing: Duke Energy CORP - Form 11-K

and/or Roth 401(k) contribution limit. Duke Energy does not provide a base company match or incentive match on these additional contributions.

### **Rollover Contributions to the Plan**

Rollover contributions represent amounts recorded when participants elect to contribute amounts to their Plan accounts from other eligible, tax-qualified retirement plans or qualified individual retirement accounts. Rollover contributions of approximately \$246,000 were made to the Plan in 2011.



### **Investments**

Participants may invest their Plan accounts in any or all of the core investment funds offered in the Plan. These core investment funds are institutional funds unavailable to investors outside of the Plan. The value of an account is updated each business day. As of December 31, 2011, 21 funds were offered for investment.

The Plan offers a brokerage option, BrokerageLink, whereby participants can elect to invest their Plan accounts in publicly traded securities (excluding Duke Energy securities) and mutual funds not offered directly by the Plan.

The Plan also offers an investment advisory services program through the independent investment advice and management services provider, Financial Engines Advisors, LLC. Participants in the program are charged an annual fee of .50% on their average account balance. Participants may cancel their participation in the plan at any time without penalty.

### **Participant Accounts**

Individual accounts are maintained for each Plan participant. Each participant's account is credited with the participant's contribution, the Participating Company's contributions, and allocations of Plan earnings and charged with benefit payments, allocations of Plan losses, and administrative expenses. Allocations are based on the participant's elections and earnings and/or account balances as defined in the Plan document.

The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. The selection from available investment funds is the sole responsibility of each participant, and the Plan is intended to satisfy the requirements of Section 404(c) of ERISA. A participant may elect or change investment funds and/or the contribution allocation percentage among funds at any time.

### **Vesting and Distributions**

A participant is 100% vested in his Plan account, with the exception of Deferred Profit Sharing contributions made by Duke Energy, which are vested after three years of service (or, while an employee, the occurrence of death, disability or attaining age 65). However, dividends on Common Stock on Deferred Profit Sharing contributions are vested immediately. Participants may elect to receive a cash payout of the account's allocation of the current dividend paid on Common Stock or to have that allocation reinvested in Common Stock through an annual election. Dividends paid in cash are taxable as a plan distribution for the calendar year in which they are paid and are not subject to the 10% federal tax penalty for early distributions and are not eligible for a rollover to an IRA or similar plan. The Plan provides for several different types of in-service withdrawals, including hardship and age 59 1/2 withdrawals, and withdrawals of rollover and after-tax accounts at any time. A hardship distribution must comply with Section 401(k) of the IRC.

### **Forfeitures**

Generally, upon termination of employment, participants' nonvested balances are forfeited. Such forfeitures can be applied to reduce employer contributions or Plan administrative expenses. At December 31, 2011 and 2010, unvested forfeitures of \$25,491 and \$21,557, respectively, were included in Plan assets. In 2011, employer contributions were reduced by \$906 from forfeited nonvested participant balances.

### **Payments of Benefits**

Upon termination of employment including retirement, death, or disability, a participant or, if the participant is deceased, his or her beneficiary, may request the distribution of the balance of the participant's Plan account. Distributions are made as soon as practicable after the occasion for the distribution, except that a participant (or spouse beneficiary) may elect that a distribution be delayed until no later than April 1 of the calendar year following the calendar year in which the participant attains age 70 1/2. A non-spouse beneficiary of a deceased participant may elect that a distribution be delayed for up to five years following the date of death. Distributions are paid in a lump sum for vested benefits of \$1,000 or less.

### **Notes Receivable from Participants**

Participants may borrow, with some limitations, from their accounts a minimum of \$1,000 up to a maximum equal to the lesser of (i) \$50,000 minus the highest outstanding loan balance during the 12-month period prior to the new loan, or (ii) 50% of their vested account balances. Loans are to be repaid within 58 months, or up to 15 years for the purchase of a primary residence, through regular payroll deductions (and, following termination of employment, as prescribed by the Benefits Committee). The loan is secured by 50% of the balance in the participant's Plan account at the issuance of the loan and bears interest at a rate of 1% more than the prime interest rate in effect at the issuance of the loan, as determined by the Benefits Committee. Principal and interest is paid ratably through payroll deductions (and, following termination of

## Edgar Filing: Duke Energy CORP - Form 11-K

employment, as prescribed by the Benefits Committee). Loan receipts will be reinvested based on the participant's investment election for employee contributions at the time of repayment.

### **Plan Termination**

Duke Energy expects and intends to continue the Plan indefinitely, but has the right under the Plan to amend, suspend or terminate the Plan subject to the provisions of ERISA. In the event of termination of the Plan, the net assets of the Plan would be distributed to participants based on their Plan accounts.

## **2. Summary of Significant Accounting Policies**

### **Basis of Accounting**

The accompanying financial statements of the Plan are prepared on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

### **Use of Estimates**

The preparation of financial statements in conformity with US GAAP requires Plan management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein. Actual results could differ from those estimates. The Plan invests in various securities which are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

### **Investment Valuation and Income Recognition**

Investments are reported at fair value except for the fully benefit-responsive investment contract, which is stated at contract value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 8 for discussion of fair value measurements.

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Statements of Net Assets Available for Benefits present the fair value of the Plan's investment contracts as well as the adjustment from fair value to contract value for the fully benefit-responsive investment contract, and the Statement of Changes in Net Assets Available for Benefits to be prepared on a contract value basis for the fully benefit-responsive investment contract. Contract value represents contributions and reinvested income, less any withdrawals plus accrued interest, because these investments have fully benefit-responsive features.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date.

Transfers of assets between the Plan, the Duke Energy Retirement Savings Plan, and the Duke Energy Retirement Savings Plan for Legacy Cinergy Union Employees (Midwest), occur as a result of a change in employee status between the union classification and the exempt and non-exempt classification. Such transfers are reflected as interplan transfers in the Statement of Changes in Net Assets Available for Benefits.

### **Notes Receivable From Participants**

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. No allowance for credit losses has been recorded as of December 31, 2011 and 2010. Delinquent participant loans are reclassified as distributions based upon the terms of the Plan document.

### **Payments of Benefits**

Benefits paid to participants are recorded when paid.

### **Administrative Expenses**

A portion of the administrative expenses of the Plan are paid by Duke Energy.

**Recent Accounting Pronouncements**

In January 2010, the Financial Accounting Standards Board (FASB) issued a standard to improve disclosures about fair value measurements. Certain provisions to the standard are effective for reporting periods beginning after December 15, 2009, while other provisions are effective for periods beginning after December 15, 2010. The adoption of the accounting standard did not impact the Plan's financial statements.

In May 2011, the FASB amended existing requirements for measuring fair value and for disclosing information about fair value measurements. This revised guidance results in a consistent definition of fair value, as well as common requirements for measurement and disclosure of fair value information between US GAAP and International Financial Reporting Standards (IFRS). In addition, the amendments set forth enhanced disclosure requirements with respect to recurring Level 3 measurements, nonfinancial assets measured or disclosed at fair value, transfers between levels in the fair value hierarchy, and assets and liabilities disclosed but not recorded at fair value. For the Plan, the revised fair value measurement guidance is effective on a prospective basis for periods beginning after January 1, 2012. The adoption of the accounting standard will not impact the Plan's financial statements.

### 3. Investments

The Plan is a participant in the Duke Energy Retirement Savings Plan Master Trust (RSP Master Trust). The RSP Master Trust was established on January 1, 2008 for certain defined contribution 401(k) plans sponsored by Duke Energy. Duke Energy also sponsors the following plans, whose investments are held in the RSP Master Trust:

The Duke Energy Retirement Savings Plan, which covers non-union and certain union employees of Duke Energy Corporation and subsidiaries who meet minimum age requirements

The Duke Energy Retirement Savings Plan for Legacy Cinergy Union Employees (Midwest), which covers union employees of Cinergy Corp. and subsidiaries represented by Utility Workers Union of America, Local 600, International Brotherhood of Electrical Workers, Local 1347 and Local 352, The United Steelworkers of America, Local 12049 and Local 54-106, Employees Representation Association, UNITE HERE Local 1995.

The following presents the Statement of Net Assets Available for Benefits of the RSP Master Trust as of December 31, 2011 and 2010 (in thousands):

	2011		2010	
	RSP Master Trust	Plan interest (%)	RSP Master Trust	Plan interest (%)
<b>Assets</b>				
<b>Investments, at fair value</b>				
Institutional funds	\$ 1,565,009	5	\$ 1,495,296	6
Duke Energy Common Stock Fund	1,357,602	2	1,216,090	3
Stable value fund	373,197	5	295,340	5
Mutual funds	216,433	18	227,084	18
Non-employer common stock	153,177	4	144,960	4
Interest-bearing cash	43,337	6	37,215	6
Corporate debt	1,102	1	608	2
US government securities	15		10	
<b>Total investments</b>	<b>3,709,872</b>	<b>5</b>	<b>3,416,603</b>	<b>5</b>
<b>Receivables</b>				
Notes receivable from participants	78,957		76,763	
Employer's contributions	1,823		3,694	
<b>Total receivables</b>	<b>80,780</b>		<b>80,457</b>	
<b>Net assets, at fair value</b>	<b>3,790,652</b>		<b>3,497,060</b>	
Adjustment from fair value to contract value for interest in Duke Energy Retirement Savings Plan Master Trust relating to fully benefit-responsive investment contracts	(12,309)		(7,712)	

Edgar Filing: Duke Energy CORP - Form 11-K

**Net assets available for benefits**

\$ 3,778,343

\$ 3,489,348

## Edgar Filing: Duke Energy CORP - Form 11-K

Investments and income from the RSP Master Trust are allocated to the participating plans based on each plan's participation in the investment option within the RSP Master Trust. Allocations of Net Assets Available for Benefits in the RSP Master Trust to participating plans as of December 31, 2011 and 2010 are as follows (in thousands):

	2011	
	Amount	Percentage
Duke Energy Retirement Savings Plan	\$ 3,240,676	86
Duke Energy Retirement Savings Plan for Legacy Cinergy Union Employees (Midwest)	344,751	9
Duke Energy Retirement Savings Plan for Legacy Cinergy Union Employees (IBEW 1393)	192,916	5
 Net assets available for benefits - RSP Master Trust	 \$ 3,778,343	 100
	2010	
	Amount	Percentage
Duke Energy Retirement Savings Plan	\$ 2,971,807	85
Duke Energy Retirement Savings Plan for Legacy Cinergy Union Employees (Midwest)	330,489	10
Duke Energy Retirement Savings Plan for Legacy Cinergy Union Employees (IBEW 1393)	187,052	5
 Net assets available for benefits - RSP Master Trust	 \$ 3,489,348	 100

The following presents the Statement of Changes in Net Assets Available for Benefits of the RSP Master Trust for the year ended December 31, 2011 (in thousands):

<b>Additions to net income attributed to:</b>	
<b>Investment income</b>	
Net appreciation in fair value of investments	
Duke Energy Common Stock Fund	\$ 265,209
Institutional funds	(12,133)
Mutual funds	(17,231)
Non-employer common stock	3,231
Stable value fund	9,103
 Total net appreciation in fair value of investments	 248,179
Interest and dividends	63,650
 Total additions	 311,829
 <b>Deductions from net assets attributed to:</b>	
Administrative fees	(1,575)
 Total deductions	 (1,575)
 <b>Net increase prior to transfers</b>	 310,254
Transfers in	229,455

Edgar Filing: Duke Energy CORP - Form 11-K

Transfers out	(250,714)
<b>Net increase</b>	<b>288,995</b>
<b>Net assets available for benefits, beginning of year</b>	<b>3,489,348</b>



**Net assets available for benefits, end of year** **\$ 3,778,343**

Allocations of the increase in Net Assets Available for Benefits in the RSP Master Trust to participating plans for the year ended December 31, 2011 are as follows (in thousands):

	Amount	Percentage
Duke Energy Retirement Savings Plan	\$ 268,869	93
Duke Energy Retirement Savings Plan for Legacy Cinergy Union Employees (Midwest)	14,262	5
Duke Energy Retirement Savings Plan for Legacy Cinergy Union Employees (IBEW 1393)	5,864	2
Net increase in net assets available for benefits - RSP Master Trust	\$ 288,995	100

The fair value of individual investments that represent 5% or more of the Plan's net assets available for benefits as of December 31, 2011 and 2010 are as follows (in thousands):

	2011	2010
* Duke Energy Common Stock Fund	\$ 34,245	\$ 31,363
Stable Value Fund	17,414	15,457
US Equity S&P 500 Index Fund	14,818	12,406
US Equity Large Cap Value Fund	14,015	13,665
* US Equity Small/Mid Cap Blend Fund		9,904

\* Denotes a party-in-interest.

#### 4. Exempt Party-in-Interest Transactions

Fidelity is the Trustee for all Plan investments, as defined by the Plan. Fidelity invests the Duke Energy Common Stock Fund in shares of Common Stock. Additionally, a portion of the Duke Energy Common Stock Fund and certain other core investment funds offered in the Plan is maintained in cash. Fidelity administers the cash at the direction of Duke Energy or the respective fund managers, and therefore, such transactions qualify as party-in-interest transactions. Transactions pertaining to Fidelity funds held in individual participant BrokerageLink accounts also qualify as party-in-interest transactions.

#### 5. Federal Income Tax Status

The Internal Revenue Service has determined and informed the Plan by letter dated December 9, 2002, that the Plan and related trust are designed in accordance with applicable sections of the IRC. The Plan has been amended since receiving the determination letter. However, the Plan administrator believes the Plan is designed and being operated in compliance with the applicable requirements of the IRC and the Plan and the related trust continue to be tax exempt. Therefore, no provision for income taxes has been recorded in the Plan's financial statements.

US GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. There are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Plan is not currently under audit by any taxing jurisdictions. Plan management believes it is no longer subject to income tax examination for years prior to 2008.

#### 6. Investment Risk

## Edgar Filing: Duke Energy CORP - Form 11-K

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility risks. Further, due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying Statements of Net Assets Available for Benefits.

The Plan has invested a significant portion of its assets in the Duke Energy's Common Stock Fund. This investment in the Duke Energy Common Stock Fund approximates 18% and 17% of the Plan's net assets available for benefits as of

December 31, 2011 and 2010, respectively. As a result of this concentration, any significant fluctuation in the market value of the Duke Energy Common Stock Fund could affect individual participant accounts and the net assets of the Plan.

#### **7. Benefit-Responsive Investments**

The Plan has interest in a Stable Value Fund that has investments in fixed income securities and bond funds and may include derivative instruments, such as futures contracts and swap agreements. The Stable Value Fund also enters into a wrapper contract issued by a third-party.

As described in Note 2, because these contracts are fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to these contracts. Contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

Occurrence of certain events may limit the ability of the Plan to transact at contract value with the issuer. The Plan administrator does not believe that the occurrence of such an event is probable.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The crediting interest rate is based on a formula agreed upon with the issuer, but it may not be less than zero percent. Such interest rates are reviewed on a quarterly basis for resetting.

The yield earned by the contract for the years ended December 31, 2011 and 2010 was 2.08% and 2.75%, respectively. This represents the annualized earnings of all investments in the contract, including the earnings recorded at the underlying collective trust funds, divided by the fair value of all investments in the contract.

The yield earned by the contract with an adjustment to reflect the actual interest rate credited to participants in the contract for the years ended December 31, 2011 and 2010 was 2.87% and 3.44%, respectively. This represents the annualized earnings credited to participants in the contract divided by the fair value of all investments in the contract.

As of December 31, 2011 and 2010, the contract values of the Plan's Stable Value Fund were approximately \$16,839,000 and \$15,054,000, respectively. As of December 31, 2011 and 2010, the fair values of the Plan's Stable Value Fund were approximately \$17,414,000 and \$15,457,000, respectively. Fair value adjustments of approximately \$(575,000) and \$(403,000) were recorded on the Statements of Net Assets Available for Benefits as of December 31, 2011 and 2010, respectively.

#### **8. Fair Value Measurements**

The FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures* (ASC 820), defines fair value, establishes a framework for measuring fair value in US GAAP and expands disclosure requirements about fair value measurements. Under ASC 820, fair value is considered to be the exchange price in an orderly transaction between market participants to sell an asset or transfer a liability at the measurement date. The fair value definition under ASC 820 focuses on an exit price, which is the price that would be received by the Plan to sell an asset or paid to transfer a liability versus an entry price, which would be the price paid to acquire an asset or received to assume a liability. Although ASC 820 does not require additional fair value measurements, it applies to other accounting pronouncements that require or permit fair value measurements.

Under the amended guidance of FASB Accounting Standards Update (ASU) No. 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* (ASU 2009-12), entities are permitted, as a practical expedient, to estimate the fair value of investments within its scope using the NAV per share of the investment as of the reporting entity's measurement dates. The amended guidance also requires additional disclosures to better enable users of the financial statements to understand the nature and risks of the reporting entity's investments that fall under these rules. As a result of adopting ASU 2009-12, the Plan has provided additional disclosures regarding the nature and risks of investments within the scope of this guidance.

The Plan determines fair value of financial assets and liabilities based on the following fair value hierarchy, as prescribed by ASC 820, which prioritizes the inputs to valuation techniques used to measure fair value into three levels:

**Level 1 inputs:** Unadjusted quoted prices in active markets for identical assets or liabilities that the Plan has the ability to access. An active market for the asset or liability is one in which transactions for the asset or liability occurs with sufficient frequency and volume to provide ongoing pricing information.

## Edgar Filing: Duke Energy CORP - Form 11-K

**Level 2 inputs:** Inputs other than quoted market prices included in Level 1 that are observable, either directly or indirectly, for the asset or liability. Level 2 inputs include, but are not limited to, quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs other than quoted market prices that are observable for the asset or liability, such as interest rate curves and yield curves observable at commonly quoted intervals, volatilities, credit risk and default rates.

Edgar Filing: Duke Energy CORP - Form 11-K

**Level 3 inputs:** Unobservable inputs for the asset or liability. Unobservable inputs reflect the Plan's own assumptions about the factors that other market participants would use in pricing an investment that would be based on the best information available in the circumstances.

The following table provides by level, within the fair value hierarchy, the RSP Master Trust's investments at fair value as of December 31, 2011 and 2010 (in thousands):

Description	2011			
	Total Fair Value	Level 1	Level 2	Level 3
Common Stock				
Duke Energy Common Stock Fund	\$ 1,357,602	\$ 1,357,602	\$	\$
Institutional funds				
Large cap	650,331		650,331	
Blended	481,996		481,996	
International	126,378		126,378	
Small/mid cap	152,926		152,926	
Fixed income blend	153,378		153,378	
BrokerageLink				
Mutual funds	216,433		216,433	
Non-employer common stock	153,177	153,177		
Interest-bearing cash	43,337	43,337		
Corporate debt	1,102	1,102		
US government securities	15	15		
Stable value fund	373,197		373,197	
<b>Total investments at fair value</b>	<b>\$ 3,709,872</b>	<b>\$ 1,555,233</b>	<b>\$ 2,154,639</b>	<b>\$</b>

Description	2010			
	Total Fair Value	Level 1	Level 2	Level 3
Common Stock				
Duke Energy Common Stock Fund	\$ 1,216,090	\$ 1,216,090	\$	\$
Institutional funds				
Large cap	536,997		536,997	
Blended	516,520		516,520	
International	146,617		146,617	
Small/mid cap	172,052		172,052	
Fixed income blend	123,110		123,110	
BrokerageLink				
Mutual funds	227,084		227,084	
Non-employer common stock	144,960	144,960		
Interest-bearing cash	37,215	37,215		
Corporate debt	608	608		
US government securities	10	10		
Stable value fund	295,340		295,340	
<b>Total investments at fair value</b>	<b>\$ 3,416,603</b>	<b>\$ 1,398,883</b>	<b>\$ 2,017,720</b>	<b>\$</b>



Valuation methods of the primary fair value measurements disclosed above are as follows. There have been no changes in the methodologies used at December 31, 2011 and 2010.

**Common stock/US Government securities:** Valued at the closing price in the principal active market on which the securities are traded. Principal active markets include published exchanges such as NASDAQ, NYSE, NYMEX and Chicago Board of Trade, as well as pink sheets, which is an electronic quotation system that displays quotes for broker-dealers for many over-the-counter securities.

**Corporate debt:** Most debt investments are valued based on a calculation using interest rate curves and credit spreads applied to the terms of the debt instrument (maturity and coupon interest rate) and consider the counterparty credit rating. The Plan's investments in Corporate debt are valued using Level 1 measurements.

**Institutional funds Large cap:** Includes investments in large US value stocks to provide investors with a method for capturing returns of the market of large US value stocks and achieving capital appreciation and over the long term, with an acceptance of the volatility inherent to large US stocks. The fair value of these investments has been estimated using the net asset value of shares held by the Plan at year end. Net asset value is not a publicly-quoted price in an active market. There are currently no redemption restrictions or redemption notice period, and the redemption frequency was immediate for these funds.

**Institutional funds Blended:** Includes a diversified blend of stocks, bonds, and short-term investments, professionally managed to provide an investment portfolio based on a target date of age 65. The fair value of these investments has been estimated using the net asset value of units held by the Plan at year end. Net asset value is not a publicly-quoted price in an active market. There are currently no redemption restrictions or redemption notice period, and the redemption frequency was immediate for these funds.

**Institutional funds International:** Includes diversified investments in the equity of developed and emerging market countries other than the US, ranging from large to micro cap capitalizations, to provide investors with a method for capturing returns of these equity markets, and achieving capital appreciation and income over the long term, with an acceptance of volatility inherent in the developed and emerging non-US markets in aggregate. The fair value of these investments has been estimated using the net asset value of units held by the Plan at year end. Net asset value is not a publicly-quoted price in an active market. There are currently no redemption restrictions or redemption notice period, and the redemption frequency was immediate for these funds.

**Institutional funds Small/mid cap:** Includes diversified investments of common stocks issued by US companies with small to mid capitalizations, attempting to generate investment returns that exceed those of the Russell 2500<sup>®</sup> Index over a market cycle for investors seeking growth and income and capital appreciation over the long-term, with an acceptance of the volatility inherent in the small/mid size company segment of the US market. The fair value of these investments has been estimated using the net asset value of units held by the Plan at year end. Net asset value is not a publicly-quoted price in an active market. There are currently no redemption restrictions or redemption notice period, and the redemption frequency was immediate for these funds.

**Institutional funds Fixed income blend:** Includes investments in a full range of investment grade fixed income securities and small opportunistic allocations to below investment grade and non-dollar bonds for investors seeking current income and the relative security of principal, compared to equity investments. The fair value of these investments has been estimated using the net asset value of units held by the Plan at year end. Net asset value is not a publicly-quoted price in an active market. There are currently no redemption restrictions or redemption notice period, and the redemption frequency was immediate for these funds.

**Mutual funds:** Valued at the net asset value of shares held by the Plan at year end. The Plan's investments in mutual funds within the BrokerageLink account are valued using Level 2 measurements.

**Stable value fund:** Valued at contract value, which approximates fair value, and represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses.

## 9. Plan Changes

Effective as of January 1, 2012, the Plan was amended as follows:

Effective upon occurrence of the merger of Duke Energy with Progress Energy, Inc. (in accordance with the Agreement and Plan of Merger dated January 8, 2011), the Plan excludes Progress Energy Inc. employees from participation in the Plan

Modifies the provisions regarding Plan administration





Makes certain clarifications regarding compensation, named fiduciaries, and the Investment Committee

**10. Reconciliation of Financial Statements to Form 5500**

The following is a reconciliation of net assets available for benefits per the financial statements to Form 5500 as of December 31, 2011 and 2010 (in thousands):

	December 31,	
	2011	2010
Net assets available for benefit per the financial statements	\$ 192,916	\$ 187,052
Adjustment from contract value to fair value for fully benefit-responsive contract	575	403
<b>Net assets available for benefits per Form 5500</b>	<b>\$ 193,491</b>	<b>\$ 187,455</b>

The following is a reconciliation of the Plan's change in net assets available for benefits per the financial statements to Form 5500 for the year ended December 31, 2011 (in thousands):

Increase in net assets available for benefits per financial statements	\$ 5,864
Change in adjustment from contract value to fair value for fully benefit-responsive investment contract	172
<b>Increase in net assets available for benefits per Form 5500</b>	<b>\$ 6,036</b>

**DUKE ENERGY RETIREMENT SAVINGS PLAN  
FOR LEGACY CINERGY UNION EMPLOYEES (IBEW 1393)**

**EIN: 20-2777218 PN: 004**

**Form 5500, Schedule H, Part IV, Line 4i Schedule of Assets (Held at End of Year)**

**December 31, 2011**

**(IN THOUSANDS)**

		(c) Description of Investment including Maturity		(e) Current
		Date, Rate of Interest, Collateral, Par or		Market
(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	Maturity Value		(d) Cost
				Value
*	Notes Receivable From Participants	Participant Loans		-0- 5,176
		Interest Rates 4.25% - 9.25%		
		Maturities ranging from 2012 - 2026		
	Total			\$ 5,176

\* Denotes a party-in-interest

Pursuant to the requirements of the Securities Exchange Act of 1934, the Duke Energy Corporation Benefits Committee has duly caused this annual report to be signed on its behalf by the undersigned thereunto duly authorized.

**Duke Energy Retirement Savings Plan for Legacy Cinergy**

**Union Employees (IBEW 1393)**

Date: June 15, 2012

By: /s/ Jay Alvaro  
**Jay Alvaro**  
**Vice President, Labor Relations**