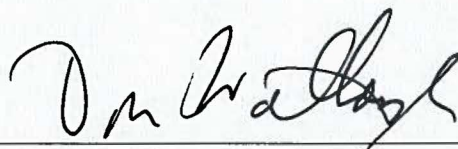


VERIFICATION

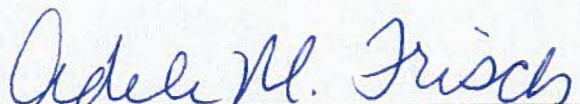
STATE OF OHIO)
) **SS:**
COUNTY OF HAMILTON)

The undersigned, William Don Wathen Jr, Director Rates & Regulatory Strategy – Ohio and Kentucky, being duly sworn, deposes and says that he 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 his knowledge, information and belief.



William Don Wathen Jr, Affiant

Subscribed and sworn to before me by William Don Wathen Jr on this 21ST day of June, 2016.



NOTARY PUBLIC



ADELE M. FRISCH
Notary Public, State of Ohio
My Commission Expires 01-05-2019

My Commission Expires: 1/5/2019

KYPSC CASE NO. 2016-00159
TABLE OF CONTENTS

<u>DATA REQUEST</u>	<u>WITNESS</u>	<u>TAB NO.</u>
STAFF-DR-02-001	William Don Wathen, Jr	1
STAFF-DR-02-002	John Hill.....	2
STAFF-DR-02-003	William Don Wathen, Jr	3
STAFF-DR-02-004	William Don Wathen, Jr	4

**Duke Energy Kentucky
Case No. 2016-00159
Staff's Second Set Data Requests
Date Received: June 13, 2016**

STAFF-DR-02-001

REQUEST:

Refer to the responses to Commission Staff's Initial Request for Information ("Staff's Initial Request"), Items 3.a. and 3.c., where Duke Kentucky lists its revised estimate of the cost of the proposed project at \$2.185 million and states that, absent any deferral of the costs, they will be charged to Account 863 – Maintenance of Mains.

- a. Provide the total amount of Operation and Maintenance Expense contained in Duke Kentucky's base rates.
- b. Also refer to the application, paragraph 16, where Account 874, Mains and Services Expenses, is mentioned. Provide the total amount of expenses for Account 874, Mains and Service Expenses, that are included in base rates.
- c. Provide the total amount of expenses for Account 863, Maintenance of Mains Expenses, that are included in base rates.
- d. By account, provide the total amount of Operation and Maintenance Expenses for the last five calendar years and year-to-date amounts for the current year. This response should include Accounts 863 and 874.
- e. Explain why Account 863, Maintenance of Mains Expenses, is mentioned in the response to Item 3.a., but Account 874 is mentioned in paragraph 16 of the application. Provide clarification as necessary.

- f. Explain why Duke Kentucky believes it is necessary to create a regulatory asset for the proposed \$2.185 million in costs for the proposed project.
- g. Explain whether Duke Kentucky has incurred other costs in the past which were not considered to be included in base rates but regulatory asset treatment was not sought for such costs. If so, identify the cases and explain how such costs were treated in Duke Kentucky's accounting records.
- h. If Duke Kentucky's request is granted by the Commission, provide the date when Duke Kentucky would begin amortization of the regulatory asset.

RESPONSE:

The Company's response to Commission's Staff-01-003 incorrectly referred to FERC Account 863 which is a transmission expense. The response should have referred to FERC Account 874 –Mains and Services expenses for gas distribution.

- a. The total amount of operations and maintenance expenses in base rates per our Case No. 2009-202 is \$99,261,980 which includes \$81,155,068 in gas fuel costs.
- b. The Company's base rates include \$1,481,182 for expenses recorded in FERC Account 874.
- c. The Company has no amount in base rates for FERC Account 863 since this is a gas transmission expense.
- d. See Staff-DR-02-001d Attachment 1 for the total amount of Operation and Maintenance Expenses by account for the last five calendar years and the year-to-date May 31, 2016. See Staff-DR-02-001d Attachment 2 for the FERC Form 2 pages 317 through 325 supporting the last five calendar years. The Company has

spent \$139,267 in FERC accounts 856, 874 and 926 year to date on O&M related to the incremental gas integrity work.

- e. The reference to FERC Account 863 was incorrect. The reference should have been to FERC Account 874.
- f. The estimated and approximate \$2 million cost of the pressure test is significant to Duke Energy Kentucky given the relative size of its natural gas operations. The deferral will prevent a significant impact to Duke Energy Kentucky's financial position. As stated in the Company's application in this proceeding, Duke Energy Kentucky's request is consistent with the Commission's policy for granting of deferrals.
- g.
 - (1) Numerous new cost items surface every year that would not have been included in the company's most recent base rate case. It is not practicable to compare the cost items included in the most recent base rate case to every cost item that the Company has incurred in the over six years since the time of the last rate case. The important distinction between the cost item being addressed in this instant filing is that the cost meets the criteria established by the Commission for approving regulatory assets. For the hundreds of other new cost items incurred by the Company since the time of the rate case, the Company either chose not to seek deferral authority or deemed that the new cost item(s) did not meet the criteria established by the Commission for such deferrals.

(2) The question is a *non sequitur* inasmuch as there would be no 'cases' for requests that the Company did not make. For a new cost item that was not deemed deferrable, i.e., reasonable assurance of recovery, such cost would be expensed in the period incurred pursuant to generally accepted accounting principles.

h. Amortization of regulatory asset deferrals begins when recovery begins; so, in this case, the regulatory asset would be amortized beginning with the effective date of new base rates as a result of its next base rate case.

PERSON RESPONSIBLE: William Don Wathen, Jr

Duke Energy Kentucky
 Gas Operations & Maintenance Expenses

	YTD @ 5/31/2016	2015	2014	2013	2012	2011
Manufactured Gas Production	791,839	963,293	719,564	344,868	208,033	302,892
800 Natural Gas Well Head Purchases	0	0	0	0	0	0
800.1 Natural Gas Well Head Purchases, Intracompany Transfers	0	0	0	0	0	0
801 Natural Gas Field Line Purchases	19,924,213	40,598,667	61,360,267	48,754,644	38,854,469	53,561,882
802 Natural Gas Gasoline Plant Outlet Purchases	0	0	0	0	0	0
803 Natural Gas Transmission Line Purchases	0	0	0	0	0	0
804 Natural Gas City Gate Purchases	0	0	0	0	0	0
804.1 Liquefied natural Gas Purchases	0	0	0	0	0	0
805 Other Gas Purchases	(2,384,654)	1,011,153	(1,533,801)	(2,839,136)	(1,306,847)	998,371
805.1 Less Purchases Gas Cost Adjustments	0	0	0	0	0	0
Purchased Gas cost Adjustments	17,539,559	41,609,820	59,826,466	45,915,508	37,547,622	54,560,253
807.1 Well Expense-Purchased Gas	0	0	0	0	0	0
807.2 Operation of Purchased Gas Measuring Stations	172,893	55,974	137,221	102,622	125,491	103,394
807.3 Maintenance of Purchased Gas Measuring Stations	0	34,391	186,126	132,018	60,557	49,922
807.4 Purchased Gas Calculations Expenses	0	0	0	0	0	0
807.5 Other Purchased Gas Expenses	0	338,417	255,733	247,390	232,193	272,905
Total Purchased Gas Expenses	172,893	428,782	579,080	482,030	418,241	426,221
813	514,377	964,793	1,043,049	1,309,849	0	0
Total Production Expenses	19,018,668	43,966,688	62,168,159	48,052,255	38,173,896	55,289,366
850 Operation Supervision and Engineering	1,169	0	0	0	0	0
851 System Control and Load Dispatching	0	0	0	0	0	0
852 Communication System Expenses	0	0	0	0	0	0
853 Compressor Station labor and Expenses	0	0	0	0	0	0
854 Gas for Compressor Station Fuel	0	0	0	0	0	0
855 Other Fuel and Power for Compressor Stations	0	0	0	0	0	0
856 Mains Expenses	15,872	0	0	0	0	0
857 Measuring and Regulating Station Expenses	0	0	0	0	0	0
858 Transmission and Compression of Gas by Others	0	0	0	0	0	0
859 Other Expenses	1,425	6,490	190	0	0	68,606
860 Rents	0	0	0	0	0	0
861 Maintenance Supervision and Engineering	0	0	0	0	0	0
862 Maintenance of Structures and Improvements	0	0	0	0	0	0
863 Maintenance of Mains	0	0	0	0	0	0
864 Maintenance of Compressor Station Equipment	0	0	0	0	0	0
865 Maintenance of Measuring and Regulating Station Equipment	0	0	0	0	0	0
866 Maintenance of Communication Equipment	0	0	0	0	0	0
867 Maintenance of Other Equipment	0	0	0	0	0	0
Total Transmission Expenses	18,466	6,490	190	0	0	68,606

Duke Energy Kentucky
 Gas Operations & Maintenance Expenses

	YTD @ 5/31/2016	2015	2014	2013	2012	2011
870 Operation Supervision and Engineering	314	112,057	78,111	11,975	2,276	9,376
871 Distribution Load Dispatching	84,931	192,263	209,998	195,057	182,919	176,867
872 Compressor Station Labor and Expenses	0	0	0	0	0	0
873 Compressor Station Fuel and Power	0	0	0	0	0	0
874 Mains and Services Expenses	1,020,078	2,965,174	2,526,753	2,275,639	2,943,249	1,828,624
875 Measuring and Regulating Station Expenses - General	2,745	1,586	6,289	2,537	1,184	5,355
876 Measuring and Regulating Station Expenses - Industrial	6,636	15,648	39,835	35,509	43,871	38,197
877 Measuring and Regulating Station Expenses - City Gas Check Station	0	0	0	0	0	0
878 Meter and House Regulator Expenses	305,007	1,085,154	2,539,145	1,037,024	801,200	474,720
879 Customer Installations Expenses	377,262	947,329	1,931,827	1,402,870	1,280,145	1,239,450
880 Other Expenses	1,101,935	1,476,730	773,891	734,135	547,749	630,468
881 Rents	0	0	0	0	0	161,510
885 Maintenance Supervision and Engineering	789	86,031	56,010	97,008	48,352	38,525
886 Maintenance of Structures and Improvements	0	0	0	0	0	0
887 Maintenance of Mains	205,647	702,408	790,001	701,922	590,849	403,553
888 Maintenance of Compressor Station Equipment	0	0	0	0	0	0
889 Maintenance of Measuring and Regulating Station Equipment-General	23,730	39,908	45,914	82,784	44,238	26,019
890 Maintenance of Meas. And Reg. Station Equipment - Industrial	1,097	3,977	6,117	4,139	4,873	1,925
891 Maintenance of Meas. and Reg. Station Equip-City Gate Check Station	0	0	0	0	0	0
892 Maintenance of Services	80,335	625,693	733,022	592,670	652,379	848,507
893 Maintenance of Meters and House Regulators	265,231	301,184	354,154	192,215	244,363	249,858
894 Maintenance of Other Equipment	44,845	25,279	23,265	22,158	33,601	49,415
Total Distribution Expenses	3,520,582	8,580,421	10,114,332	7,387,642	7,421,248	6,182,369
901 Supervision	155,280	43,817	32,802	130	0	282
902 Meter Reading Expenses	282,139	710,370	514,255	682,775	693,459	659,485
903 Customer Records and Collection Expenses	1,053,468	2,589,591	2,676,423	2,535,317	2,803,957	3,257,712
904 Uncollectible Accounts	111,024	242,191	297,865	374,134	547,638	925,068
905 Miscellaneous Customer Accounts Expenses	96	757	378	111	21	0
Total Customer Accounts Expenses	1,602,007	3,586,726	3,521,723	3,592,467	4,045,075	4,842,547
907 Supervision	0	0	0	0	0	0
908 Customer Assistance Expenses	72,472	157,153	157,313	130,093	133,191	132,457
909 Informational and Instructional Expenses	(333)	3,594	5,456	8,963	9,468	3,923
910 Miscellaneous Customer Service and Informational Expenses	129,360	471,707	625,453	933,541	1,210,948	1,330,567
Total Customer Service and Information Expenses	201,499	632,454	788,222	1,072,597	1,353,607	1,466,947
911 Supervision	0	0	0	0	(1,404)	2,301
912 Demonstrating and Selling Expenses	26,548	114,357	201,746	1	3,410	27
913 Advertising Expenses	895	490	7,119	16,392	25,343	34,826
916 miscellaneous Sales Expenses	0	0	0	0	0	0
Total Sales Expenses	27,443	114,847	208,865	16,393	27,349	37,154
920 Administrative and General Salaries	666,041	2,182,998	1,632,452	1,620,342	2,554,894	2,023,847
921 Office Supplies and Expenses	362,142	1,054,946	923,272	1,237,400	1,431,640	1,479,614
922 Less Administrative Expenses Transferred-Credit	0	0	0	(8)	(50)	(110)
923 Outside Services Employed	214,287	883,801	1,042,364	1,107,981	1,289,206	1,332,913
924 Property Insurance	53,780	158,576	168,422	150,873	152,510	210,573
925 Injuries and Damages	158,249	463,576	54,082	152,048	175,019	136,517
926 Employee Pensions and Benefits	717,650	2,468,507	2,135,551	2,807,898	2,589,141	2,372,491
927 Franchise Requirements	0	0	0	0	0	0
928 Regulatory Commission Expenses	97,253	216,289	180,171	181,122	261,390	284,622
929 Less Duplicate Charges-Credit	107,379	193,419	222,852	78,937	204,857	247,938
930.1 General Advertising Expenses	3,255	10,716	25,759	1,909	4,937	5,727
930.2 Miscellaneous General Expenses	133,782	119,097	186,059	459,926	510,343	201,211
931 Rents	251,849	413,324	455,680	530,832	747,115	679,221
932 Maintenance of General Plant	1,059	7,684	2,852	17,184	49,705	56,000
Total Administrative and General Expenses	2,551,968	7,786,095	6,583,812	8,188,586	9,561,093	8,534,908
Total Gas O&M Expenses	26,940,633	64,673,721	83,385,303	68,309,940	60,582,268	76,421,897

2015 & 2014 FERC Form 2
Pages 317 through 325
Gas Operation and Maintenance Expenses

Name of Respondent Duke Energy Kentucky, Inc.		This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/13/2016	Year/Period of Report End of 2015/Q4
Gas Operation and Maintenance Expenses				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
1	1. PRODUCTION EXPENSES			
2	A. Manufactured Gas Production			
3	Manufactured Gas Production (Submit Supplemental Statement)	983,293	719,564	
4	B. Natural Gas Production			
5	B1. Natural Gas Production and Gathering			
6	Operation			
7	750 Operation Supervision and Engineering	0	0	
8	751 Production Maps and Records	0	0	
9	752 Gas Well Expenses	0	0	
10	753 Field Lines Expenses	0	0	
11	754 Field Compressor Station Expenses	0	0	
12	755 Field Compressor Station Fuel and Power	0	0	
13	756 Field Measuring and Regulating Station Expenses	0	0	
14	757 Purification Expenses	0	0	
15	758 Gas Well Royalties	0	0	
16	759 Other Expenses	0	0	
17	760 Rents	0	0	
18	TOTAL Operation (Total of lines 7 thru 17)	0	0	
19	Maintenance			
20	761 Maintenance Supervision and Engineering	0	0	
21	762 Maintenance of Structures and Improvements	0	0	
22	763 Maintenance of Producing Gas Wells	0	0	
23	764 Maintenance of Field Lines	0	0	
24	765 Maintenance of Field Compressor Station Equipment	0	0	
25	766 Maintenance of Field Measuring and Regulating Station Equipment	0	0	
26	767 Maintenance of Purification Equipment	0	0	
27	768 Maintenance of Drilling and Cleaning Equipment	0	0	
28	769 Maintenance of Other Equipment	0	0	
29	TOTAL Maintenance (Total of lines 20 thru 28)	0	0	
30	TOTAL Natural Gas Production and Gathering (Total of lines 18 and 29)	0	0	

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/13/2016	Year/Period of Report End of 2015/Q4
Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
31	B2. Products Extraction			
32	Operation			
33	770 Operation Supervision and Engineering	0	0	
34	771 Operation Labor	0	0	
35	772 Gas Shrinkage	0	0	
36	773 Fuel	0	0	
37	774 Power	0	0	
38	775 Materials	0	0	
39	776 Operation Supplies and Expenses	0	0	
40	777 Gas Processed by Others	0	0	
41	778 Royalties on Products Extracted	0	0	
42	779 Marketing Expenses	0	0	
43	780 Products Purchased for Resale	0	0	
44	781 Variation in Products Inventory	0	0	
45	(Less) 782 Extracted Products Used by the Utility-Credit	0	0	
46	783 Rents	0	0	
47	TOTAL Operation (Total of lines 33 thru 46)	0	0	
48	Maintenance			
49	784 Maintenance Supervision and Engineering	0	0	
50	785 Maintenance of Structures and Improvements	0	0	
51	786 Maintenance of Extraction and Refining Equipment	0	0	
52	787 Maintenance of Pipe Lines	0	0	
53	788 Maintenance of Extracted Products Storage Equipment	0	0	
54	789 Maintenance of Compressor Equipment	0	0	
55	790 Maintenance of Gas Measuring and Regulating Equipment	0	0	
56	791 Maintenance of Other Equipment	0	0	
57	TOTAL Maintenance (Total of lines 49 thru 56)	0	0	
58	TOTAL Products Extraction (Total of lines 47 and 57)	0	0	

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/13/2016	Year/Period of Report End of 2015/Q4
Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
59	C. Exploration and Development			
60	Operation			
61	795 Delay Rentals	0	0	
62	796 Nonproductive Well Drilling	0	0	
63	797 Abandoned Leases	0	0	
64	798 Other Exploration	0	0	
65	TOTAL Exploration and Development (Total of lines 61 thru 64)	0	0	
66	D. Other Gas Supply Expenses			
67	Operation			
68	800 Natural Gas Well Head Purchases	0	0	
69	800.1 Natural Gas Well Head Purchases, Intracompany Transfers	0	0	
70	801 Natural Gas Field Line Purchases	40,598,667	61,360,267	
71	802 Natural Gas Gasoline Plant Outlet Purchases	0	0	
72	803 Natural Gas Transmission Line Purchases	0	0	
73	804 Natural Gas City Gate Purchases	0	0	
74	804.1 Liquefied Natural Gas Purchases	0	0	
75	805 Other Gas Purchases	1,011,153	(1,533,801)	
76	(Less) 805.1 Purchases Gas Cost Adjustments	0	0	
77	TOTAL Purchased Gas (Total of lines 68 thru 76)	41,609,820	59,826,466	
78	806 Exchange Gas	0	0	
79	Purchased Gas Expenses			
80	807.1 Well Expense-Purchased Gas	0	0	
81	807.2 Operation of Purchased Gas Measuring Stations	55,974	137,221	
82	807.3 Maintenance of Purchased Gas Measuring Stations	34,391	186,126	
83	807.4 Purchased Gas Calculations Expenses	0	0	
84	807.5 Other Purchased Gas Expenses	338,417	255,733	
85	TOTAL Purchased Gas Expenses (Total of lines 80 thru 84)	428,782	579,080	

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/13/2016	Year/Period of Report End of 2015/Q4
Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
86	808.1 Gas Withdrawn from Storage-Debit	0	0	
87	(Less) 808.2 Gas Delivered to Storage-Credit	0	0	
88	809.1 Withdrawals of Liquefied Natural Gas for Processing-Debit	0	0	
89	(Less) 809.2 Deliveries of Natural Gas for Processing-Credit	0	0	
90	Gas used in Utility Operation-Credit			
91	810 Gas Used for Compressor Station Fuel-Credit	0	0	
92	811 Gas Used for Products Extraction-Credit	0	0	
93	812 Gas Used for Other Utility Operations-Credit	0	0	
94	TOTAL Gas Used in Utility Operations-Credit (Total of lines 91 thru 93)	0	0	
95	813 Other Gas Supply Expenses	964,793	1,043,049	
96	TOTAL Other Gas Supply Exp. (Total of lines 77,78,85,86 thru 89,94,95)	43,003,395	61,448,595	
97	TOTAL Production Expenses (Total of lines 3, 30, 58, 65, and 96)	43,966,688	62,168,159	
98	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES			
99	A. Underground Storage Expenses			
100	Operation			
101	814 Operation Supervision and Engineering	0	0	
102	815 Maps and Records	0	0	
103	816 Wells Expenses	0	0	
104	817 Lines Expense	0	0	
105	818 Compressor Station Expenses	0	0	
106	819 Compressor Station Fuel and Power	0	0	
107	820 Measuring and Regulating Station Expenses	0	0	
108	821 Purification Expenses	0	0	
109	822 Exploration and Development	0	0	
110	823 Gas Losses	0	0	
111	824 Other Expenses	0	0	
112	825 Storage Well Royalties	0	0	
113	826 Rents	0	0	
114	TOTAL Operation (Total of lines of 101 thru 113)	0	0	

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/13/2016	Year/Period of Report End of <u>2015/Q4</u>
Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
115	Maintenance			
116	830 Maintenance Supervision and Engineering	0	0	
117	831 Maintenance of Structures and Improvements	0	0	
118	832 Maintenance of Reservoirs and Wells	0	0	
119	833 Maintenance of Lines	0	0	
120	834 Maintenance of Compressor Station Equipment	0	0	
121	835 Maintenance of Measuring and Regulating Station Equipment	0	0	
122	836 Maintenance of Purification Equipment	0	0	
123	837 Maintenance of Other Equipment	0	0	
124	TOTAL Maintenance (Total of lines 116 thru 123)	0	0	
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)	0	0	
126	B. Other Storage Expenses			
127	Operation			
128	840 Operation Supervision and Engineering	0	0	
129	841 Operation Labor and Expenses	0	0	
130	842 Rents	0	0	
131	842.1 Fuel	0	0	
132	842.2 Power	0	0	
133	842.3 Gas Losses	0	0	
134	TOTAL Operation (Total of lines 128 thru 133)	0	0	
135	Maintenance			
136	843.1 Maintenance Supervision and Engineering	0	0	
137	843.2 Maintenance of Structures	0	0	
138	843.3 Maintenance of Gas Holders	0	0	
139	843.4 Maintenance of Purification Equipment	0	0	
140	843.5 Maintenance of Liquefaction Equipment	0	0	
141	843.6 Maintenance of Vaporizing Equipment	0	0	
142	843.7 Maintenance of Compressor Equipment	0	0	
143	843.8 Maintenance of Measuring and Regulating Equipment	0	0	
144	843.9 Maintenance of Other Equipment	0	0	
145	TOTAL Maintenance (Total of lines 136 thru 144)	0	0	
146	TOTAL Other Storage Expenses (Total of lines 134 and 145)	0	0	

Name of Respondent Duke Energy Kentucky, Inc.		This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/13/2016	Year/Period of Report End of 2015/Q4
Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
147	C. Liquefied Natural Gas Terminaling and Processing Expenses			
148	Operation			
149	844.1 Operation Supervision and Engineering	0	0	
150	844.2 LNG Processing Terminal Labor and Expenses	0	0	
151	844.3 Liquefaction Processing Labor and Expenses	0	0	
152	844.4 Liquefaction Transportation Labor and Expenses	0	0	
153	844.5 Measuring and Regulating Labor and Expenses	0	0	
154	844.6 Compressor Station Labor and Expenses	0	0	
155	844.7 Communication System Expenses	0	0	
156	844.8 System Control and Load Dispatching	0	0	
157	845.1 Fuel	0	0	
158	845.2 Power	0	0	
159	845.3 Rents	0	0	
160	845.4 Demurrage Charges	0	0	
161	(less) 845.5 Wharfage Receipts-Credit	0	0	
162	845.6 Processing Liquefied or Vaporized Gas by Others	0	0	
163	846.1 Gas Losses	0	0	
164	846.2 Other Expenses	0	0	
165	TOTAL Operation (Total of lines 149 thru 164)	0	0	
166	Maintenance			
167	847.1 Maintenance Supervision and Engineering	0	0	
168	847.2 Maintenance of Structures and Improvements	0	0	
169	847.3 Maintenance of LNG Processing Terminal Equipment	0	0	
170	847.4 Maintenance of LNG Transportation Equipment	0	0	
171	847.5 Maintenance of Measuring and Regulating Equipment	0	0	
172	847.6 Maintenance of Compressor Station Equipment	0	0	
173	847.7 Maintenance of Communication Equipment	0	0	
174	847.8 Maintenance of Other Equipment	0	0	
175	TOTAL Maintenance (Total of lines 167 thru 174)	0	0	
176	TOTAL Liquefied Nat Gas Terminaling and Proc Exp (Total of lines 165 and 175)	0	0	
177	TOTAL Natural Gas Storage (Total of lines 125, 146, and 176)	0	0	

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/13/2016	Year/Period of Report End of 2015/Q4
Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
178	3. TRANSMISSION EXPENSES			
179	Operation			
180	850 Operation Supervision and Engineering	0	0	
181	851 System Control and Load Dispatching	0	0	
182	852 Communication System Expenses	0	0	
183	853 Compressor Station Labor and Expenses	0	0	
184	854 Gas for Compressor Station Fuel	0	0	
185	855 Other Fuel and Power for Compressor Stations	0	0	
186	856 Mains Expenses	0	0	
187	857 Measuring and Regulating Station Expenses	0	0	
188	858 Transmission and Compression of Gas by Others	0	0	
189	859 Other Expenses	6,490	190	
190	860 Rents	0	0	
191	TOTAL Operation (Total of lines 180 thru 190)	6,490	190	
192	Maintenance			
193	861 Maintenance Supervision and Engineering	0	0	
194	862 Maintenance of Structures and Improvements	0	0	
195	863 Maintenance of Mains	0	0	
196	864 Maintenance of Compressor Station Equipment	0	0	
197	865 Maintenance of Measuring and Regulating Station Equipment	0	0	
198	866 Maintenance of Communication Equipment	0	0	
199	867 Maintenance of Other Equipment	0	0	
200	TOTAL Maintenance (Total of lines 193 thru 199)	0	0	
201	TOTAL Transmission Expenses (Total of lines 191 and 200)	6,490	190	
202	4. DISTRIBUTION EXPENSES			
203	Operation			
204	870 Operation Supervision and Engineering	112,057	78,111	
205	871 Distribution Load Dispatching	192,263	209,998	
206	872 Compressor Station Labor and Expenses	0	0	
207	873 Compressor Station Fuel and Power	0	0	

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/13/2016	Year/Period of Report End of 2015/Q4
Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
208	874 Mains and Services Expenses	2,965,174	2,526,753	
209	875 Measuring and Regulating Station Expenses-General	1,586	6,289	
210	876 Measuring and Regulating Station Expenses-Industrial	15,648	39,835	
211	877 Measuring and Regulating Station Expenses-City Gas Check Station	0	0	
212	878 Meter and House Regulator Expenses	1,085,154	2,539,145	
213	879 Customer Installations Expenses	947,329	1,931,827	
214	880 Other Expenses	1,476,730	773,891	
215	881 Rents	0	0	
216	TOTAL Operation (Total of lines 204 thru 215)	6,795,941	8,105,849	
217	Maintenance			
218	885 Maintenance Supervision and Engineering	86,031	56,010	
219	886 Maintenance of Structures and Improvements	0	0	
220	887 Maintenance of Mains	702,408	790,001	
221	888 Maintenance of Compressor Station Equipment	0	0	
222	889 Maintenance of Measuring and Regulating Station Equipment-General	39,908	45,914	
223	890 Maintenance of Meas. and Reg. Station Equipment-Industrial	3,977	6,117	
224	891 Maintenance of Meas. and Reg. Station Equip-City Gate Check Station	0	0	
225	892 Maintenance of Services	625,693	733,022	
226	893 Maintenance of Meters and House Regulators	301,184	354,154	
227	894 Maintenance of Other Equipment	25,279	23,265	
228	TOTAL Maintenance (Total of lines 218 thru 227)	1,784,480	2,008,483	
229	TOTAL Distribution Expenses (Total of lines 216 and 228)	8,580,421	10,114,332	
230	5. CUSTOMER ACCOUNTS EXPENSES			
231	Operation			
232	901 Supervision	43,817	32,802	
233	902 Meter Reading Expenses	710,370	514,255	
234	903 Customer Records and Collection Expenses	2,589,591	2,676,423	

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/13/2016	Year/Period of Report End of 2015/Q4
Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
235	904 Uncollectible Accounts	242,191	297,865	
236	905 Miscellaneous Customer Accounts Expenses	757	378	
237	TOTAL Customer Accounts Expenses (Total of lines 232 thru 236)	3,586,726	3,521,723	
238	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES			
239	Operation			
240	907 Supervision	0	0	
241	908 Customer Assistance Expenses	157,153	157,313	
242	909 Informational and Instructional Expenses	3,594	5,456	
243	910 Miscellaneous Customer Service and Informational Expenses	471,707	625,453	
244	TOTAL Customer Service and Information Expenses (Total of lines 240 thru 243)	632,454	788,222	
245	7. SALES EXPENSES			
246	Operation			
247	911 Supervision	0	0	
248	912 Demonstrating and Selling Expenses	114,357	201,746	
249	913 Advertising Expenses	490	7,119	
250	916 Miscellaneous Sales Expenses	0	0	
251	TOTAL Sales Expenses (Total of lines 247 thru 250)	114,847	208,865	
252	8. ADMINISTRATIVE AND GENERAL EXPENSES			
253	Operation			
254	920 Administrative and General Salaries	2,182,998	1,632,452	
255	921 Office Supplies and Expenses	1,054,946	923,272	
256	(Less) 922 Administrative Expenses Transferred-Credit	0	0	
257	923 Outside Services Employed	883,801	1,042,364	
258	924 Property Insurance	158,576	168,422	
259	925 Injuries and Damages	463,576	54,082	
260	926 Employee Pensions and Benefits	2,468,507	2,135,551	
261	927 Franchise Requirements	0	0	
262	928 Regulatory Commission Expenses	216,289	180,171	
263	(Less) 929 Duplicate Charges-Credit	193,419	222,852	
264	930.1 General Advertising Expenses	10,716	25,759	
265	930.2 Miscellaneous General Expenses	119,097	186,059	
266	931 Rents	413,324	455,680	
267	TOTAL Operation (Total of lines 254 thru 266)	7,778,411	6,580,960	
268	Maintenance			
269	932 Maintenance of General Plant	7,684	2,852	
270	TOTAL Administrative and General Expenses (Total of lines 267 and 269)	7,786,095	6,583,812	
271	TOTAL Gas O&M Expenses (Total of lines 97,177,201,229,237,244,251, and 270)	64,673,721	83,385,303	

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/13/2016	2015/Q4
FOOTNOTE DATA			

Schedule Page: 317 Line No.: 3 Column: b

	<u>2015 Q4</u>	<u>2014 Q4</u>
OPERATION:		
711 Gas Boiler Labor	5,597	8,996
712 Other Power Expenses	7,858	
717 Liquified Petroleum Gas Expense		14,277
728 Liquified Petroleum Gas	4,961	5,428
735 Misc. Production Expense	782,339	478,859
736 Gas Raw Material - Rents	44,796	57,120
Total Operation	<u>11,167</u>	<u>67,000</u>
	856,718	631,680
MAINTENANCE:		
742 Production Equipment		87,884
Total Maintenance	<u>106,575</u>	<u>87,884</u>
	106,575	
Total Manufactured Gas Production	963,293	719,564

2013 & 2012 FERC Form 2
Pages 317 through 325
Gas Operation and Maintenance Expenses

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2013/Q4
Gas Operation and Maintenance Expenses				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
1	1. PRODUCTION EXPENSES			
2	A. Manufactured Gas Production			
3	Manufactured Gas Production (Submit Supplemental Statement)	344,868	208,033	
4	B. Natural Gas Production			
5	B1. Natural Gas Production and Gathering			
6	Operation			
7	750 Operation Supervision and Engineering	0	0	
8	751 Production Maps and Records	0	0	
9	752 Gas Well Expenses	0	0	
10	753 Field Lines Expenses	0	0	
11	754 Field Compressor Station Expenses	0	0	
12	755 Field Compressor Station Fuel and Power	0	0	
13	756 Field Measuring and Regulating Station Expenses	0	0	
14	757 Purification Expenses	0	0	
15	758 Gas Well Royalties	0	0	
16	759 Other Expenses	0	0	
17	760 Rents	0	0	
18	TOTAL Operation (Total of lines 7 thru 17)	0	0	
19	Maintenance			
20	761 Maintenance Supervision and Engineering	0	0	
21	762 Maintenance of Structures and Improvements	0	0	
22	763 Maintenance of Producing Gas Wells	0	0	
23	764 Maintenance of Field Lines	0	0	
24	765 Maintenance of Field Compressor Station Equipment	0	0	
25	766 Maintenance of Field Measuring and Regulating Station Equipment	0	0	
26	767 Maintenance of Purification Equipment	0	0	
27	768 Maintenance of Drilling and Cleaning Equipment	0	0	
28	769 Maintenance of Other Equipment	0	0	
29	TOTAL Maintenance (Total of lines 20 thru 28)	0	0	
30	TOTAL Natural Gas Production and Gathering (Total of lines 18 and 29)	0	0	

Name of Respondent Duke Energy Kentucky, Inc.		This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2013/Q4
Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
31	B2. Products Extraction			
32	Operation			
33	770 Operation Supervision and Engineering	0	0	
34	771 Operation Labor	0	0	
35	772 Gas Shrinkage	0	0	
36	773 Fuel	0	0	
37	774 Power	0	0	
38	775 Materials	0	0	
39	776 Operation Supplies and Expenses	0	0	
40	777 Gas Processed by Others	0	0	
41	778 Royalties on Products Extracted	0	0	
42	779 Marketing Expenses	0	0	
43	780 Products Purchased for Resale	0	0	
44	781 Variation in Products Inventory	0	0	
45	(Less) 782 Extracted Products Used by the Utility-Credit	0	0	
46	783 Rents	0	0	
47	TOTAL Operation (Total of lines 33 thru 46)	0	0	
48	Maintenance			
49	784 Maintenance Supervision and Engineering	0	0	
50	785 Maintenance of Structures and Improvements	0	0	
51	786 Maintenance of Extraction and Refining Equipment	0	0	
52	787 Maintenance of Pipe Lines	0	0	
53	788 Maintenance of Extracted Products Storage Equipment	0	0	
54	789 Maintenance of Compressor Equipment	0	0	
55	790 Maintenance of Gas Measuring and Regulating Equipment	0	0	
56	791 Maintenance of Other Equipment	0	0	
57	TOTAL Maintenance (Total of lines 49 thru 56)	0	0	
58	TOTAL Products Extraction (Total of lines 47 and 57)	0	0	

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2013/Q4
Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
59	C. Exploration and Development			
60	Operation			
61	795 Delay Rentals	0	0	
62	796 Nonproductive Well Drilling	0	0	
63	797 Abandoned Leases	0	0	
64	798 Other Exploration	0	0	
65	TOTAL Exploration and Development (Total of lines 61 thru 64)	0	0	
66	D. Other Gas Supply Expenses			
67	Operation			
68	800 Natural Gas Well Head Purchases	0	0	
69	800.1 Natural Gas Well Head Purchases, Intracompany Transfers	0	0	
70	801 Natural Gas Field Line Purchases	48,754,644	38,854,469	
71	802 Natural Gas Gasoline Plant Outlet Purchases	0	0	
72	803 Natural Gas Transmission Line Purchases	0	0	
73	804 Natural Gas City Gate Purchases	0	0	
74	804.1 Liquefied Natural Gas Purchases	0	0	
75	805 Other Gas Purchases	(2,839,136)	(1,306,847)	
76	(Less) 805.1 Purchases Gas Cost Adjustments	0	0	
77	TOTAL Purchased Gas (Total of lines 68 thru 76)	45,915,508	37,547,622	
78	806 Exchange Gas	0	0	
79	Purchased Gas Expenses			
80	807.1 Well Expense-Purchased Gas	0	0	
81	807.2 Operation of Purchased Gas Measuring Stations	102,622	125,491	
82	807.3 Maintenance of Purchased Gas Measuring Stations	132,018	60,557	
83	807.4 Purchased Gas Calculations Expenses	0	0	
84	807.5 Other Purchased Gas Expenses	247,390	232,193	
85	TOTAL Purchased Gas Expenses (Total of lines 80 thru 84)	482,030	418,241	

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2013/Q4
Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
86	808.1 Gas Withdrawn from Storage-Debit	0	0	
87	(Less) 808.2 Gas Delivered to Storage-Credit	0	0	
88	809.1 Withdrawals of Liquefied Natural Gas for Processing-Debit	0	0	
89	(Less) 809.2 Deliveries of Natural Gas for Processing-Credit	0	0	
90	Gas used in Utility Operation-Credit			
91	810 Gas Used for Compressor Station Fuel-Credit	0	0	
92	811 Gas Used for Products Extraction-Credit	0	0	
93	812 Gas Used for Other Utility Operations-Credit	0	0	
94	TOTAL Gas Used in Utility Operations-Credit (Total of lines 91 thru 93)	0	0	
95	813 Other Gas Supply Expenses	1,309,849	0	
96	TOTAL Other Gas Supply Exp. (Total of lines 77,78,85,86 thru 89,94,95)	47,707,387	37,965,863	
97	TOTAL Production Expenses (Total of lines 3, 30, 58, 65, and 96)	48,052,255	38,173,896	
98	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES			
99	A. Underground Storage Expenses			
100	Operation			
101	814 Operation Supervision and Engineering	0	0	
102	815 Maps and Records	0	0	
103	816 Wells Expenses	0	0	
104	817 Lines Expense	0	0	
105	818 Compressor Station Expenses	0	0	
106	819 Compressor Station Fuel and Power	0	0	
107	820 Measuring and Regulating Station Expenses	0	0	
108	821 Purification Expenses	0	0	
109	822 Exploration and Development	0	0	
110	823 Gas Losses	0	0	
111	824 Other Expenses	0	0	
112	825 Storage Well Royalties	0	0	
113	826 Rents	0	0	
114	TOTAL Operation (Total of lines of 101 thru 113)	0	0	

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2013/Q4
Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
115	Maintenance			
116	830 Maintenance Supervision and Engineering	0	0	
117	831 Maintenance of Structures and Improvements	0	0	
118	832 Maintenance of Reservoirs and Wells	0	0	
119	833 Maintenance of Lines	0	0	
120	834 Maintenance of Compressor Station Equipment	0	0	
121	835 Maintenance of Measuring and Regulating Station Equipment	0	0	
122	836 Maintenance of Purification Equipment	0	0	
123	837 Maintenance of Other Equipment	0	0	
124	TOTAL Maintenance (Total of lines 116 thru 123)	0	0	
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)	0	0	
126	B. Other Storage Expenses			
127	Operation			
128	840 Operation Supervision and Engineering	0	0	
129	841 Operation Labor and Expenses	0	0	
130	842 Rents	0	0	
131	842.1 Fuel	0	0	
132	842.2 Power	0	0	
133	842.3 Gas Losses	0	0	
134	TOTAL Operation (Total of lines 128 thru 133)	0	0	
135	Maintenance			
136	843.1 Maintenance Supervision and Engineering	0	0	
137	843.2 Maintenance of Structures	0	0	
138	843.3 Maintenance of Gas Holders	0	0	
139	843.4 Maintenance of Purification Equipment	0	0	
140	843.5 Maintenance of Liquefaction Equipment	0	0	
141	843.6 Maintenance of Vaporizing Equipment	0	0	
142	843.7 Maintenance of Compressor Equipment	0	0	
143	843.8 Maintenance of Measuring and Regulating Equipment	0	0	
144	843.9 Maintenance of Other Equipment	0	0	
145	TOTAL Maintenance (Total of lines 138 thru 144)	0	0	
146	TOTAL Other Storage Expenses (Total of lines 134 and 145)	0	0	

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2013/Q4
Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
147	C. Liquefied Natural Gas Terminaling and Processing Expenses			
148	Operation			
149	844.1 Operation Supervision and Engineering	0	0	
150	844.2 LNG Processing Terminal Labor and Expenses	0	0	
151	844.3 Liquefaction Processing Labor and Expenses	0	0	
152	844.4 Liquefaction Transportation Labor and Expenses	0	0	
153	844.5 Measuring and Regulating Labor and Expenses	0	0	
154	844.6 Compressor Station Labor and Expenses	0	0	
155	844.7 Communication System Expenses	0	0	
156	844.8 System Control and Load Dispatching	0	0	
157	845.1 Fuel	0	0	
158	845.2 Power	0	0	
159	845.3 Rents	0	0	
160	845.4 Demurrage Charges	0	0	
161	(less) 845.5 Wharfage Receipts-Credit	0	0	
162	845.6 Processing Liquefied or Vaporized Gas by Others	0	0	
163	846.1 Gas Losses	0	0	
164	846.2 Other Expenses	0	0	
165	TOTAL Operation (Total of lines 149 thru 164)	0	0	
166	Maintenance			
167	847.1 Maintenance Supervision and Engineering	0	0	
168	847.2 Maintenance of Structures and Improvements	0	0	
169	847.3 Maintenance of LNG Processing Terminal Equipment	0	0	
170	847.4 Maintenance of LNG Transportation Equipment	0	0	
171	847.5 Maintenance of Measuring and Regulating Equipment	0	0	
172	847.6 Maintenance of Compressor Station Equipment	0	0	
173	847.7 Maintenance of Communication Equipment	0	0	
174	847.8 Maintenance of Other Equipment	0	0	
175	TOTAL Maintenance (Total of lines 167 thru 174)	0	0	
176	TOTAL Liquefied Nat Gas Terminaling and Proc Exp (Total of lines 165 and 175)	0	0	
177	TOTAL Natural Gas Storage (Total of lines 125, 146, and 176)	0	0	

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2013/Q4
Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
178	3. TRANSMISSION EXPENSES			
179	Operation			
180	850 Operation Supervision and Engineering	0	0	
181	851 System Control and Load Dispatching	0	0	
182	852 Communication System Expenses	0	0	
183	853 Compressor Station Labor and Expenses	0	0	
184	854 Gas for Compressor Station Fuel	0	0	
185	855 Other Fuel and Power for Compressor Stations	0	0	
186	856 Mains Expenses	0	0	
187	857 Measuring and Regulating Station Expenses	0	0	
188	858 Transmission and Compression of Gas by Others	0	0	
189	859 Other Expenses	0	0	
190	860 Rents	0	0	
191	TOTAL Operation (Total of lines 180 thru 190)	0	0	
192	Maintenance			
193	861 Maintenance Supervision and Engineering	0	0	
194	862 Maintenance of Structures and Improvements	0	0	
195	863 Maintenance of Mains	0	0	
196	864 Maintenance of Compressor Station Equipment	0	0	
197	865 Maintenance of Measuring and Regulating Station Equipment	0	0	
198	866 Maintenance of Communication Equipment	0	0	
199	867 Maintenance of Other Equipment	0	0	
200	TOTAL Maintenance (Total of lines 193 thru 199)	0	0	
201	TOTAL Transmission Expenses (Total of lines 191 and 200)	0	0	
202	4. DISTRIBUTION EXPENSES			
203	Operation			
204	870 Operation Supervision and Engineering	11,975	2,276	
205	871 Distribution Load Dispatching	195,057	182,919	
206	872 Compressor Station Labor and Expenses	0	0	
207	873 Compressor Station Fuel and Power	0	0	

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2013/Q4
Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
208	874 Mains and Services Expenses	2,275,639	2,943,249	
209	875 Measuring and Regulating Station Expenses-General	2,537	1,184	
210	876 Measuring and Regulating Station Expenses-Industrial	35,509	43,871	
211	877 Measuring and Regulating Station Expenses-City Gas Check Station	0	0	
212	878 Meter and House Regulator Expenses	1,037,024	801,200	
213	879 Customer Installations Expenses	1,402,870	1,280,145	
214	880 Other Expenses	734,135	547,749	
215	881 Rents	0	0	
216	TOTAL Operation (Total of lines 204 thru 215)	5,694,746	5,802,593	
217	Maintenance			
218	885 Maintenance Supervision and Engineering	97,008	48,352	
219	886 Maintenance of Structures and Improvements	0	0	
220	887 Maintenance of Mains	701,922	590,849	
221	888 Maintenance of Compressor Station Equipment	0	0	
222	889 Maintenance of Measuring and Regulating Station Equipment-General	82,784	44,238	
223	890 Maintenance of Meas and Reg. Station Equipment-Industrial	4,139	4,873	
224	891 Maintenance of Meas. and Reg. Station Equip-City Gate Check Station	0	0	
225	892 Maintenance of Services	592,670	652,379	
226	893 Maintenance of Meters and House Regulators	192,215	244,363	
227	894 Maintenance of Other Equipment	22,158	33,601	
228	TOTAL Maintenance (Total of lines 218 thru 227)	1,692,896	1,618,655	
229	TOTAL Distribution Expenses (Total of lines 216 and 228)	7,387,642	7,421,248	
230	5 CUSTOMER ACCOUNTS EXPENSES			
231	Operation			
232	901 Supervision	130	0	
233	902 Meter Reading Expenses	682,775	683,459	
234	903 Customer Records and Collection Expenses	2,535,317	2,803,957	

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2013/Q4
Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
235	904 Uncollectible Accounts	374,134	547,638	
236	905 Miscellaneous Customer Accounts Expenses	111	21	
237	TOTAL Customer Accounts Expenses (Total of lines 232 thru 236)	3,592,467	4,046,076	
238	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES			
239	Operation			
240	907 Supervision	0	0	
241	908 Customer Assistance Expenses	130,093	133,191	
242	909 Informational and Instructional Expenses	8,963	9,468	
243	910 Miscellaneous Customer Service and Informational Expenses	933,541	1,210,948	
244	TOTAL Customer Service and Information Expenses (Total of lines 240 thru 243)	1,072,597	1,353,607	
245	7. SALES EXPENSES			
246	Operation			
247	911 Supervision	0	(1,404)	
248	912 Demonstrating and Selling Expenses	1	3,410	
249	913 Advertising Expenses	16,392	25,343	
250	916 Miscellaneous Sales Expenses	0	0	
251	TOTAL Sales Expenses (Total of lines 247 thru 250)	16,393	27,349	
252	8. ADMINISTRATIVE AND GENERAL EXPENSES			
253	Operation			
254	820 Administrative and General Salaries	1,820,342	2,554,894	
255	921 Office Supplies and Expenses	1,237,400	1,431,640	
256	(Less) 922 Administrative Expenses Transferred-Credit	(8)	(50)	
257	923 Outside Services Employed	1,107,981	1,289,206	
258	924 Property Insurance	150,873	152,510	
259	925 Injuries and Damages	152,048	175,019	
260	926 Employee Pensions and Benefits	2,807,898	2,589,141	
261	927 Franchise Requirements	0	0	
262	928 Regulatory Commission Expenses	181,122	261,390	
263	(Less) 929 Duplicate Charges-Credit	78,837	204,857	
264	930.1General Advertising Expenses	1,909	4,937	
265	930.2Miscellaneous General Expenses	459,926	510,343	
266	931 Rents	530,832	747,115	
267	TOTAL Operation (Total of lines 254 thru 266)	8,171,402	9,511,388	
268	Maintenance			
269	932 Maintenance of General Plant	17,184	49,705	
270	TOTAL Administrative and General Expenses (Total of lines 267 and 269)	8,188,586	9,561,093	
271	TOTAL Gas O&M Expenses (Total of lines 97,177,201,229,237,244,251, and 270)	68,309,940	60,582,268	

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2013/Q4
FOOTNOTE DATA			

Schedule Page: 317 Line No.: 3 Column: b

	<u>2013</u>	<u>2012</u>
OPERATION:		
711 Gas Boiler Labor	\$4,016	\$2,071
712 Other Power Expenses	4,522	2,257
717 Liquefied Petroleum Gas Expense	10,126	5,226
728 Liquefied Petroleum Gas	126,895	4,506
735 Misc. Production Expense	13,567	15,556
736 Gas Raw Material - Rents	<u>67,000</u>	<u>67,000</u>
Total Operation	<u>\$226,126</u>	<u>\$96,616</u>
Maintenance:		
742 Production Equipment	<u>118,742</u>	<u>111,417</u>
Total Maintenance	<u>118,742</u>	<u>111,417</u>
Total Manufactured Gas Production	\$344,868	\$208,033

2011 & 2010 FERC Form 2
Pages 317 through 325
Gas Operation and Maintenance Expenses

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
Gas Operation and Maintenance Expenses				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
1	1. PRODUCTION EXPENSES			
2	A. Manufactured Gas Production			
3	Manufactured Gas Production (Submit Supplemental Statement)	302,692	247,622	
4	B. Natural Gas Production			
5	B1. Natural Gas Production and Gathering			
6	Operation			
7	750 Operation Supervision and Engineering	0	0	
8	751 Production Maps and Records	0	0	
9	752 Gas Well Expenses	0	0	
10	753 Field Lines Expenses	0	0	
11	754 Field Compressor Station Expenses	0	0	
12	755 Field Compressor Station Fuel and Power	0	0	
13	756 Field Measuring and Regulating Station Expenses	0	0	
14	757 Purification Expenses	0	0	
15	758 Gas Well Royalties	0	0	
16	759 Other Expenses	0	0	
17	760 Rents	0	0	
18	TOTAL Operation (Total of lines 7 thru 17)	0	0	
19	Maintenance			
20	761 Maintenance Supervision and Engineering	0	0	
21	762 Maintenance of Structures and Improvements	0	0	
22	763 Maintenance of Producing Gas Wells	0	0	
23	764 Maintenance of Field Lines	0	0	
24	765 Maintenance of Field Compressor Station Equipment	0	0	
25	766 Maintenance of Field Measuring and Regulating Station Equipment	0	0	
26	767 Maintenance of Purification Equipment	0	0	
27	768 Maintenance of Drilling and Cleaning Equipment	0	0	
28	769 Maintenance of Other Equipment	0	0	
29	TOTAL Maintenance (Total of lines 20 thru 28)	0	0	
30	TOTAL Natural Gas Production and Gathering (Total of lines 18 and 29)	0	0	

Name of Respondent Duke Energy Kentucky, Inc.		This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
31	B2. Products Extraction			
32	Operation			
33	770 Operation Supervision and Engineering	0	0	
34	771 Operation Labor	0	0	
35	772 Gas Shrinkage	0	0	
36	773 Fuel	0	0	
37	774 Power	0	0	
38	775 Materials	0	0	
39	776 Operation Supplies and Expenses	0	0	
40	777 Gas Processed by Others	0	0	
41	778 Royalties on Products Extracted	0	0	
42	779 Marketing Expenses	0	0	
43	780 Products Purchased for Resale	0	0	
44	781 Variation in Products Inventory	0	0	
45	(Less) 782 Extracted Products Used by the Utility-Credit	0	0	
46	783 Rents	0	0	
47	TOTAL Operation (Total of lines 33 thru 46)	0	0	
48	Maintenance			
49	784 Maintenance Supervision and Engineering	0	0	
50	785 Maintenance of Structures and Improvements	0	0	
51	786 Maintenance of Extraction and Refining Equipment	0	0	
52	787 Maintenance of Pipe Lines	0	0	
53	788 Maintenance of Extracted Products Storage Equipment	0	0	
54	789 Maintenance of Compressor Equipment	0	0	
55	790 Maintenance of Gas Measuring and Regulating Equipment	0	0	
56	791 Maintenance of Other Equipment	0	0	
57	TOTAL Maintenance (Total of lines 49 thru 56)	0	0	
58	TOTAL Products Extraction (Total of lines 47 and 57)	0	0	

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
59	C. Exploration and Development			
60	Operation			
61	795 Delay Rentals	0	0	
62	796 Nonproductive Well Drilling	0	0	
63	797 Abandoned Leases	0	0	
64	798 Other Exploration	0	0	
65	TOTAL Exploration and Development (Total of lines 61 thru 64)	0	0	
66	D. Other Gas Supply Expenses			
67	Operation			
68	800 Natural Gas Well Head Purchases	0	0	
69	800.1 Natural Gas Well Head Purchases, Intracompany Transfers	0	0	
70	801 Natural Gas Field Line Purchases	53,561,882	67,656,917	
71	802 Natural Gas Gasoline Plant Outlet Purchases	0	0	
72	803 Natural Gas Transmission Line Purchases	0	0	
73	804 Natural Gas City Gate Purchases	0	0	
74	804.1 Liquefied Natural Gas Purchases	0	0	
75	805 Other Gas Purchases	998,371	353,063	
76	(Less) 805.1 Purchases Gas Cost Adjustments	0	0	
77	TOTAL Purchased Gas (Total of lines 68 thru 76)	54,560,253	68,009,980	
78	806 Exchange Gas	0	0	
79	Purchased Gas Expenses			
80	807.1 Well Expense-Purchased Gas	0	0	
81	807.2 Operation of Purchased Gas Measuring Stations	103,394	120,876	
82	807.3 Maintenance of Purchased Gas Measuring Stations	49,922	30,000	
83	807.4 Purchased Gas Calculations Expenses	0	0	
84	807.5 Other Purchased Gas Expenses	272,905	360,943	
85	TOTAL Purchased Gas Expenses (Total of lines 80 thru 84)	426,221	511,819	

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
86	808.1 Gas Withdrawn from Storage-Debit	0	0	
87	(Less) 808.2 Gas Delivered to Storage-Credit	0	0	
88	809.1 Withdrawals of Liquefied Natural Gas for Processing-Debit	0	0	
89	(Less) 809.2 Deliveries of Natural Gas for Processing-Credit	0	0	
90	Gas used in Utility Operation-Credit			
91	810 Gas Used for Compressor Station Fuel-Credit	0	0	
92	811 Gas Used for Products Extraction-Credit	0	0	
93	812 Gas Used for Other Utility Operations-Credit	0	0	
94	TOTAL Gas Used in Utility Operations-Credit (Total of lines 91 thru 93)	0	0	
95	813 Other Gas Supply Expenses	0	0	
96	TOTAL Other Gas Supply Exp. (Total of lines 77,78,85,86 thru 89,94,95)	54,986,474	68,521,799	
97	TOTAL Production Expenses (Total of lines 3, 30, 58, 65, and 96)	55,289,366	68,769,421	
98	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES			
99	A. Underground Storage Expenses			
100	Operation			
101	814 Operation Supervision and Engineering	0	0	
102	815 Maps and Records	0	0	
103	816 Wells Expenses	0	0	
104	817 Lines Expense	0	0	
105	818 Compressor Station Expenses	0	0	
106	819 Compressor Station Fuel and Power	0	0	
107	820 Measuring and Regulating Station Expenses	0	24	
108	821 Purification Expenses	0	0	
109	822 Exploration and Development	0	0	
110	823 Gas Losses	0	0	
111	824 Other Expenses	0	0	
112	825 Storage Well Royalties	0	0	
113	826 Rents	0	0	
114	TOTAL Operation (Total of lines of 101 thru 113)	0	24	

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
115	Maintenance			
116	830 Maintenance Supervision and Engineering	0	0	
117	831 Maintenance of Structures and Improvements	0	0	
118	832 Maintenance of Reservoirs and Wells	0	0	
119	833 Maintenance of Lines	0	0	
120	834 Maintenance of Compressor Station Equipment	0	0	
121	835 Maintenance of Measuring and Regulating Station Equipment	0	0	
122	836 Maintenance of Purification Equipment	0	0	
123	837 Maintenance of Other Equipment	0	0	
124	TOTAL Maintenance (Total of lines 116 thru 123)	0	0	
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)	0	24	
126	B. Other Storage Expenses			
127	Operation			
128	840 Operation Supervision and Engineering	0	0	
129	841 Operation Labor and Expenses	0	0	
130	842 Rents	0	0	
131	842.1 Fuel	0	0	
132	842.2 Power	0	0	
133	842.3 Gas Losses	0	0	
134	TOTAL Operation (Total of lines 128 thru 133)	0	0	
135	Maintenance			
136	843.1 Maintenance Supervision and Engineering	0	0	
137	843.2 Maintenance of Structures	0	0	
138	843.3 Maintenance of Gas Holders	0	0	
139	843.4 Maintenance of Purification Equipment	0	0	
140	843.5 Maintenance of Liquefaction Equipment	0	0	
141	843.6 Maintenance of Vaporizing Equipment	0	0	
142	843.7 Maintenance of Compressor Equipment	0	0	
143	843.8 Maintenance of Measuring and Regulating Equipment	0	0	
144	843.9 Maintenance of Other Equipment	0	0	
145	TOTAL Maintenance (Total of lines 136 thru 144)	0	0	
146	TOTAL Other Storage Expenses (Total of lines 134 and 145)	0	0	

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
147	C. Liquefied Natural Gas Terminating and Processing Expenses			
148	Operation			
149	844.1 Operation Supervision and Engineering	0	0	
150	844.2 LNG Processing Terminal Labor and Expenses	0	0	
151	844.3 Liquefaction Processing Labor and Expenses	0	0	
152	844.4 Liquefaction Transportation Labor and Expenses	0	0	
153	844.5 Measuring and Regulating Labor and Expenses	0	0	
154	844.6 Compressor Station Labor and Expenses	0	0	
155	844.7 Communication System Expenses	0	0	
156	844.8 System Control and Load Dispatching	0	0	
157	845.1 Fuel	0	0	
158	845.2 Power	0	0	
159	845.3 Rents	0	0	
160	845.4 Demurrage Charges	0	0	
161	(less) 845.5 Wharfage Receipts-Credit	0	0	
162	845.6 Processing Liquefied or Vaporized Gas by Others	0	0	
163	846.1 Gas Losses	0	0	
164	846.2 Other Expenses	0	0	
165	TOTAL Operation (Total of lines 149 thru 164)	0	0	
166	Maintenance			
167	847.1 Maintenance Supervision and Engineering	0	0	
168	847.2 Maintenance of Structures and Improvements	0	0	
169	847.3 Maintenance of LNG Processing Terminal Equipment	0	0	
170	847.4 Maintenance of LNG Transportation Equipment	0	0	
171	847.5 Maintenance of Measuring and Regulating Equipment	0	0	
172	847.6 Maintenance of Compressor Station Equipment	0	0	
173	847.7 Maintenance of Communication Equipment	0	0	
174	847.8 Maintenance of Other Equipment	0	0	
175	TOTAL Maintenance (Total of lines 167 thru 174)	0	0	
176	TOTAL Liquefied Nat Gas Terminating and Proc Exp (Total of lines 165 and 175)	0	0	
177	TOTAL Natural Gas Storage (Total of lines 125, 145, and 176)	0	24	

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
178	3. TRANSMISSION EXPENSES			
179	Operation			
180	850 Operation Supervision and Engineering	0	0	
181	851 System Control and Load Dispatching	0	0	
182	852 Communication System Expenses	0	0	
183	853 Compressor Station Labor and Expenses	0	0	
184	854 Gas for Compressor Station Fuel	0	0	
185	855 Other Fuel and Power for Compressor Stations	0	0	
186	856 Mains Expenses	0	0	
187	857 Measuring and Regulating Station Expenses	0	0	
188	858 Transmission and Compression of Gas by Others	0	0	
189	859 Other Expenses	68,606	13,010	
190	860 Rents	0	0	
191	TOTAL Operation (Total of lines 180 thru 190)	68,606	13,010	
192	Maintenance			
193	861 Maintenance Supervision and Engineering	0	0	
194	862 Maintenance of Structures and Improvements	0	0	
195	863 Maintenance of Mains	0	0	
196	864 Maintenance of Compressor Station Equipment	0	0	
197	865 Maintenance of Measuring and Regulating Station Equipment	0	0	
198	866 Maintenance of Communication Equipment	0	0	
199	867 Maintenance of Other Equipment	0	0	
200	TOTAL Maintenance (Total of lines 193 thru 199)	0	0	
201	TOTAL Transmission Expenses (Total of lines 191 and 200)	68,606	13,010	
202	4. DISTRIBUTION EXPENSES			
203	Operation			
204	870 Operation Supervision and Engineering	9,376	9,334	
205	871 Distribution Load Dispatching	176,867	145,842	
206	872 Compressor Station Labor and Expenses	0	0	
207	873 Compressor Station Fuel and Power	0	0	

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
208	874 Mains and Services Expenses	1,828,624	1,715,933	
209	875 Measuring and Regulating Station Expenses-General	5,355	32,028	
210	876 Measuring and Regulating Station Expenses-Industrial	38,197	31,911	
211	877 Measuring and Regulating Station Expenses-City Gas Check Station	0	0	
212	878 Meter and House Regulator Expenses	474,720	186,972	
213	879 Customer Installations Expenses	1,239,450	1,154,549	
214	880 Other Expenses	630,468	589,369	
215	881 Rents	161,510	387,624	
216	TOTAL Operation (Total of lines 204 thru 215)	4,564,567	4,253,562	
217	Maintenance			
218	885 Maintenance Supervision and Engineering	38,525	24,493	
219	886 Maintenance of Structures and Improvements	0	0	
220	887 Maintenance of Mains	403,553	477,915	
221	888 Maintenance of Compressor Station Equipment	0	0	
222	889 Maintenance of Measuring and Regulating Station Equipment-General	26,019	46,549	
223	890 Maintenance of Meas. and Reg. Station Equipment-Industrial	1,925	8,490	
224	891 Maintenance of Meas. and Reg. Station Equip-City Gate Check Station	0	0	
225	892 Maintenance of Services	848,507	758,115	
226	893 Maintenance of Meters and House Regulators	249,858	294,785	
227	894 Maintenance of Other Equipment	49,415	19,116	
228	TOTAL Maintenance (Total of lines 218 thru 227)	1,617,802	1,629,463	
229	TOTAL Distribution Expenses (Total of lines 216 and 228)	6,182,369	5,883,025	
230	5. CUSTOMER ACCOUNTS EXPENSES			
231	Operation			
232	901 Supervision	282	569	
233	902 Meter Reading Expenses	659,485	661,780	
234	903 Customer Records and Collection Expenses	3,257,712	2,970,386	

Name of Respondent Duke Energy Kentucky, Inc		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
235	904 Uncollectible Accounts	925,068	925,196	
236	905 Miscellaneous Customer Accounts Expenses	0	0	
237	TOTAL Customer Accounts Expenses (Total of lines 232 thru 236)	4,842,547	4,557,931	
238	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES			
239	Operation			
240	907 Supervision	0	0	
241	908 Customer Assistance Expenses	132,457	138,390	
242	909 Informational and Instructional Expenses	3,923	13,140	
243	910 Miscellaneous Customer Service and Informational Expenses	1,330,567	982,628	
244	TOTAL Customer Service and Information Expenses (Total of lines 240 thru 243)	1,466,947	1,134,158	
245	7. SALES EXPENSES			
246	Operation			
247	911 Supervision	2,301	0	
248	912 Demonstrating and Selling Expenses	27	75	
249	913 Advertising Expenses	34,826	12,557	
250	916 Miscellaneous Sales Expenses	0	0	
251	TOTAL Sales Expenses (Total of lines 247 thru 250)	37,154	12,632	
252	8. ADMINISTRATIVE AND GENERAL EXPENSES			
253	Operation			
254	920 Administrative and General Salaries	2,023,847	3,010,311	
255	921 Office Supplies and Expenses	1,479,614	1,368,441	
256	(Less) 922 Administrative Expenses Transferred-Credit	(110)	10	
257	923 Outside Services Employed	1,332,913	1,265,096	
258	924 Property Insurance	210,573	139,562	
259	925 Injuries and Damages	136,517	105,968	
260	926 Employee Pensions and Benefits	2,372,491	2,288,199	
261	927 Franchise Requirements	0	0	
262	928 Regulatory Commission Expenses	284,622	624,440	
263	(Less) 929 Duplicate Charges-Credit	247,938	186,583	
264	930.1 General Advertising Expenses	5,727	7,126	
265	930.2 Miscellaneous General Expenses	201,211	190,691	
266	931 Rents	679,221	483,223	
267	TOTAL Operation (Total of lines 254 thru 266)	8,478,908	9,296,464	
268	Maintenance			
269	932 Maintenance of General Plant	56,000	134,034	
270	TOTAL Administrative and General Expenses (Total of lines 267 and 269)	8,534,908	9,430,498	
271	TOTAL Gas O&M Expenses (Total of lines 97,177,201,229,237,244,251, and 270)	76,421,897	89,800,699	

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2011/Q4
FOOTNOTE DATA			

Schedule Page: 317 Line No.: 3 Column: b

	<u>2011</u>	<u>2010</u>
OPERATION:		
711 Gas Boiler Labor	\$4,725	\$4,815
712 Other Power Expenses	4,641	5,758
717 Liquefied Petroleum Gas Expense	37,671	89,907
728 Liquefied Petroleum Gas	56,321	39,990
735 Misc. Production Expense	22,961	26,118
736 Gas Raw Material - Rents	<u>67,000</u>	<u>67,000</u>
Total Operation	\$193,319	\$233,588
Maintenance:		
742 Production Equipment	<u>109,573</u>	<u>14,034</u>
Total Maintenance	109,573	14,034
Total Manufactured Gas Production	\$302,892	\$247,622

REQUEST:

Refer to the responses to Staff's Initial Request, Item 3.a.

- a. By year, for the past five years, provide the level of Contract Labor, Material Company Labor, and Contingency costs.
- b. Recognizing that each of the cost items that make up the \$2,185,380.50 estimated total cost were not specifically included in base rates in the last rate case, explain for each specific item why Duke Kentucky considers it to be an incremental cost.

RESPONSE:

- a. While the Company routinely incurs Contractor Labor, Material, Company Labor and contingency costs for its projects and normal operations, referring specifically to the costs identified in response to Staff Item 3a, the Company has not incurred expenses for pressure testing at the level similar to those proposed during the last 5 years. The costs identified in response to Staff Item 3a was specific to the pressure testing necessitated as a result of the recently completed records review prompted by PHMSA guidance issued in 2011. The estimated costs were based primarily upon contractor responses to the Company's RFP for this specific project. These responses were compared to what the Company has experienced for contractor proposals in other integrity-related projects and determined to be

reasonable and consistent. There are no historical costs for this project as this is a new stream of work.

- b. Please see paragraph 10 to the Company's Application in this proceeding. The need to conduct this pressure testing was not known at the time of the Company's last base rate case. The cost of performing this work was therefore neither known nor anticipated. The need to perform this work was not discovered or determined until the Company first completed its record compliance survey and evaluation to determine what additional steps were necessary, if any, to satisfy PHMSA requirements based upon guidance issued in 2011.

PERSON RESPONSIBLE: John Hill

**Duke Energy Kentucky
Case No. 2016-00159
Staff's Second Set Data Requests
Date Received: June 13, 2016**

STAFF-DR-02-003

REQUEST:

Does Duke Kentucky believe that any cost that was not specifically included in the expense items that were used to determine the revenue requirement in the last case to be an incremental cost? Explain why or why not.

RESPONSE:

Any cost not included in the cost of service in the most recent base rate case is necessarily incremental. That such cost did not exist at the time of the prior base rate case but does exist now makes it, by definition, incremental.

PERSON RESPONSIBLE: William Don Wathen, Jr

**Duke Energy Kentucky
Case No. 2016-00159
Staff's Second Set Data Requests
Date Received: June 13, 2016**

STAFF-DR-02-004

REQUEST:

If the Commission authorizes Duke Kentucky to defer the estimated \$2.2 million as requested, is Duke Kentucky opposed to current amortization of the deferred amount? Explain your response.

RESPONSE:

It is not clear what "current amortization" the question is referring to. The Company is not currently amortizing this expense.

Additionally, to the extent the question is asking whether Duke Energy Kentucky can defer and then amortize the expense over some period of time, accounting rules would not allow such treatment. A regulatory asset would only be created if there was reasonable assurance of recovery of the underlying cost. Without such assurance, typically granted by the regulator, *i.e.*, the Kentucky Public Service Commission, a utility would have to expense the underlying costs at the time of incurrence, which, in this case would negatively impact its financial condition.

PERSON RESPONSIBLE: William Don Wathen, Jr