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

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

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)

	2011	2010
Assets		
Investments, at fair value		
Plan interest in Duke Energy Retirement Savings Plan Master Trust	$ 188,042	$ 180,679
Receivables		
Notes receivable from participants	5,176	4,853
Employer s contributions	273	1,923
Total receivables	5,449	6,776
Net assets, at fair value	193,491	187,455
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)
Net assets available for benefits	$ 192,916	$ 187,052

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)

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

See Notes to Financial Statements.

DUKE ENERGY RETIREMENT SAVINGS PLAN

FOR LEGACY CINERGY 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 trusteed 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 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 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 (%)
Assets				
Investments, at fair value				
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	
Total investments	3,709,872	5	3,416,603	5
Receivables				
Notes receivable from participants	78,957		76,763	
Employer s contributions	1,823		3,694	
Total receivables	80,780		80,457	
Net assets, at fair value	3,790,652		3,497,060	
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)	

Net assets available for benefits	$ 3,778,343	$ 3,489,348

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):

Additions to net income attributed to:	
Investment income	
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
Deductions from net assets attributed to:	
Administrative fees	(1,575)
Total deductions	(1,575)
Net increase prior to transfers	310,254
Transfers in	229,455

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

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		