

DUKE ENERGY KENTUCKY
CALCULATION OF RIDER PSM CREDIT FOR SEPTEMBER 2014 - NOVEMBER 2014 BILLING

Line No.	Description	Billing Month						Total
		Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	
1	Off-System Sales Margin Allocated to Customers from 2014 (Schedule 2, Line 24)							(+) \$3,238,992
2	Net Margins on Sales of Emission Allowances (Schedule 4, Line 9)							(+) 139
3	Prior Period Carry Forward (Schedule 3, Line 28)							(+) <u>625,032</u>
4	Total Amount of Credits Owed to Customers							\$3,864,163
5	Actual Amount Credited to Customers	171,410	165,449	206,727	182,444	176,784	998,188	(-) <u>1,901,002</u>
6	Net Refund due to (from) Customers							\$ 1,963,161
7	Sales (kWh) from FAC Filing April, May, and June 2014 (FAC Schedule 3, Line C)							÷ 963,367,684
8	Profit Sharing Mechanism Credit Rate (\$/kWh)							<u><u>0.002038</u></u>

Effective Date for Billing:

August 29, 2014

Submitted by:

/s/ Kelly Berg

Title:

Lead Rates Analyst

Date Submitted:

July 29, 2014

DUKE ENERGY KENTUCKY
OFF-SYSTEM SALES SCHEDULE
PERIOD: YEAR TO DATE - DECEMBER 31, 2014

Line No.	Description	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Total
1	Off-System Sales Revenue							
2	Asset Energy	(+) \$2,349,191	\$862,758	\$10,559	\$0	\$0	\$0	\$3,222,508
3	Non-Asset Energy	(+) \$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Bilateral Sales	(+) \$0	\$0	\$0	\$0	\$0	\$0	\$0
5	Hedges	(+) \$43,287	\$0	\$0	\$0	\$0	\$0	\$43,287
6	PJM Bal & DA Oper Reserve Credits ^(a)	(+) \$94,100	\$79,264	\$0	\$0	\$0	\$0	\$173,364
7	Capacity	(+) \$0	\$0	\$0	\$0	\$0	\$0	\$0
8	Ancillary Services Market (Schedule 5, Line 15)	(+) \$2,106,409	\$0	\$9,674	\$0	\$0	\$0	\$2,116,083
9	Sub-Total Revenues	<u>\$4,592,987</u>	<u>\$942,022</u>	<u>\$20,233</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$5,555,242</u>
10	Variable Costs Allocable to Off-System Sales							
11	Bilateral Purchases	(+) \$0	\$0	\$0	\$0	\$0	\$0	\$0
12	Non-Native Fuel Cost ^(a)	(+) \$984,690	\$491,808	\$6,313	\$0	\$0	\$0	\$1,482,811
13	Variable O&M Cost	(+) \$48,281	\$38,745	\$507	\$0	\$0	\$0	\$87,533
14	SO ₂ Cost	(+) \$52	\$18	\$4	\$0	\$0	\$0	\$74
15	NO _x Cost	(+) \$13	\$32	\$0	\$0	\$0	\$0	\$45
16	PJM and Other Costs	(+) (\$239)	(\$348)	\$44	\$0	\$0	\$0	(\$543)
17	(Gain)/Loss on Sale of Fuel ^(c)	(+) \$0	\$0	\$0	\$0	\$0	\$0	\$0
18	Sub-Total Expenses	<u>\$1,032,797</u>	<u>\$530,255</u>	<u>\$6,868</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,569,920</u>
19	Off-System Sales Margin (Line 9 - Line 18)	\$3,560,190	\$411,767	\$13,365	\$0	\$0	\$0	\$3,985,322
20	Allocated to Customers (up to 100% of first \$1.00 million) ^(b)							1,000,000
21	Sub-Total (Line 19 - Line 20, if negative = 0)							\$2,985,322
22	Percentage Allocated to Customers (75% of margins > \$1.00 million) ^(b)							75.00%
23	Remainder of Off-System Sales Margin Allocated to Customers (Line 21 x Line 22)							2,238,992
24	Off-System Sales Margin Allocated to Customers (if line 21 > 0 then Line 20 + Line 23, otherwise Line 19)							<u>\$3,238,992</u>

Note: ^(a) Line 12 - Line 6 ties to the Duke Energy Kentucky's FAC Filing Schedule 4, Line C.

^(b) Per the Commission's Order dated December 22, 2010, in Case No. 2010-00203.

^(c) Inclusion of \$534,000 of gas losses pending order in Case No. 2014-00078.

DUKE ENERGY KENTUCKY
OFF-SYSTEM SALES SCHEDULE
PERIOD: TWELVE MONTHS ENDED DECEMBER 31, 2013

Line No.	Description	Total
1	Off-System Sales Revenue	
2	Asset Energy	(+) \$7,741,822
3	Non-Asset Energy	(+) 0
4	Bilateral Sales	(+) 0
5	Hedges	(+) (11,457)
6	MISO RSG Make Whole Payments	(+) 145,223
7	Capacity	(+) 0
9	Ancillary Services Market	(+) <u>667,073</u>
10	Sub-Total Revenues	<u>\$8,542,661</u>
11	Variable Costs Allocable to Off-System Sales	
12	Bilateral Purchases	(+) 0
13	Fuel Cost	(+) 6,779,645
14	Variable O&M Cost	(+) 559,666
15	SO ₂ Cost	(+) 3,500
16	NO _x Cost	(+) 419
17	MISO Costs	(+) <u>8,835</u>
18	Sub-Total Expenses	<u>\$7,352,065</u>
19	Total Off-System Sales Margin (Line 10 - Line 18)	(+) \$1,190,596
20	Allocated to Customers (guaranteed 100% of first \$1.0 million) ^(a)	(-) <u>1,000,000</u>
21	Sub-Total	(+) \$190,596
22	Percentage Allocated to Customers (75% of margins > \$1.0 million) ^(a)	75.00%
23	Remainder Allocated to Customers (Line 21 x Line 22)	<u>\$142,947</u>
24	Total Allocated to Customers (Line 20 + Line 23) ^(b)	(+) \$1,142,947
25	Net Margins on Sales of Emission Allowances	(+) 92
26	Prior Period Carryforward ^(b)	(+) 691,454
27	Amount Credited to Customers in 2013	(-) <u>1,209,461</u>
28	Remaining PSM Credit Due to Customers at 12/31/13	<u><u>625,032</u></u>

Note: ^(a) Per provisions included in the Commission's Order dated December 22, 2010, in Case No. 2010-00203.

^(b) Incremental change from prior filing is due to MISO resettlements.

DUKE ENERGY KENTUCKY
EMISSION ALLOWANCE SALES MARGIN
PERIOD: YEAR TO DATE - DECEMBER 31, 2014

Line No.	Description	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Total
1	SO2 Sales Margin							
2	Proceeds (+)	\$0	\$0	\$0	\$139	\$0	\$0	\$139
3	Cost of Sale (-)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
4	Margin	0	0	0	139	0	0	139
5	NOx Sales Margin							
6	Proceeds (+)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Cost of Sale (-)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
8	Margin	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
9	Total EA Sales Margin (Line 4 + Line 8)	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>139</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>139</u></u>

**DUKE ENERGY KENTUCKY
ANCILLARY SERVICES MARKET
PERIOD: YEAR TO DATE - DECEMBER 31, 2014**

Line No.	Description	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Total
1	PJM Regulation	(\$385,416)	(\$156,229)	(\$217,106)	(\$85,492)	(\$101,292)	(\$60,318)	(\$1,005,853)
2	PJM Sync Reserve	\$814,284	\$28,057	\$18,678	(\$50,937)	(\$38,508)	(\$8,475)	\$763,099
3	PJM Synchr Condens	(\$314)	\$0	\$0	\$0	(\$253)	\$0	(\$567)
4	PJM DA Sched Reserve	(\$207,497)	(\$1,092)	(\$264)	(\$7)	(\$46)	(\$970)	(\$209,876)
5	PJM DASR Credit	\$375,692	\$1,933	\$3,137	\$15	\$298	\$993	\$382,068
6	Blackstart	\$73,534	\$73,684	\$73,791	\$73,506	\$73,361	\$0	\$367,876
7	PJM DA Load Resp Chrg	(\$346)	(\$11,674)	(\$38)	\$0	(\$2,624)	\$0	(\$14,682)
8	PJM RT Load Resp Chrg	(\$2,399)	(\$8,936)	(\$17,606)	(\$9,933)	(\$2,119)	\$0	(\$40,993)
9	PJM Reactive Service	(\$1,005)	\$0	(\$456)	(\$298)	\$0	(\$3,024)	(\$4,783)
10	Reg Supply	\$1,409,882	\$14,300	\$83,362	\$0	\$0	\$0	\$1,507,544
11	DA Sched Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	PJM Emergency Energy	(\$390)	\$0	\$0	\$0	\$0	\$0	(\$390)
13	PJM Reactive Supply	\$3,135	\$3,880	\$4,413	\$2,993	\$2,270	(\$75,809)	(\$59,118)
14	PJM Non-Sync Reserve	\$27,249	(\$1,715)	\$61,763	\$4,849	\$46,864	\$0	\$139,010
15	Total	\$2,106,409	(\$57,792)	\$9,674	(\$65,304)	(\$22,049)	(\$147,603)	\$1,823,335

Note: Per the Commission Order dated January 30, 2009, in Case No 2008-00489