



Mailing Address:
139 East Fourth Street
1303 Main / P.O. Box 960
Cincinnati, Ohio 45202
o: 513-287-4320
f: 513-287-4385

VIA OVERNIGHT DELIVERY

January 15, 2016

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard, P.O. Box 615
Frankfort, Kentucky 40602-0615

RECEIVED

JAN 19 2016

PUBLIC SERVICE
COMMISSION

Re: ***Case No. 2015-00413***
*In the Matter of the Application of Duke Energy Kentucky, Inc., for
Declaratory Order*

Dear Mr. Derouen:

Enclosed please find an original and ten copies of the *Responses of Duke Energy Kentucky, Inc. to Commission Staff's First Set of Requests for Information*, for filing in the above referenced matter.

Please date-stamp the two copies of the letter and filing and return to me in the enclosed envelope.

Sincerely,

Rocco D'Ascenzo
Associate General Counsel
rocco.d'ascenzo@duke-energy.com

cc: Larry Cook
David Samford

VERIFICATION

RECEIVED

JAN 19 2016

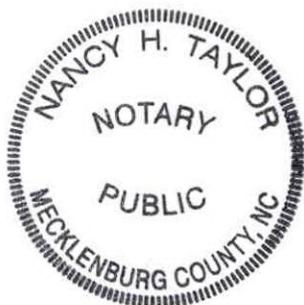
PUBLIC SERVICE
COMMISSION

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

The undersigned, Catherine S. Stempien, Senior Vice President of Corporate Development for Duke Energy Corporation, being duly sworn, deposes and says that she has personal knowledge of the matters set forth in the foregoing data requests, and that the answers contained therein are true and correct to the best of her knowledge, information and belief.


Catherine S. Stempien, Affiant

Subscribed and sworn to before me by Catherine S. Stempien on this 26th day of January, 2016.




NOTARY PUBLIC

My Commission Expires: January 26, 2017

TABLE OF CONTENTS

DATA REQUEST

WITNESS

TAB NO.

STAFF-DR-01-001

Catherine S. Stempien 1

STAFF-DR-01-002

Catherine S. Stempien 2

REQUEST:

Refer to Duke Kentucky's Application, numbered paragraph 9, which states that Duke Energy Corp.'s proposed acquisition of Piedmont Natural Gas Company, Inc. ("Piedmont") will not impact the corporate structure or local operations of Duke Kentucky, and that Duke Kentucky "will continue to maintain its current levels of local leadership following the Transaction, including local oversight of all Ohio and Kentucky natural gas utility operations," and that there will be "at least one regional Duke Energy Kentucky/Duke Energy Ohio executive who will maintain responsibility for Midwest natural gas operation" and will report to "the new Duke Energy Corp. executive responsible for all natural gas operations." Refer also to Duke Kentucky's Application, numbered paragraph 8, which states that "Duke Energy Corp. has also agreed to offer to retain Piedmont's existing executive operating management team in order to manage and facilitate best practices within Duke Energy Corp's utility subsidiaries' expanded natural gas operations."

- a. Describe in detail the current corporate structure for Duke Kentucky's local and regional leadership in regards to supervision of Duke Kentucky's natural gas operation.
- b. Describe in detail Duke Energy Corp.'s corporate structure in regards to oversight of Duke Kentucky's natural gas operations.

- c. Describe in detail how the corporate structure for Duke Kentucky's local and regional leadership will change in regards to supervision of Duke Kentucky's natural gas operation once the proposed acquisition is consummated.
- d. Describe in detail how Duke Energy Corp.'s corporate structure with change in regards to supervision of Duke Kentucky's natural gas operation once the proposed acquisition is consummated.

RESPONSE:

a-b) Presently, James P. Henning is the President of Duke Energy Kentucky, Inc. (Duke Energy Kentucky) and Duke Energy Ohio, Inc., (Duke Energy Ohio). Mr. Henning has responsibility for the day-to-day utility business operations (*e.g.*, government/community affairs, regulatory affairs, rates, *etc.*) of Duke Energy Kentucky and Duke Energy Ohio. Charles R. Whitlock is the Senior Vice President of Midwest Delivery Operations and leads the team of personnel responsible for the day-to-day operational aspects of Duke Energy Kentucky and Duke Energy Ohio's natural gas delivery and electric distribution utility systems. Mr. Whitlock also has responsibility over the electric distribution utility systems of Duke Energy Indiana, LLC. Both Mr. Henning and Mr. Whitlock report directly to Douglas Esamann, Executive Vice President, Midwest and Florida Regions. Mr. Esamann reports directly to Lynn J. Good, Chief Executive Officer of Duke Energy Corporation. Please see attachment Staff DR-01-01(a) for a copy of Duke Energy Kentucky's current organizational charts depicting the oversight structure of its natural gas operations. Please see attachment Staff DR-01-01(b) for a copy of the current legal entity/holding company structure for Duke Energy

Corp., including all of its direct subsidiaries, and the relationship to Duke Energy Kentucky.

- c-d) Following the Acquisition of Piedmont, there will be no change to Duke Energy Kentucky's legal entity/corporate structure, or its local utility operations. Duke Energy Kentucky will continue to be a combination electric and natural gas utility operating in the Commonwealth and subject to this Commission's jurisdiction. The only known change to the "supervision" of Duke Energy Kentucky's natural gas operations is that upon consummation of the pending transaction, a Piedmont Executive, recently identified to be Franklin H. Yoho, will have the executive oversight responsibility for all of Duke Energy Corp.'s natural gas operations (including both Piedmont utilities and Duke Energy Midwest gas operations). Mr. Yoho will report directly to Ms. Good. Mr. Yoho's title has yet to be determined and his executive team has not yet been identified. As stated in paragraph 8 of the Application, Duke Energy Corp. has agreed to offer to retain "Piedmont's existing executive operating management team in order to manage and facilitate best practices within Duke Energy Corp.'s utility subsidiaries' expanded natural gas operations."

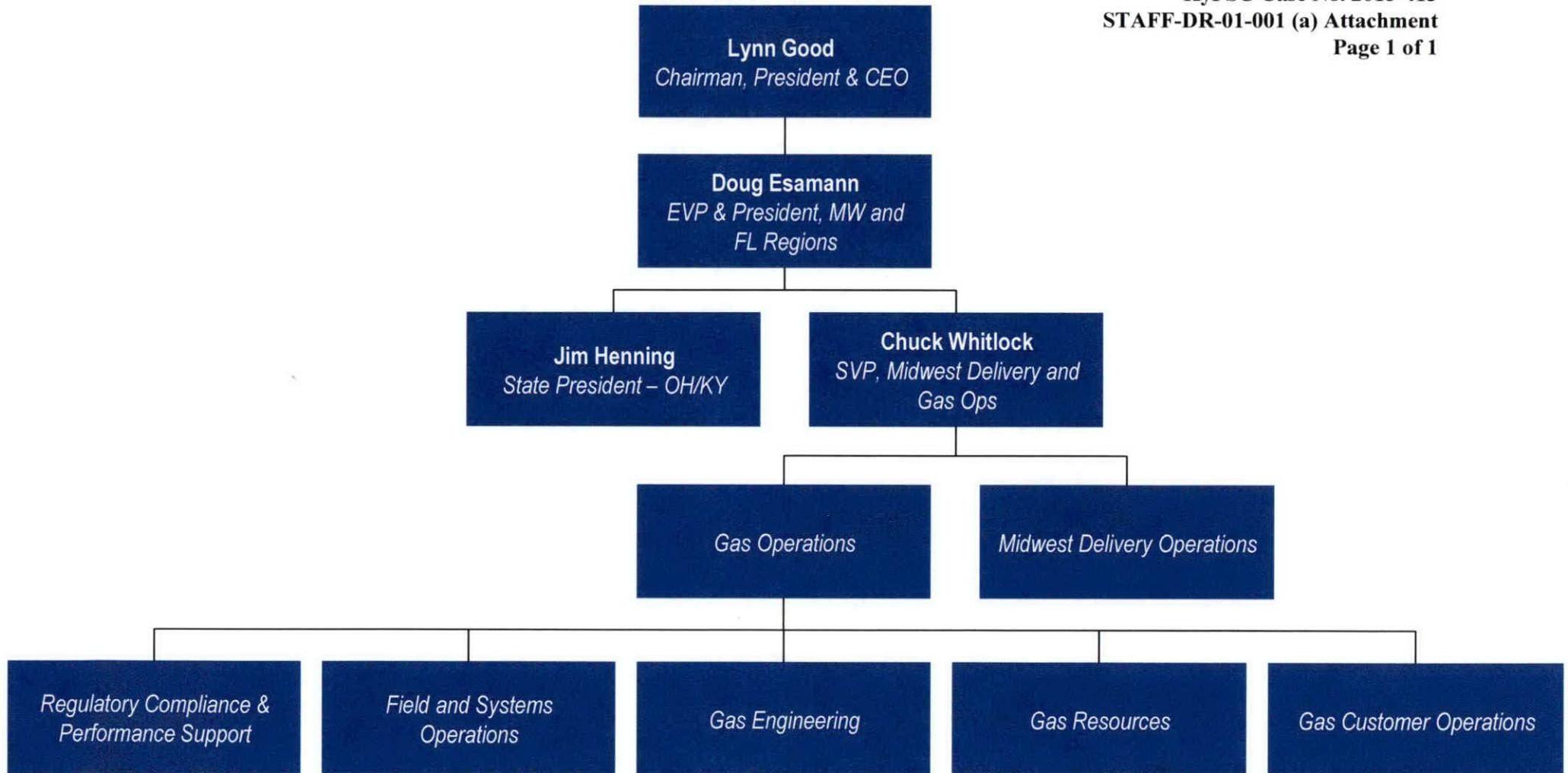
Mr. Esamann will continue to remain Executive Vice President, Midwest and Florida Regions reporting to Ms. Good. Mr. Henning will continue to be President of Duke Energy Kentucky and maintain his current responsibilities. Mr. Whitlock will maintain his current responsibilities with regard to Midwest electric distribution system operations. Both Mr. Henning and Mr. Whitlock will continue to report to Mr. Esamann.

There will continue to be a Midwest leader for Duke Energy's Midwest natural gas system operations (Duke Energy Kentucky and Duke Energy Ohio). This person will likely report directly to Mr. Yoho. It is not yet known if Mr. Whitlock will retain that responsibility or if a new Midwest leader will be named. It is also not yet known if, as a result of benchmarking best practices and integration and design activities in contemplation of consummation of the transaction, there will be any changes to the current organizational structure of the Midwest natural gas personnel following the consummation of the transaction (*e.g.*, job titles, responsibilities, *etc.*). Nonetheless, following consummation of the transaction, local Kentucky and Ohio leadership and supervision will remain in the Midwest and local personnel will continue supervising the day-to-day operation of Duke Energy Kentucky and Duke Energy Ohio's natural gas delivery systems. Please see attachment Staff DR-01-01(c) for a copy of the post-acquisition consummation holding company legal entity structure for Duke Energy Corp., that includes the addition of the Piedmont companies.

PERSON RESPONSIBLE: Catherine S. Stempien

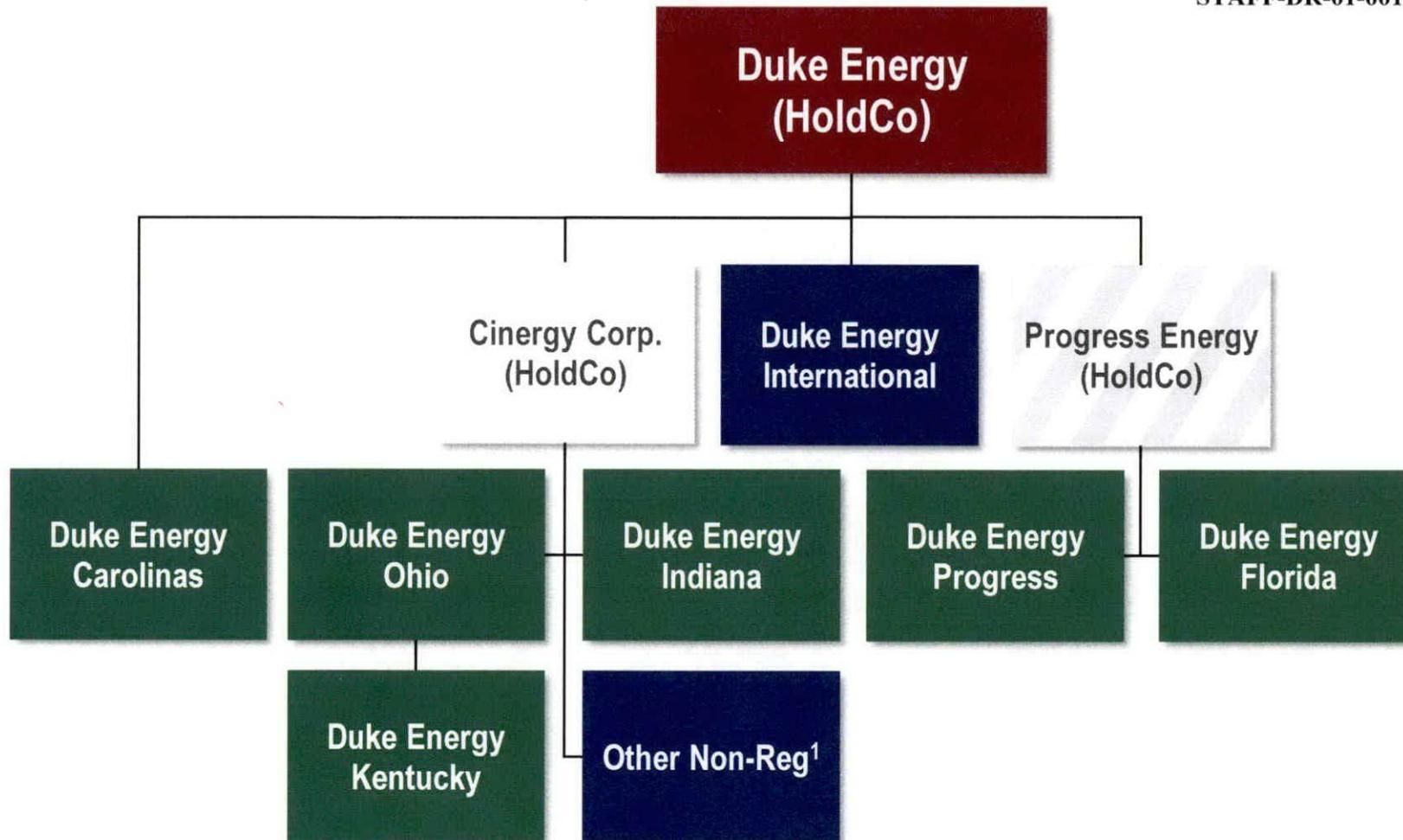
Simplified Org Structure

KyPSC Case No. 2015-413
STAFF-DR-01-001 (a) Attachment
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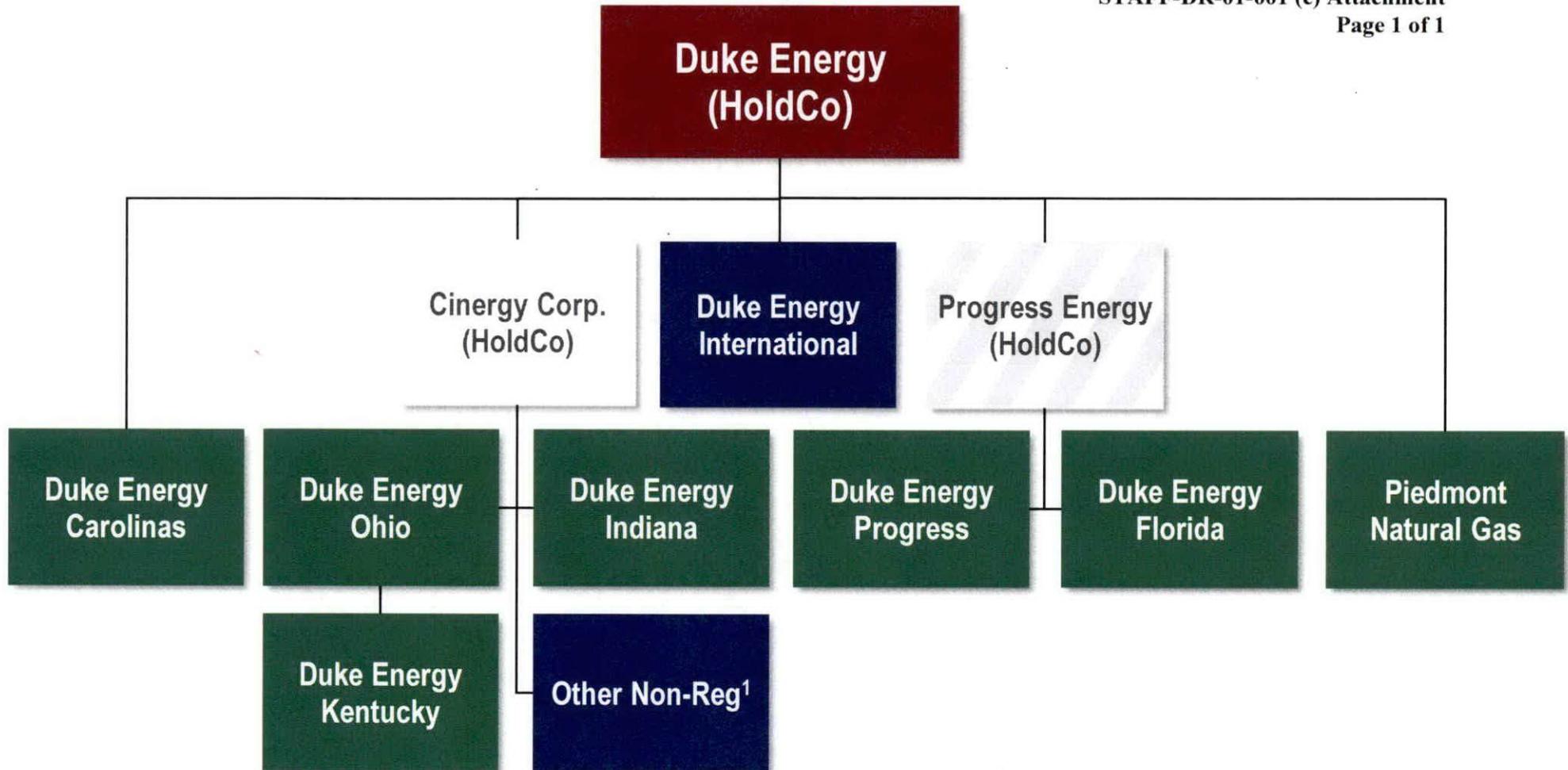
Simplified Pre-Close Corporate Structure

KyPSC Case 2015-413
STAFF-DR-01-001 (b) Attachment
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Simplified Post-Close Corporate Structure

KyPSC Case No. 2015-413
STAFF-DR-01-001 (c) Attachment
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REQUEST:

Refer to Appendix B of the August 2, 2011 Order in Case No. 2011-00124,¹ attached as an appendix to this request, which contains regulatory commitments entered into by Duke Energy Corp., among others, in connection with Commission approval of Duke Energy Corp.'s merger with Progress Energy, Inc.

- a. In Commitment Number 34, Duke Energy Corp. committed that Duke Kentucky's president will reside within Kentucky or the Cincinnati metropolitan area. State whether Duke Kentucky is in compliance with Commitment Number 34, and explain whether and how the proposed acquisition of Piedmont will affect Duke Kentucky's compliance with this regulatory commitment.
- b. In Commitment Number 48, Duke Energy Corp. committed that, for as long as Duke Energy Corp.'s operations include regulated utility service in Kentucky, its Board of Directors will include at least one non-employee member who is a customer of either Duke Kentucky, Duke Ohio, or Duke Energy Indiana. State whether Duke Energy Corp. is in compliance with Commitment Number 48, identify the Director, and explain whether and how the proposed acquisition of Piedmont will affect Duke Energy Corp.'s compliance with this regulatory commitment.

¹ Case No. 2011-00124, *Joint Application of Duke Energy Corporation, Cinergy Corp., Duke Energy Ohio, Inc., Duke Energy Kentucky, Inc., Diamond Acquisition Corporation, and Progress Energy, Inc. for Approval of the Indirect Transfer of Control of Duke Energy Kentucky, Inc.* (Ky. PSC Aug. 2, 2011).

RESPONSE:

- a. Duke Energy Kentucky is in compliance with this commitment. James P. Henning, President of Duke Energy Kentucky and Duke Energy Ohio currently resides in Boone County Kentucky. The acquisition of Piedmont will have no effect on Duke Energy Kentucky's compliance with this commitment. Duke Energy Kentucky will continue to abide by this Commitment for so long as it remains in place.
- b. Duke Energy Corp. is in compliance with this commitment. Michael G. Browning, currently serving as a non-employee board member, is also a customer of Duke Energy Indiana. Mr. Browning will remain in this position following the acquisition of Piedmont. Duke Energy Corp. is mindful of this commitment and intends to continue to abide by it as long as it remains in place.

PERSON RESPONSIBLE: Catherine S. Stempien