

2nd Quarter

DUKE ENERGY KENTUCKY, INC
GAS COST ADJUSTMENT CLAUSE

QUARTERLY REPORT

GAS COST RECOVERY RATES EFFECTIVE FROM June 1, 2017 THROUGH June 29, 2017

| DESCRIPTION | UNIT | AMOUNT |
|--------------------------------------------------|--------|---------|
| EXPECTED GAS COST (EGC) | \$/MCF | 4.493 |
| SUPPLIER REFUND ADJUSTMENT (RA) | \$/MCF | 0.000 |
| ACTUAL ADJUSTMENT (AA) | \$/MCF | 0.093 |
| BALANCE ADJUSTMENT (BA) | \$/MCF | (0.034) |
| GAS COST RECOVERY RATE (GCR) = EGC + RA + AA +BA | \$/MCF | 4.552 |

EXPECTED GAS COST CALCULATION

| DESCRIPTION | UNIT | AMOUNT |
|-----------------------------------------|--------|--------|
| TOTAL EXPECTED GAS COST COMPONENT (EGC) | \$/MCF | 4.493 |

SUPPLIER REFUND ADJUSTMENT CALCULATION

| DESCRIPTION | UNIT | AMOUNT |
|-------------------------------------------------------|--------|--------|
| CURRENT QUARTER SUPPLIER REFUND ADJ. | \$/MCF | 0.000 |
| PREVIOUS QUARTER REPORTED SUPPLIER REFUND ADJ. | \$/MCF | 0.000 |
| SECOND PREVIOUS QUARTER REPORTED SUPPLIER REFUND ADJ. | \$/MCF | 0.000 |
| THIRD PREVIOUS QUARTER REPORTED SUPPLIER REFUND ADJ. | \$/MCF | 0.000 |
| SUPPLIER REFUND ADJUSTMENT (RA) | \$/MCF | 0.000 |

ACTUAL ADJUSTMENT CALCULATION

| DESCRIPTION | UNIT | AMOUNT |
|----------------------------------------------------|--------|---------|
| CURRENT QUARTER ACTUAL ADJUSTMENT | \$/MCF | (0.082) |
| PREVIOUS QUARTER REPORTED ACTUAL ADJUSTMENT | \$/MCF | 0.205 |
| SECOND PREVIOUS QUARTER REPORTED ACTUAL ADJUSTMENT | \$/MCF | 0.025 |
| THIRD PREVIOUS QUARTER REPORTED ACTUAL ADJUSTMENT | \$/MCF | (0.055) |
| ACTUAL ADJUSTMENT (AA) | \$/MCF | 0.093 |

BALANCE ADJUSTMENT CALCULATION

| DESCRIPTION | UNIT | AMOUNT |
|-----------------------------------------------------|--------|---------|
| CURRENT QUARTER BALANCE ADJUSTMENT | \$/MCF | 0.051 |
| PREVIOUS QUARTER REPORTED BALANCE ADJUSTMENT | \$/MCF | 0.019 |
| SECOND PREVIOUS QUARTER REPORTED BALANCE ADJUSTMENT | \$/MCF | (0.098) |
| THIRD PREVIOUS QUARTER REPORTED BALANCE ADJUSTMENT | \$/MCF | (0.006) |
| BALANCE ADJUSTMENT (BA) | \$/MCF | (0.034) |

THIS QUARTERLY REPORT FILED PURSUANT TO ORDER NO. 8373 OF THE KENTUCKY PUBLIC SERVICE COMMISSION DATED APRIL 16, 1982.

DATE FILED: May 11, 2017

BY: DON WATHEN

TITLE: DIRECTOR
Rates & Regulatory Strategy - OH/KY

**GAS COST ADJUSTMENT
DUKE ENERGY KENTUCKY
EXPECTED GAS COST RATE CALCULATION (EGC)**

SUMMARY FOR THE EGC RATE IN EFFECT AS OF JUNE 1, 2017

| <u>DEMAND (FIXED) COSTS:</u> | | | <u>\$</u> |
|-------------------------------------------------------------|-------------|---------------|-----------------------------------|
| Columbia Gas Transmission Corp. | | | 3,251,527 |
| Columbia Gulf Transmission Corp. | | | 1,023,975 |
| Tennessee Gas Pipeline Company, LLC | | | 677,414 |
| KO Transmission Company | | | 1,838,592 |
| Texas Gas Transmission | | | 684,090 |
| Gas Marketers | | | <u>119,506</u> |
| TOTAL DEMAND COST: | | | <u>7,595,104</u> |
| PROJECTED GAS SALES LESS SPECIAL CONTRACT IT PURCHASES: | | 9,225,984 MCF | |
| DEMAND (FIXED) COMPONENT OF EGC RATE: | \$7,595,104 | / | 9,225,984 MCF \$0.823 /MCF |
| <u>COMMODITY COSTS:</u> | | | |
| Gas Marketers | | | \$3.576 /MCF |
| Gas Storage | | | |
| Columbia Gas Transmission | | | \$0.000 /MCF |
| Propane | | | <u>\$0.000 /MCF</u> |
| COMMODITY COMPONENT OF EGC RATE: | | | \$3.576 /MCF |
| Other Costs: | | | |
| Net Charge Off ⁽¹⁾ | \$17,952 | / | 190,910 \$0.094 /MCF |
| TOTAL EXPECTED GAS COST: | | | <u>\$4.493 /MCF</u> |

⁽¹⁾ Net Charge Off amount from Case No. 2009-00202 WPD-2.15a.

**GAS COST ADJUSTMENT
DUKE ENERGY KENTUCKY**

DETAILS FOR THE EGC RATE IN EFFECT AS OF : June 1, 2017

| | RATE (\$ DTH) | CONTRACT VOLUME (DTH) | NUMBER OF DAYS/MTHS | EXPECTED GAS COST (\$) |
|----------------------------------------------------------------------|------------------|-----------------------------|---------------------------|------------------------------|
| INTERSTATE PIPELINE : COLUMBIA GAS TRANSMISSION, LLC | | | | |
| TARIFF RATE EFFECTIVE DATE : FSS: 2/1/2015 | | | | |
| SST: 2/1/2017 | | | | |
| <u>BILLING DEMAND - TARIFF RATE - FSS</u> | | | | |
| Max. Daily Withdrawl Quan. | 1.5010 | 39,656 | 12 | 714,284 |
| Seasonal Contract Quantity | 0.0288 | 1,365,276 | 12 | 471,839 |
| <u>BILLING DEMAND - TARIFF RATE - SST</u> | | | | |
| Maximum Daily Quantity | 5.7870 | 19,828 | 6 | 688,468 |
| Maximum Daily Quantity | 5.7870 | 39,656 | 6 | 1,376,936 |
| CAPACITY RELEASE CREDIT | | | | 0 |
| TOTAL COLUMBIA GAS TRANSMISSION, LLC - DEMAND CHARGES | | | | 3,251,527 |
| INTERSTATE PIPELINE : COLUMBIA GULF TRANSMISSION CORP. | | | | |
| TARIFF RATE EFFECTIVE DATE : FTS-1: 7/1/2016 | | | | |
| <u>BILLING DEMAND - TARIFF RATE - FTS-1</u> | | | | |
| Maximum Daily Quantity | 3.3300 | 21,000 | 5 | 349,650 |
| Maximum Daily Quantity | 3.3300 | 13,500 | 7 | 314,685 |
| Maximum Daily Quantity | 3.3300 | 9,000 | 12 | 359,640 |
| CAPACITY RELEASE CREDIT FOR FTS-1 | | | | 0 |
| TOTAL COLUMBIA GULF TRANSMISSION CORP. DEMAND CHARGES | | | | 1,023,975 |
| INTERSTATE PIPELINE : TENNESSEE GAS PIPELINE COMPANY, LLC | | | | |
| TARIFF RATE EFFECTIVE DATE : FT-A: 11/1/2016 | | | | |
| <u>BILLING DEMAND - TARIFF RATE - FTS-1</u> | | | | |
| Maximum Daily Quantity | 2.4544 | 23,000 | 12 | 677,414 |
| TOTAL TENNESSEE GAS PIPELINE COMPANY, LLC - DEMAND CHARGES | | | | 677,414 |

Currently Effective Rates
 Applicable to Rate Schedule FSS
 Rate Per Dth

| | Base Tariff Rate | Transportation Cost Rate Adjustment Current | Electric Power Costs Adjustment Current | Annual Charge Adjustment 2/ | Total Effective Rate | Daily Rate |
|--------------------------|------------------------|---------------------------------------------------------|--------------------------------------------------|--------------------------------------|----------------------------|---------------|
| Rate Schedule FSS | | | | | | |
| Reservation Charge 3/ | \$ 1.501 | - | - | - | 1.501 | 0.0493 |
| Capacity 3/ | ¢ 2.88 | - | - | - | 2.88 | 2.88 |
| Injection | ¢ 1.53 | - | - | - | 1.53 | 1.53 |
| Withdrawal | ¢ 1.53 | - | - | - | 1.53 | 1.53 |
| Overrun 3/ | ¢ 10.87 | - | - | - | 10.87 | 10.87 |

- 1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively.
- 2/ ACA assessed where applicable pursuant to Section 154.402 of the Commission's Regulations.
- 3/ Shippers utilizing the Eastern Market Expansion (EME) facilities for FSS service will pay a total FSS MDSQ reservation charge of \$4.130 and a total FSS SCQ capacity rate of 6.80 cents. If EME customers incur an overrun for FSS services that is provided under their EME Project service agreements, they will pay a total FSS overrun rate of 23.44 cents. The additional EME demand charges and EME overrun charges can be added to the applicable surcharges above to develop the EME Total Effective Rate.

Currently Effective Rates
 Applicable to Rate Schedule SST
 Rate Per Dth

| | | | |
|-----------|---------|-----------|----------|
| Discount: | \$4,451 | Withdraw: | \$0.0209 |
| CCRM: | 1.336 | ACA: | 0.0013 |
| Total: | \$5.787 | Total: | \$0.0222 |

| | Base Tariff Rate 1/2/ | TCRA Rates | EPCA Rates | OTRA Rates | CCRM Rates | Total Effective Rate 2/ | Daily Rate 2/ |
|--------------------------|-----------------------------|---------------|---------------|---------------|---------------|-------------------------------|---------------------|
| Rate Schedule SST | | | | | | | |
| Reservation Charge 3/4/ | \$ 4.601 | 0.205 | 0.065 | 0.112 | 1.336 | 6.319 | 0.2077 |
| Commodity | | | | | | | |
| Maximum | ¢ 1.02 | 0.03 | 1.04 | 0.00 | 0.00 | 2.09 | 2.09 |
| Minimum | ¢ 1.02 | 0.03 | 1.04 | 0.00 | 0.00 | 2.09 | 2.09 |
| Overrun 4/ | | | | | | | |
| Maximum | ¢ 16.15 | 0.70 | 1.25 | 0.37 | 4.39 | 22.86 | 22.86 |
| Minimum | ¢ 1.02 | 0.03 | 1.04 | 0.00 | 0.00 | 2.09 | 2.09 |

- 1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively.
- 2/ Excludes the Annual Charge Adjustment (ACA) Surcharge. An ACA Commodity surcharge per Dth shall be assessed where applicable pursuant to Section 154.402 of the Commission's Regulations and in accordance with Section 34 of the GTC of Transporter's FERCC Gas Tariff. The ACA unit charge authorized for each fiscal year (commencing October 1) by the Commission and posted on its website (<http://www.ferc.gov>) is incorporated herein by reference.
- 3/ Minimum reservation charge is \$0.00.
- 4/ Shippers utilizing the Eastern Market Expansion (EME) facilities for Rate Schedule SST service will pay a total SST reservation charge of \$17.625. If EME customers incur an overrun for SST services that is provided under their EME Project service agreements, they will pay a total overrun rate of 58.97 cents. The applicable EME demand charge and EME overrun charge can be added to the applicable surcharges above to calculate the EME Total Effective Rates.



1700 MacCorkle Avenue SE
Charleston, WV 25314
304-357-2514 Office
304-357-2654 Fax

July 21, 2016

Mr. Jeff Kern
Duke Energy Kentucky, Inc.
139 East Fourth Street
Cincinnati, OH 45202

RE: SST Service Agreement No. 79977
Discount Letter Amendment

Dear Mr. Kern:

This letter will serve as an amendment to the SST Service Agreement No. 79977 between Columbia Gas Transmission, LLC (Transporter) and Duke Energy Kentucky, Inc. (Shipper) and supersedes and replaces all prior Discount Letter Amendments. Transporter and Shipper hereby agree that Section 3 of the above-referenced service agreement is amended to provide the following:

1. The rate for service, for the period from 9/01/2016 to 1/31/2019, will include a discounted demand rate of \$4.451, inclusive of all surcharges, for any receipts into Transporter's pipeline system for delivery to the primary delivery point 834696 (KOT DEK MLI) and for delivery to the secondary delivery point STOR (RP Storage Point TCO).
2. The rate for service, for the period from 2/01/2019 to 1/31/2020, will include a discounted demand rate of \$5.906, inclusive of all surcharges, for any receipts into Transporter's pipeline system for delivery to the primary delivery point 834696 (KOT DEK MLI) and for delivery to the secondary delivery point STOR (RP Storage Point TCO).
3. The rate for service, for the period from 2/01/2020 to 1/31/2021, will include a discounted demand rate of \$6.298, inclusive of all surcharges, for any receipts into Transporter's pipeline system for delivery to the primary delivery point 834696 (KOT DEK MLI) and for delivery to the secondary delivery point STOR (RP Storage Point TCO).
4. The rate for service, for the period from 2/01/2021 to 3/31/2022, will include a discounted demand rate of \$6.681, inclusive of all surcharges, for any receipts into Transporter's pipeline system for delivery to the primary delivery point 834696 (KOT DEK MLI) and for delivery to the secondary delivery point STOR (RP Storage Point TCO).

5. The above discounted demand rates will be inclusive of demand surcharges at the rates specified in the currently effective Part V.8. (Currently Effective Rates Applicable to Rate Schedule SST) of Transporter's FERC Gas Tariff effective on December 1, 2015.
6. Except to the extent Federal Energy Regulatory Commission ("FERC") policies, rules and/or regulations, and/or Transporter's FERC Gas Tariff provide otherwise, for service under the above-referenced Service Agreement to secondary delivery points other than STOR, in lieu of the rate set forth above, Transporter will charge and Shipper will pay the then existing maximum Recourse Rate set forth in Transporter's FERC Gas Tariff from time to time.
7. Notwithstanding the foregoing, the charge to be paid by Shipper to Transporter will be no lower than the applicable total effective minimum charges or higher than the applicable total effective maximum charges as set forth in Transporter's FERC Gas Tariff from time to time.
8. The discounted reservation rate will be apportioned in accordance with Section 20 of the General Terms and Conditions of Transporter's FERC Gas Tariff.
9. In addition to the demand charges set forth above, Shipper must pay Transporter all applicable commodity charges, commodity surcharges, overrun charges, gathering charges, and retainage charges set forth in Transporter's FERC Gas Tariff as amended from time to time.
10. In addition to the reservation charges set forth above, for the period from 9/01/2016 through 1/31/2019, Shipper will pay all applicable Capital Cost Recovery Mechanism ("CCRM") charges.
11. Shipper will have a contractual right of first refusal ("ROFR") under the referenced agreement if it does not qualify for the regulatory ROFR set forth in Section 4 of the General Terms and Conditions of Transporter's FERC Gas Tariff.

If you are in agreement with the above amendment, please execute both originals of this letter and return one to Transporter at the above address, Attention: Jackie Sydnor, 8th floor North.

Executed and agreed to this 1 day of September, 2016.

DUKE ENERGY KENTUCKY, INC.

COLUMBIA GAS TRANSMISSION, LLC

By: 

By: 

Its: SVP, Midwest Delivery & Gas Ops

Its: DIRECTOR - CUST SERVICES (9/8/16)

Currently Effective Rates
 Applicable to Rate Schedule FTS-1
 Rates in Dollars per Dth

| <u>Rate Schedule FTS-1</u> | <u>Base Rate</u> (1) 1/ | <u>Total Effective Rate</u> (2) 1/ | <u>Daily Rate</u> (3) 1/ |
|----------------------------|-------------------------------|------------------------------------------|--------------------------------|
| Market Zone | | | |
| Reservation Charge | | | |
| Maximum | 4.170 | 4.170 | 0.1371 |
| Minimum | 0.000 | 0.000 | 0.000 |
| | | <i>Discounted to</i> \$3.33 | |
| Commodity | | | |
| Maximum | 0.0109 | 0.0109 | 0.0109 |
| Minimum | 0.0109 | 0.0109 | 0.0109 |
| | | <i>ACA</i> $0.0109 + 0.0013 = 0.0122$ | |
| Overrun | | | |
| Maximum | 0.1480 | 0.1480 | 0.1480 |
| Minimum | 0.0109 | 0.0109 | 0.0109 |

1/ Excludes the Annual Charge Adjustment (ACA) Surcharge. An ACA Commodity surcharge per Dth shall be assessed where applicable pursuant to Section 154.402 of the Commission's Regulations and in accordance with Section 31 of the GTC of Transporter's FERC Gas Tariff. The ACA unit charge authorized for each fiscal year (commencing October 1) by the Commission and posted on its website (<http://www.ferc.gov>) is incorporated herein by reference.

RETAINAGE PERCENTAGES

| | |
|----------------------------------|--------|
| Transportation Retainage | 1.432% |
| Gathering Retainage | 4.000% |
| Storage Gas Loss Retainage | 0.170% |
| Ohio Storage Gas Lost Retainage | 0.280% |
| Columbia Processing Retainage 1/ | 0.000% |

1/ The Columbia Processing Retainage shall be assessed separately from the processing retainage applicable to third party processing plants set forth in Section 25.3 (f) of the General Terms and Conditions.



1700 MacCorkle Avenue SE
 Charleston, WV 25314
 Phone: 304-357-2514
 Fax: 304-357-2654
 jsydnor@nisource.com

April 11, 2014

Mr. Jeff Kern
 Duke Energy Kentucky, Inc.
 139 East Fourth Street
 Cincinnati, OH 45202

RE: FTS-1 Service Agreement No. 79970 (Forward Haul)
 and New FTS-1 Service Agreement (Backward Haul)

Dear Jeff:

Columbia Gulf Transmission, LLC ("Columbia Gulf") would like to propose the terms set forth more fully herein for the restructuring of existing service agreement 79970-FTS-1 between Columbia Gulf and Duke Energy Kentucky, Inc. ("DEK").

| | |
|-----------------------------|--------------------------|
| Reservation Rate | \$3.33 |
| Winter Volume (11/1 – 3/31) | 21,000 Dth/day |
| Summer Volume (4/1 – 10/31) | 13,500 Dth/day |
| Primary Receipt Point | Rayne |
| Secondary Receipt Point | P2051220 (Mainline Pool) |
| Primary Delivery Point | Means |
| Term Begin Date | 11/1/2014 |
| Term End Date | 10/31/2019 |

Columbia Gulf Transmission, LLC ("Columbia Gulf") would like to propose the terms set forth more fully herein for a new service agreement FTS-1 between Columbia Gulf and Duke Energy Kentucky, Inc. ("DEK").

| | |
|-------------------------|--------------------------|
| Reservation Rate | \$3.33 |
| Volume (1/1 – 12/31) | 9,000 Dth/day |
| Primary Receipt Point | Leach (801) |
| Secondary Receipt Point | P2051220 (Mainline Pool) |
| Primary Delivery Point | Means |
| Term Begin Date | 11/1/2014 |
| Term End Date | 10/31/2019 |

In addition to the above reservation rates, DEK must provide all applicable commodity charges, surcharges, overrun charges and retainage charges set forth in Transporter's FERC Gas Tariff from time to time.

The Columbia Gulf proposal is contingent on the capacity remaining available as of the date that DEK affirms its agreement to contract for the capacity.

Columbia Gulf also proposes a Contractual Right of First Refusal under the restructured service agreements.

The above proposals are offered through April 30, 2014.

If you are in agreement with the above proposals, please execute and return both originals to Columbia Gulf at the above address, Attention: Jackie Sydnor, 8th floor North. Upon execution by Columbia Gulf, a fully executed original will be forwarded for your files.

Executed and agreed to this 14th day of April, 2014.

RTB

DUKE ENERGY KENTUCKY, INC.

COLUMBIA GULF TRANSMISSION, LLC

By: *[Signature]*

By: *[Signature]*

Its: Manager, Gas Resources

Its: UP

Service Agreement No. 79970

Revision No. 3

FTS-1 SERVICE AGREEMENT

THIS AGREEMENT is made and entered into this 7 day of October, 2014, by and between COLUMBIA GULF TRANSMISSION, LLC ("Transporter") and DUKE ENERGY KENTUCKY, INC. ("Shipper").

WITNESSETH: That in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

Section 1. Service to be Rendered. Transporter shall perform and Shipper shall receive the service in accordance with the provisions of the effective FTS-1 Rate Schedule and applicable General Terms and Conditions of Transporter's FERC Gas Tariff, Third Revised Volume No. 1 ("Tariff"), on file with the Federal Energy Regulatory Commission ("Commission"), as the same may be amended or superseded in accordance with the rules and regulations of the Commission herein contained. The maximum obligations of Transporter to deliver gas hereunder to or for Shipper, the designation of the points of delivery at which Transporter shall deliver or cause gas to be delivered to or for Shipper, and the points of receipt at which the Shipper shall deliver or cause gas to be delivered, are specified in Appendix A, as the same may be amended from time to time by agreement between Shipper and Transporter, or in accordance with the rules and regulations of the Commission.

Section 2. Term. Service under this Agreement shall commence as of November 1, 2014, and shall continue in full force and effect until October 31, 2019. Shipper and Transporter agree to avail themselves of the Commission's pre-granted abandonment authority upon termination of this Agreement, subject to any right of first refusal Shipper may have under the Commission's Regulations and Transporter's Tariff.

Section 3. Rates. Shipper shall pay the charges and furnish the Retainage as described in the above-referenced Rate Schedule, unless otherwise agreed to by the parties in writing and specified as an amendment to this Service Agreement. Transporter may agree to discount its rate to Shipper below Transporter's maximum rate, but not less than Transporter's minimum rate. Such discounted rate may apply to: (a) specified quantities (contract demand or commodity quantities); (b) specified quantities above or below a certain level or all quantities if quantities exceed a certain level; (c) quantities during specified time periods; (d) quantities at specified points, locations, or other defined geographical areas; (e) that a specified discounted rate will apply in a specified relationship to the quantities actually transported (i.e., that the reservation charge will be adjusted in a specified relationship to quantities actually transported); and (f) production and/or reserves committed by the Shipper.

Section 4. Notices. Notices to Transporter under this Agreement shall be addressed to it at 5151 San Felipe, Suite 2500, Houston, Texas 77056, Attention: Customer Services and notices to Shipper shall be addressed to it at Duke Energy Kentucky, Inc., 139 East Fourth Street, P. O. Box 960, Cincinnati, OH 45202, Attention: Jeff Kern, until changed by either party by written notice.

Section 5. Superseded Agreements. This Service Agreement supersedes and cancels, as of the effective date hereof, the following Service Agreement(s): FTS-1 No. 79970, Revision No. 2.

DUKE ENERGY KENTUCKY, INC.

By Jeff Kern
Title Agent
Date October 07, 2014

COLUMBIA GULF TRANSMISSION, LLC

By Stan Chapman
Title EVP & CCO
Date October 02, 2014

The Master List of Interconnects ("MLI") as defined in Section 1 of the General Terms and Conditions of Transporter's Tariff is incorporated herein by reference for purposes of listing valid secondary interruptible receipt points and delivery points.

Transporter and Shipper have mutually agreed to the following maximum or minimum pressure commitments:

Yes No (Check applicable blank) Transporter and Shipper have mutually agreed to a Regulatory Restructuring Reduction Option pursuant to Section 33 of the General Terms and Conditions of Transporter's FERC Gas Tariff.

X Yes No (Check applicable blank) Shipper has a contractual right of first refusal equivalent to the right of first refusal set forth from time to time in Section 4 of the General Terms and Conditions of Transporter's FERC Gas Tariff.

Yes X No (Check applicable blank) This Service Agreement covers interim capacity sold pursuant to the provisions of General Terms and Conditions Section 4. Right of first refusal rights, if any, applicable to this interim capacity are limited as provided for in General Terms and Conditions Section 4.

DUKE ENERGY KENTUCKY, INC.

By Jeff Kern

Title Agent

Date October 07, 2014

COLUMBIA GULF TRANSMISSION, LLC

By Stan Chapman

Title EVP & CCO

Date October 02, 2014

Service Agreement No. 154404

Revision No. 0

FTS-1 SERVICE AGREEMENT

THIS AGREEMENT is made and entered into this 7 day of October, 2014, by and between COLUMBIA GULF TRANSMISSION, LLC ("Transporter") and DUKE ENERGY KENTUCKY, INC. ("Shipper").

WITNESSETH: That in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

Section 1. Service to be Rendered. Transporter shall perform and Shipper shall receive the service in accordance with the provisions of the effective FTS-1 Rate Schedule and applicable General Terms and Conditions of Transporter's FERC Gas Tariff, Third Revised Volume No. 1 ("Tariff"), on file with the Federal Energy Regulatory Commission ("Commission"), as the same may be amended or superseded in accordance with the rules and regulations of the Commission herein contained. The maximum obligations of Transporter to deliver gas hereunder to or for Shipper, the designation of the points of delivery at which Transporter shall deliver or cause gas to be delivered to or for Shipper, and the points of receipt at which the Shipper shall deliver or cause gas to be delivered, are specified in Appendix A, as the same may be amended from time to time by agreement between Shipper and Transporter, or in accordance with the rules and regulations of the Commission.

Section 2. Term. Service under this Agreement shall commence as of November 1, 2014, and shall continue in full force and effect until October 31, 2019. Shipper and Transporter agree to avail themselves of the Commission's pre-granted abandonment authority upon termination of this Agreement, subject to any right of first refusal Shipper may have under the Commission's Regulations and Transporter's Tariff.

Section 3. Rates. Shipper shall pay the charges and furnish the Retainage as described in the above-referenced Rate Schedule, unless otherwise agreed to by the parties in writing and specified as an amendment to this Service Agreement. Transporter may agree to discount its rate to Shipper below Transporter's maximum rate, but not less than Transporter's minimum rate. Such discounted rate may apply to: (a) specified quantities (contract demand or commodity quantities); (b) specified quantities above or below a certain level or all quantities if quantities exceed a certain level; (c) quantities during specified time periods; (d) quantities at specified points, locations, or other defined geographical areas; (e) that a specified discounted rate will apply in a specified relationship to the quantities actually transported (i.e., that the reservation charge will be adjusted in a specified relationship to quantities actually transported); and (f) production and/or reserves committed by the Shipper.

Section 4. Notices. Notices to Transporter under this Agreement shall be addressed to it at 5151 San Felipe, Suite 2500, Houston, Texas 77056, Attention: Customer Services and notices to Shipper shall be addressed to it at Duke Energy Kentucky, Inc., 139 East Fourth Street, P. O. Box 960, Cincinnati, OH 45202, Attention: Jeff Kern, until changed by either party by written notice.

Section 5. Superseded Agreements. This Service Agreement supersedes and cancels, as of the effective date hereof, the following Service Agreement(s): N/A.

DUKE ENERGY KENTUCKY, INC.

By Jeff Kern
Title Agent
Date October 07, 2014

COLUMBIA GULF TRANSMISSION, LLC

By Stan Chapman
Title EVP & CCO
Date October 02, 2014

Appendix A to Service Agreement No. 154404
 Under Rate Schedule FTS-1
 between Columbia Gulf Transmission, LLC ("Transporter")
 and Duke Energy Kentucky, Inc. ("Shipper")

| <u>Begin Date</u> | <u>End Date</u> | <u>Transportation Demand</u> | | <u>Recurrence Interval</u> |
|--------------------------------|------------------|------------------------------|-----------------------------|-----------------------------------------|
| November 1, 2014 | October 31, 2019 | <u>Transportation Demand</u> | 9,000 | 1/1 - 12/31 |
| <u>Primary Receipt Points</u> | | | | |
| <u>Begin Date</u> | <u>End Date</u> | <u>Measuring Point No.</u> | <u>Measuring Point Name</u> | <u>Maximum Daily Quantity (Dth/day)</u> |
| November 1, 2014 | October 31, 2019 | 801 | GULF-LEACH | 9,000 |
| <u>Primary Delivery Points</u> | | | | |
| <u>Begin Date</u> | <u>End Date</u> | <u>Measuring Point No.</u> | <u>Measuring Point Name</u> | <u>Maximum Daily Quantity (Dth/day)</u> |
| November 1, 2014 | October 31, 2019 | MEANS | MEANS | 9,000 |
| <u>Recurrence Interval</u> | | | | |
| | | | | 1/1 - 12/31 |

The Master List of Interconnects ("MLI") as defined in Section 1 of the General Terms and Conditions of Transporter's Tariff is incorporated herein by reference for purposes of listing valid secondary interruptible receipt points and delivery points.

Transporter and Shipper have mutually agreed to the following maximum or minimum pressure commitments:

Yes No (Check applicable blank) Transporter and Shipper have mutually agreed to a Regulatory Restructuring Reduction Option pursuant to Section 33 of the General Terms and Conditions of Transporter's FERC Gas Tariff.
 Yes No (Check applicable blank) Shipper has a contractual right of first refusal equivalent to the right of first refusal set forth from time to time in Section 4 of the General Terms and Conditions of Transporter's FERC Gas Tariff.
 Yes No (Check applicable blank) This Service Agreement covers interim capacity sold pursuant to the provisions of General Terms and Conditions Section 4. Right of first refusal rights, if any, applicable to this interim capacity are limited as provided for in General Terms and Conditions Section 4.

DUKE ENERGY KENTUCKY, INC.

By Jeff Kern
Title Agent
Date October 07, 2014

COLUMBIA GULF TRANSMISSION, LLC

By Stan Chapman
Title EVP & CCO
Date October 02, 2014

RATES PER DEKATHERM

FIRM TRANSPORTATION RATES
 RATE SCHEDULE FOR FT-A

| Base Reservation Rates | | DELIVERY ZONE | | | | | | | |
|------------------------|-----------|---------------|-----------|-----------|-----------|-----------|-----------|-----------|--|
| RECEIPT ZONE | 0 | L | 1 | 2 | 3 | 4 | 5 | 6 | |
| 0 | \$5.5411 | | \$11.5794 | \$15.5758 | \$15.8514 | \$17.4175 | \$18.4879 | \$23.1959 | |
| L | | \$4.9193 | | | | | | | |
| 1 | \$8.3417 | | \$7.9962 | \$10.6413 | \$15.0745 | \$14.8460 | \$16.7429 | \$20.5878 | |
| 2 | \$15.5759 | | \$10.5774 | \$5.5014 | \$5.1427 | \$6.5803 | \$9.0504 | \$11.6830 | |
| 3 | \$15.8514 | | \$8.3784 | \$5.5458 | \$4.0009 | \$6.1457 | \$11.1149 | \$12.8437 | |
| 4 | \$20.1259 | | \$18.5544 | \$7.0708 | \$10.7456 | \$5.2598 | \$5.6884 | \$8.1265 | |
| 5 | \$23.9973 | | \$16.8625 | \$7.4172 | \$8.9748 | \$5.8432 | \$5.4810 | \$7.1353 | |
| 6 | \$27.7603 | | \$19.3678 | \$13.3296 | \$14.6845 | \$10.3726 | \$5.4568 | \$4.7237 | |

| Daily Base Reservation Rate 1/ | | DELIVERY ZONE | | | | | | | |
|--------------------------------|----------|---------------|----------|----------|----------|----------|----------|----------|--|
| RECEIPT ZONE | 0 | L | 1 | 2 | 3 | 4 | 5 | 6 | |
| 0 | \$0.1822 | | \$0.3807 | \$0.5121 | \$0.5211 | \$0.5726 | \$0.6078 | \$0.7626 | |
| L | | \$0.1617 | | | | | | | |
| 1 | \$0.2742 | | \$0.2629 | \$0.3499 | \$0.4956 | \$0.4881 | \$0.5505 | \$0.6769 | |
| 2 | \$0.5121 | | \$0.3478 | \$0.1809 | \$0.1691 | \$0.2163 | \$0.2975 | \$0.3841 | |
| 3 | \$0.5211 | | \$0.2755 | \$0.1823 | \$0.1315 | \$0.2021 | \$0.3654 | \$0.4223 | |
| 4 | \$0.6617 | | \$0.6100 | \$0.2325 | \$0.3533 | \$0.1729 | \$0.1870 | \$0.2672 | |
| 5 | \$0.7890 | | \$0.5544 | \$0.2439 | \$0.2951 | \$0.1921 | \$0.1802 | \$0.2346 | |
| 6 | \$0.9127 | | \$0.6367 | \$0.4382 | \$0.4828 | \$0.3410 | \$0.1794 | \$0.1553 | |

| Maximum Reservation Rates 2/, 3/ | | DELIVERY ZONE | | | | | | | |
|----------------------------------|-----------|---------------|-----------|-----------|-----------|-----------|-----------|-----------|--|
| RECEIPT ZONE | 0 | L | 1 | 2 | 3 | 4 | 5 | 6 | |
| 0 | \$5.5621 | | \$11.6004 | \$15.5968 | \$15.8724 | \$17.4385 | \$18.5089 | \$23.2169 | |
| L | | \$4.9403 | | | | | | | |
| 1 | \$8.3627 | | \$8.0172 | \$10.6623 | \$15.0955 | \$14.8670 | \$16.7639 | \$20.6088 | |
| 2 | \$15.5969 | | \$10.5984 | \$5.5224 | \$5.1637 | \$6.6013 | \$9.0714 | \$11.7040 | |
| 3 | \$15.8724 | | \$8.3994 | \$5.5668 | \$4.0219 | \$6.1667 | \$11.1359 | \$12.8647 | |
| 4 | \$20.1469 | | \$18.5754 | \$7.0918 | \$10.7666 | \$5.2808 | \$5.7094 | \$8.1475 | |
| 5 | \$24.0183 | | \$16.8835 | \$7.4382 | \$8.9958 | \$5.8642 | \$5.5020 | \$7.1563 | |
| 6 | \$27.7813 | | \$19.3888 | \$13.3506 | \$14.7055 | \$10.3936 | \$5.4778 | \$4.7447 | |

Notes:

- 1/ Applicable to demand charge credits and secondary points under discounted rate agreements.
- 2/ Includes a per Dth charge for the PCB Surcharge Adjustment per Article XXXII of the General Terms and Conditions of \$0.0000.
- 3/ Includes a per Dth charge for the PS/GHG Surcharge Adjustment per Article XXXVIII of the General Terms and Conditions of \$0.0210.

Discounted Rate: \$2.4334
 PS/GHG: 0.0210
 DEK Rate: \$2.4544

Additional Information

May 18, 2016

Duke Energy Kentucky, Inc.
139 East Fourth Street
P.O. Box 960
Cincinnati, OH 45202

Attention: Jeff Kern

RE: Discounted Rate Agreement
Rate Schedule FT-A Service Package No. 321247

Dear Jeff:

In response to the request of Duke Energy Kentucky, Inc. ("Duke KY") and pursuant to Section 5.1 of Tennessee Gas Pipeline Company, L.L.C.'s ("Tennessee") Rate Schedule FT-A, Tennessee hereby agrees to adjust its then applicable Rate Schedule FT-A transportation rates for service provided under the above-referenced gas transportation agreement as follows:

1. a) If Duke KY attempts to apply this Discounted Rate Agreement to any volumes and/or to any points not eligible for the discount and thereby fails to pay correctly invoiced and undisputed amounts, then, if such failure is not cured within thirty days of provision of notice by Tennessee to Duke KY of such failure, Tennessee shall have the right, in its sole discretion, to immediately terminate this Discounted Rate Agreement with Duke KY and/or to assess, from the date of such violation of the terms of this Discounted Rate Agreement, the applicable maximum rate on all transactions occurring under the Service Package for the month(s) in which such limits were exceeded.
- b) For the period commencing November 1, 2016, and extending through March 31, 2019, for gas delivered by Tennessee on behalf of Duke KY to any Zone 2 delivery meter under the above referenced gas transportation agreement, the applicable Rate Schedule FT-A rates for volumes received by Tennessee from any Zone L/1 or Zone 2 receipt meter will be:
 - i) A monthly reservation rate equal to the lesser of (i) \$2.4334 per Dth, or (ii) Tennessee's maximum applicable monthly reservation rate.
 - ii) A daily commodity rate of Tennessee's maximum applicable commodity rate.
- c) These rates apply to all secondary receipts and deliveries in the paths and zones described above. In addition, Shipper shall also pay ACA, applicable Fuel and Loss Retention (F&LR) and Electric Power Cost Recovery (EPCR) charges and all applicable surcharges specified in Tennessee's FERC Gas Tariff, as may be in effect from time to time ("Tariff").
- d) Receipts from and/or deliveries to points other than those listed above during the term of this Discounted Rate Agreement shall result in Duke KY being assessed Tennessee's maximum reservation rate under Rate Schedule FT-A for the primary path divided by the number of days in the month for the entire gas transportation agreement TQ on the day(s) of such deliveries and Tennessee's maximum daily commodity rates under Rate Schedule FT-A as well as the applicable F&LR and EPCR charges and all surcharges under Rate Schedule FT-A.


2. If any terms of this Discounted Rate Agreement are disallowed by any order, rulemaking, regulation or policy of the Federal Energy Regulatory Commission, Tennessee may immediately terminate this Discounted Rate Agreement. If any terms of this Discounted Rate Agreement are in any way modified by order, rulemaking, regulation or policy of the Federal Energy Regulatory Commission, Tennessee and Duke KY may mutually

agree to amend this Discounted Rate Agreement in order to ensure that the original commercial intent of the parties is preserved. In the event that the parties cannot achieve mutual agreement, Tennessee reserves the right to immediately terminate this Discounted Rate Agreement.

If Duke KY is interested in entering into the Discounted Rate Agreement for firm capacity in accordance with the terms proposed above, please have the authorized representative of Duke KY execute this Discounted Rate Agreement, and return to the undersigned. This Discounted Rate Agreement will become binding upon the parties only after it then is accepted and executed by Tennessee's authorized representative on the below "Agreed to and Accepted" portion. One fully executed copy will be returned for your records.

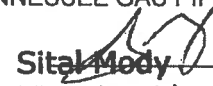
If an executed Discounted Rate Agreement is not returned via mail, email to alison_stringer@kindermorgan.com or facsimile to 713-369-9305 on or before June 30, 2016, then the Discounted Rate Agreement is nullified, and Duke KY will be billed Tennessee's maximum reservation and commodity rates under Rate Schedule FT-A.

Sincerely,


Alison G. Stringer
Account Director, Marketing

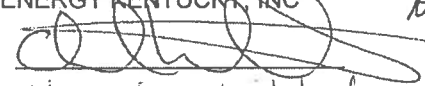
AGREED TO AND ACCEPTED
THIS 7 DAY OF June, 2016
TENNESSEE GAS PIPELINE COMPANY, L.L.C.


JEG

By: 
Name: **Sital Mody**
Vice President
Marketing & Business Development
Title: _____

AGREED TO AND ACCEPTED
THIS 13 DAY OF June, 2016
DUKE ENERGY KENTUCKY, INC


CLK
DOR

By: 
Name: Chuck Whitlock
Title: SVP midwest Delivery
& Gas operations

GAS TRANSPORTATION AGREEMENT
 (For Use Under FT-A Rate Schedule)
EXHIBIT A
AMENDMENT NO. 0
TO GAS TRANSPORTATION AGREEMENT
 DATED November 1, 2016
 BETWEEN
TENNESSEE GAS PIPELINE COMPANY, L.L.C.
 AND
DUKE ENERGY KENTUCKY, INC

Amendment Effective Date: November 1, 2016

Service Package: 321247-FTATGP

Service Package TQ: 23000 Dth

| BEGINNING DATE | ENDING DATE | TQ |
|----------------|-------------|-------|
| 11/01/2016 | 03/31/2019 | 23000 |

| BEGINNING DATE | ENDING DATE | METER | METER NAME | INTERCONNECT PARTY NAME | COUNTY | ST | ZONE | R/D | LEG | METER-TQ |
|----------------|-------------|--------|----------------------------------------|---------------------------|----------------|----|------|-----|-----|----------|
| 11/01/2016 | 03/31/2019 | 420049 | COL GAS/TGP NORTH MEANS KY MONTGOME | COLUMBIA GAS TRNSM. CORP. | MONTGOME RY | KY | 2 | D | 100 | 23000 |
| 11/01/2016 | 03/31/2019 | 420998 | POOLING PT - 800 LEG - ZONE L | TENNESSEE GAS PIPELINE | FRANKLIN | LA | L | R | 800 | 23000 |

Total Receipt TQ 23000
Total Delivery TQ 23000

Number of Receipt Points: 1
Number of Delivery Points: 1

Other Provisions Permitted By Tariff Under the Applicable Rate Schedule and/or General Terms and Conditions and Pursuant to Article XXXVI of the General Terms and Conditions of Tennessee's FERC Gas Tariff:

Note: Exhibit A is a reflection of the contract and all amendments as of the amendment effective date.

GAS TRANSPORTATION AGREEMENT
(For Use Under FT-A Rate Schedule)
EXHIBIT B
TO GAS TRANSPORTATION AGREEMENT
DATED November 1, 2016
BETWEEN
TENNESSEE GAS PIPELINE COMPANY, L.L.C.
AND
DUKE ENERGY KENTUCKY, INC

REVENUE REDUCTION OPTION PROVISIONS*

SERVICE PACKAGE:

| | |
|----------------------|----------------|
| OPTION PERIOD(S) | NOT APPLICABLE |
| OPTION DESCRIPTION | NOT APPLICABLE |
| OPTION CONSIDERATION | NOT APPLICABLE |

ANY LIMITATIONS ON THE EXERCISE OF THE REVENUE REDUCTION OPTION AS BID BY THE SHIPPER:

* NOTICE MUST BE GIVEN AS PROVIDED FOR IN THE NET PRESENT VALUE STANDARD OF THE GENERAL TERMS AND CONDITIONS.

**GAS COST ADJUSTMENT
DUKE ENERGY KENTUCKY**

DETAILS FOR THE EGC RATE IN EFFECT AS OF : June 1, 2017

| | RATE (\$ DTH) | CONTRACT VOLUME (DTH) | NUMBER OF DAYS/MTHS | EXPECTED GAS COST (\$) |
|--------------------------------------------------------|------------------|-----------------------------|---------------------------|------------------------------|
| INTERSTATE PIPELINE : KO TRANSMISSION COMPANY | | | | |
| TARIFF RATE EFFECTIVE DATE : 2/1/2017 | | | | |
| <u>BILLING DEMAND - TARIFF RATE - FT</u> | | | | |
| Maximum Daily Quantity | 2.1280 | 72,000 | 12 | 1,838,592 |
| CAPACITY RELEASE CREDIT | | | | 0 |
| TOTAL KO TRANSMISSION CO. DEMAND CHARGES | | | | 1,838,592 |
| | | | | |
| INTERSTATE PIPELINE : Texas Gas Transmission | | | | |
| TARIFF RATE EFFECTIVE DATE : 1/15/2014 | | | | |
| <u>BILLING DEMAND - TARIFF RATE - STE</u> | | | | |
| Maximum Daily Quantity | 0.1950 | 18,000 | 151 | 530,010 |
| Maximum Daily Quantity | 0.1200 | 6,000 | 214 | 154,080 |
| CAPACITY RELEASE CREDIT | | | | 0 |
| TOTAL TEXAS GAS TRANSMISSION CO. DEMAND CHARGES | | | | 684,090 |
| | | | | |
| GAS MARKETERS FIXED CHARGES | | | | |
| November - March | 0.0046 | 12,156,163 | | 56,506 |
| December - February | 0.09 | 700,000 | | 63,000 |
| TOTAL GAS MARKETERS FIXED CHARGES | | | | 119,506 |

| | | | |
|-------------------------------------------------------------------------|----------------|--------------|------------|
| KO Transmission Company, Tariffs, Rate Schedules and Service Agreements | | | |
| Filing Category: | Normal | Filing Date: | 03/24/2017 |
| FERC Docket: | RP17-00554-000 | FERC Action: | Accept |
| FERC Order: | BOL | Order Date: | 04/29/2017 |
| Effective Date: | 04/01/2017 | Status: | Effective |
| Part 3, Currently Effective Rates, 15.0.0 | | | |

**CURRENTLY EFFECTIVE RATES
APPLICABLE TO RATE SCHEDULES FTS AND ITS**

RATE LEVELS - RATE PER DTH

From February 1, 2017 to January 31, 2018 (Period 1):

| | Base Tariff Rate^{1/} |
|----------------------------------|------------------------------------------|
| RATE SCHEDULE FTS | |
| Reservation Charge ^{2/} | |
| Maximum | \$2.1280 |
| Daily Rate - Maximum | \$0.0700 |
| Commodity | |
| Maximum | \$0.0000 + \$0.0013 = \$0.0013 |
| Minimum | \$0.0000 |
| Overrun | \$0.0700 |

From February 1, 2018 to January 31, 2019 (Period 2):

| | Base Tariff Rate^{1/} |
|----------------------------------|--------------------------------------|
| RATE SCHEDULE FTS | |
| Reservation Charge ^{2/} | |
| Maximum | \$2.2496 |
| Daily Rate - Maximum | \$0.0740 |
| Commodity | |
| Maximum | \$0.0000 |
| Minimum | \$0.0000 |
| Overrun | \$0.0740 |

From February 1, 2019 to December 31, 2019 (Period 3):

Base Tariff Rate^{1/}
RATE SCHEDULE FTS

| | |
|----------------------------------|----------|
| Reservation Charge ^{2/} | |
| Maximum | \$2.2496 |
| Daily Rate - Maximum | \$0.0740 |
| Commodity | |
| Maximum | \$0.0000 |
| Minimum | \$0.0000 |
| Overrun | \$0.0740 |

From January 1, 2020 until new generally applicable rates become effective (Final Daily Recourse Reservation Rate):

| | |
|--------------------------------------|----------|
| Base Tariff Rate^{1/} | |
| RATE SCHEDULE FTS | |
| Reservation Charge ^{2/} | |
| Maximum | \$2.1979 |
| Daily Rate - Maximum | \$0.0723 |
| Commodity | |
| Maximum | \$0.0000 |
| Minimum | \$0.0000 |
| Overrun | \$0.0723 |
| RATE SCHEDULE ITS | |

The daily reservation rates specified above are also applicable to ITS and overrun volumes.

^{1/} ACA assessed where applicable pursuant to Section 154.402 of the Commission's regulations and will be charged pursuant to Section 23 of the General Terms and Conditions at such time that initial and successive annual ACA assessments applicable to Transporter are made and posted on the Commission's website (<<http://www.ferc.gov>>).

^{2/} Minimum reservation charge is \$0.00.

Transportation Retainage Adjustment 0.307%

NOTE: Utilizing NAESB standards 5.3.22 and 5.3.23, Transporter's Rate Schedule FTS Reservation Charge can be converted to an applicable daily rate by dividing the above monthly rate by 30.4 days.



3800 Frederica Street
P.O. Box 20008
Owensboro, KY 42304-0008
270/926-8686

January 15, 2014

Mr. Jeff Kern
Duke Energy Kentucky, Inc.
139 E 4th St EX460
Cincinnati, OH 45202-4003

Re: Discounted Rates Letter Agreement to
STF Service Agreement No. 33502
between TEXAS GAS TRANSMISSION, LLC and
DUKE ENERGY KENTUCKY, INC.
dated January 15, 2014

Dear Jeff:

This Discounted Rates Letter Agreement ("Agreement") specifies additional terms and conditions applicable to the referenced Firm Service Agreement ("Contract") between Texas Gas Transmission, LLC ("Texas Gas") and Duke Energy Kentucky, Inc. ("Customer"). This Agreement is subject to all applicable Federal Energy Regulatory Commission ("FERC") regulations. In the event the language of this Agreement conflicts with the Contract, the language of this Agreement will control. In the event the language of this Agreement conflicts with Texas Gas' FERC Gas Tariff currently in effect or any superseding tariff ("Tariff"), the language of the Tariff will control.

1. Texas Gas shall provide primary firm service under the Agreement from Primary Receipt Point(s) to the Primary Delivery Point(s) listed in the attached Exhibit A. The rates charged for this service also shall be set forth in Exhibit A.

(a) The Contract Demand(s) for this Agreement shall be: 18,000 MMBtu per day each November – March
6,000 MMBtu per day each April - October

2. The rates in Exhibit A are applicable only for transportation service utilizing the Primary Point(s) specifically listed on Exhibit A, up to Customer's Contract Demand. The rates in Exhibit B are applicable only for transportation service utilizing the eligible secondary point(s) specifically listed on Exhibit B. If Customer utilizes any other receipt or delivery point, then the applicable maximum rate(s), including all other applicable charges Texas Gas is authorized to charge pursuant to its Tariff, shall apply unless the parties amend Exhibits A and/or B in writing, pursuant to the requirements of the Tariff and prior to nomination, to include such transportation service. If Customer or its Replacement Shipper(s) deliver gas to a point not listed on Exhibit A or B, Customer shall pay the maximum applicable rate for the quantity delivered to such point(s), up to Customer's Contract Demand.

3. This Agreement shall be effective beginning April 1, 2014 and shall continue in full force and effect through October 31, 2017.

4. All rates and services described in this Agreement are subject to the terms and conditions of Texas Gas' Tariff. Texas Gas shall have no obligation to make refunds to Customer unless the maximum rate ultimately established by the FERC for any service described herein is less than the rate paid by Customer under this Agreement. Texas Gas shall have the unilateral right to file with the appropriate regulatory authority and make

changes effective in the filed rates, charges, and services in Texas Gas' Tariff, including both the level and design of such rates, charges and services and the general terms and conditions therein.

5. Except as otherwise provided in the FERC's regulations, this Agreement may not be assigned without the express written consent of the other party. Any assignment shall be in accordance with the Tariff and FERC regulations. Such consent shall not be unreasonably withheld. Any assignment made in contravention of this paragraph shall be void at the option of the other party. If such consent is given, this Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns.

6. In the event any provision of this Agreement is held to be invalid, illegal or unenforceable by any court, regulatory agency, or tribunal of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions, terms or conditions shall not in any way be affected or impaired thereby, and the term, condition, or provision which is held illegal or invalid shall be deemed modified to conform to such rule of law, but only for the period of time such order, rule, regulation, or law is in effect.

7. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED UNDER THE LAWS OF THE COMMONWEALTH OF KENTUCKY, EXCLUDING ANY PROVISION WHICH WOULD DIRECT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

If Customer agrees with the terms and conditions, please so indicate by signing the duplicate originals in the appropriate spaces provided below and returning the originals to Texas Gas.

Very Truly Yours,

TEXAS GAS TRANSMISSION, LLC

By: 

Name: DAVID W MASSEY

Title: V.P., Southern/Midwest Markets

Date: 1/27/14

ACCEPTED AND AGREED TO this 30th day of January, 2014.

DUKE ENERGY KENTUCKY, INC.

By: 

Name: Keith Trent

Title: EVP & COO-Reg. Utilities

As To Form
OK

Signature page to Discounted Rates Letter Agreement, Agreement No. 33502, dated January 15, 2014.

*JK
JEM*

Rate Schedule STF
Agreement No.: 33502
Discounted Rates Letter Agreement dated January 15, 2014

EXHIBIT A

Primary Receipt Point(s)

All effective primary receipt point(s) listed under the Contract.

Primary Delivery Point(s)

| <u>Meter Name</u> | <u>Meter No.</u> | <u>Zone</u> |
|---------------------------|------------------|-------------|
| Duke Energy KY Shipper DE | 1872 | 4 |

Rate(s)

The following rates shall be applicable to any transaction utilizing (i) a Primary Receipt Point(s) or Eligible Secondary Receipt Point(s); and (ii) a Primary Delivery Point(s) or Eligible Secondary Delivery Point(s).

Demand: \$0.1950 per MMBtu/day each November - March
\$0.1200 per MMBtu/day each April - October

Commodity: Texas Gas' minimum tariff rate per MMBtu plus applicable surcharges and fuel retention

Discount Qualification: Customer may select Primary Receipt Point capacity up to 120% of Daily Contract Demand in the Winter Season and in the Summer Season with no impact on the discounted demand rates. If Customer selects Primary Receipt Point capacity greater than 120% of Daily Demand in the Winter Season or the Summer Season, then the maximum applicable rate shall apply to all of the Contract Demand.

The discounted demand and commodity rates are applicable for deliveries to the Primary and Eligible Secondary Delivery Points. To the extent Customer or its replacement shipper delivers gas to any other delivery point, or delivers more than the daily contract demand on any day and such volumes are not daily overrun, then Customer shall pay both the maximum demand and commodity rates for all gas quantities on that day.

Rate Schedule STF
Agreement No.: 33502
Discounted Rates Letter Agreement dated January 15, 2014

EXHIBIT B

Eligible Secondary Receipt Point(s)

All secondary receipt points located in Texas Gas Rate Zone(s) 1, 2, 3 and 4

Eligible Secondary Delivery Point(s)

| <u>Meter Name</u> | <u>Meter No.</u> | <u>Zone</u> |
|---------------------------|------------------|-------------|
| Lebanon-Dominion | 1247 | 4 |
| Lebanon-Columbia Gas | 1715 | 4 |
| Lebanon-Texas Eastern | 1859 | 4 |
| Duke Energy OH Shipper DE | 1229 | 4 |

Rate(s)

The rates identified on Exhibit A shall be applicable to any transaction utilizing (i) a Primary Receipt Point(s) or Eligible Secondary Receipt Point(s); and (ii) a Primary Delivery Point(s) or Eligible Secondary Delivery Point(s).

Request No. 6345

Rate Schedule STF
Agreement No.: 33502
Dated: January 15, 2014

This Agreement is entered into by and between Texas Gas Transmission, LLC, ("Texas Gas") and Duke Energy Kentucky, Inc., ("Customer").

Services under this Agreement are provided pursuant to Subpart B or Subpart G, Title 18, of the Code of Federal Regulations. Service is subject to and governed by the applicable Rate Schedule and the General Terms and Conditions of the Texas Gas FERC Gas Tariff ("Tariff") as they exist or may be modified from time to time and such are incorporated by reference. In the event the language of this Agreement conflicts with Texas Gas' then-current Tariff, the language of the Tariff will control.

Receipt and Delivery Points: Primary Receipt and Primary Delivery Points shall be listed on Exhibit "A".

Contract Demand(s): 18,000 MMBtu/day each November – March
6,000 MMBtu/day each April - October

Term: This Agreement shall be effective beginning April 1, 2014 and shall continue in full force and effect through October 31, 2017.

Rate: The rate for this Agreement shall be the maximum applicable rate (including all other applicable charges Texas Gas is authorized to charge pursuant to its Tariff) unless the parties have entered into an associated discounted or negotiated rate letter agreement.

Exhibit(s): The following Exhibit(s) are attached and made a part of this Agreement:
Exhibit A, Primary Points
Exhibit B, Contract Notice Address

IF YOU ARE IN AGREEMENT WITH THE FOREGOING, PLEASE INDICATE IN THE SPACE PROVIDED BELOW.

Texas Gas Transmission, LLC

Signature: *David W. Maseloy*

Date: 1/27/14

Name: DAVID W. MASELOY

Title: V.P. Southern/Midwest Markets

Duke Energy Kentucky, Inc.

Signature: *Keith Trent*

Date: 1/30/14

Name: Keith Trent

Title: EVP & COO-Reg. Utilities

As To Form
DOE

WJK
JEAL

EXHIBIT A

PRIMARY POINT(S)
DELIVERY

AGREEMENT NO.: 33502

EFFECTIVE DATE: April 1, 2014

| Delivery Point Meter No. | Delivery Point Meter Name | Zone | Daily Firm Capacity MMBtu/day | |
|-----------------------------|---------------------------------------|------|----------------------------------|--------|
| | | | Winter | Summer |
| 1872 | Duke Energy KY Shipper DE, Butler, OH | 4 | 18,000 | 6,000 |

Transportation Path:

Mainline Pipeline 10002 through Mainline Pipeline 41500

**Duke Energy Kentucky
Gas Resources
Supply Portfolio - November 2016 - March 2017
Reservation Fees**

| | | | Dth per Day | | | | | Total Volume | Reserv. Fee | Total Cost |
|---------------------------------------|-------|-------------------|-------------|--------|--------|--------|-------|-------------------|----------------|---------------------|
| | | | Nov | Dec | Jan | Feb | Mar | | | |
| Shell | | | | | | | | | | |
| Columbia Gulf | Base | Fixed | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 377,500 | \$0.0000 | \$0.00 |
| Total | | | | | | | | 377,500 | | \$0.00 |
| Conoco | | | | | | | | | | |
| Columbia Gulf | Base | Fixed | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 226,500 | \$0.0000 | \$0.00 |
| Total | | | | | | | | 226,500 | | \$0.00 |
| DTE Energy | | | | | | | | | | |
| Columbia Gulf | Base | FOMI | 2,350 | 5,100 | 7,050 | 7,650 | 1,650 | 712,500 | \$0.0000 | \$0.00 |
| Texas Gas | Base | FOMI | 2,000 | 4,000 | 5,000 | 4,000 | 2,000 | 513,000 | \$0.0000 | \$0.00 |
| Tennessee | Base | FOMI | 2,000 | 4,000 | 5,000 | 4,000 | 2,000 | 513,000 | \$0.0000 | \$0.00 |
| Total | | | | | | | | 1,738,500 | | \$0.00 |
| United Energy Trading | | | | | | | | | | |
| Columbia Gulf | Base | FOMI | 2,350 | 5,100 | 7,050 | 7,650 | 1,650 | 712,500 | \$0.0000 | \$0.00 |
| Texas Gas | Base | FOMI | 1,957 | 3,916 | 4,894 | 3,916 | 1,957 | 502,135 | \$0.0000 | \$0.00 |
| Tennessee | Base | FOMI | 2,000 | 4,000 | 5,000 | 4,000 | 2,000 | 513,000 | \$0.0000 | \$0.00 |
| Texas Gas | Swing | GD | 5,177 | 3,219 | 2,240 | 3,219 | 5,177 | 575,158 | \$0.0049 | \$2,818.27 |
| Total | | | | | | | | 2,302,793 | | \$2,818.27 |
| Direct Energy | | | | | | | | | | |
| Columbia Gulf | Swing | GD | 7,497 | 5,997 | 4,097 | 3,897 | 8,897 | 922,747 | \$0.0025 | \$2,306.87 |
| Tennessee | Swing | GD | 6,308 | 5,308 | 4,308 | 5,308 | 6,308 | 831,508 | \$0.0025 | \$2,078.77 |
| Total | | | | | | | | 1,754,255 | | \$4,385.64 |
| Twin Eagle | | | | | | | | | | |
| Columbia Backhaul (Leach) | Swing | GD +.10 | 9,059 | 9,059 | 9,059 | 9,059 | 9,059 | 1,367,909 | \$0.0200 | \$27,358.18 |
| Total | | | | | | | | 1,367,909 | | \$27,358.18 |
| BP Energy | | | | | | | | | | |
| Columbia Gulf | Swing | GD | 6,000 | 4,000 | 3,000 | 2,000 | 6,000 | 639,000 | \$0.0050 | \$3,195.00 |
| Texas Gas | Swing | GD | 8,806 | 6,806 | 5,806 | 6,806 | 8,806 | 1,118,706 | \$0.0050 | \$5,593.53 |
| Tennessee | Swing | GD | 6,000 | 3,000 | 4,000 | 3,000 | 6,000 | 667,000 | \$0.0050 | \$3,335.00 |
| Total | | | | | | | | 2,424,706 | | \$12,123.53 |
| Chevron | | | | | | | | | | |
| Columbia Gulf | Swing | GD | 8,000 | 6,000 | 5,000 | 5,000 | 8,000 | 969,000 | \$0.0050 | \$4,845.00 |
| Tennessee | Swing | GD | 7,000 | 7,000 | 5,000 | 7,000 | 7,000 | 995,000 | \$0.0050 | \$4,975.00 |
| Total | | | | | | | | 1,964,000 | | \$9,820.00 |
| Total Firm Supply | | | | | | | | 12,156,163 | | \$56,505.62 |
| 25 Day Peaking Service (North) | | | | | | | | | | |
| CIMA (Lebanon or TGT Z1) | | Leb+.25/TGT + .55 | 0 | 18,000 | 18,000 | 18,000 | 0 | 1,620,000 | \$0.0250 | \$40,500.00 |
| Twin Eagle (Lebanon) | | Leb + .15 | 0 | 10,000 | 10,000 | 10,000 | 0 | 900,000 | \$0.0250 | \$22,500.00 |
| | | | | | | | | 2,520,000 | | \$63,000.00 |
| Total Duke Energy Kentucky | | | | | | | | 14,676,163 | | \$119,505.62 |

28,000 dth/day x 25 days = 700,000 dth

**DUKE ENERGY KENTUCKY
TOTAL RESERVATION COSTS FROM FIRM SUPPLIERS
ESTIMATED FOR EGC EFFECTIVE 6/1/2017**

TOTAL ANNUAL RESERVATION COST:

TOTAL DOLLARS \$ 56,506 (1)

TOTAL ANNUAL COVERAGE:

CITY GATE VOLUMES 12,156,163 Dth (2)

CALCULATED RATE: \$ 0.0046 per Dth

(1) Reservation charges billed by firm suppliers for 2016 - 2017.

(2) Contracted volumes for the 2016 - 2017 winter season.

**DUKE ENERGY KENTUCKY
TOTAL RESERVATION COSTS FROM NEEDLE PEAKING SUPPLIERS
ESTIMATED FOR EGC EFFECTIVE 6/1/2017**

TOTAL ANNUAL RESERVATION COST:

TOTAL DOLLARS \$ \$63,000.00 (1)

TOTAL ANNUAL COVERAGE:

CITY GATE VOLUMES 700,000 Dth (2)

CALCULATED RATE: \$ 0.0900 per Dth

(1) Reservation charges billed by needle peaking suppliers for 2016 - 2017

(2) Contracted volumes for the 2016 - 2017 winter season.

**GAS COST ADJUSTMENT
DUKE ENERGY KENTUCKY**

DETAILS FOR THE EGC RATE IN EFFECT AS OF : June 1, 2017

GAS COMMODITY RATE FOR JUNE, 2017:

GAS MARKETERS :

| | | | | |
|-----------------------------------------------------|----------|----------|----------------|---------------|
| WEIGHTED AVERAGE GAS COST @ CITY GATE (\$/Dth) (1): | | | \$3.2239 | \$/Dth |
| DUKE ENERGY KENTUCKY FUEL | 2.700% | \$0.0870 | \$3.3109 | \$/Dth |
| DTH TO MCF CONVERSION | 1.0802 | \$0.2655 | \$3.5764 | \$/Mcf |
| ESTIMATED WEIGHTING FACTOR | 100.000% | | \$3.5764 | \$/Mcf |
| GAS MARKETERS COMMODITY RATE | | | \$3.576 | \$/Mcf |

GAS STORAGE :

| | | | | |
|--------------------------------------------------|--------|----------|----------------|---------------|
| COLUMBIA GAS TRANS. - STORAGE INVENTORY RATE | | | \$3.1972 | \$/Dth |
| COLUMBIA GAS TRANS. FSS WITHDRAWAL FEE | | \$0.0153 | \$3.2125 | \$/Dth |
| COLUMBIA GAS TRANS. SST FUEL | 1.432% | \$0.0460 | \$3.2585 | \$/Dth |
| COLUMBIA GAS TRANS SST COMMODITY RATE | | \$0.0209 | \$3.2794 | \$/Dth |
| KO TRANS, COMMODITY RATE | | \$0.0013 | \$3.2807 | \$/Dth |
| DUKE ENERGY KENTUCKY FUEL | 2.700% | \$0.0886 | \$3.3693 | \$/Dth |
| DTH TO MCF CONVERSION | 1.0802 | \$0.2702 | \$3.6395 | \$/Mcf |
| ESTIMATED WEIGHTING FACTOR | 0.000% | | \$0.0000 | \$/Mcf |
| GAS STORAGE COMMODITY RATE - COLUMBIA GAS | | | \$0.000 | \$/Mcf |

PROPANE :

| | | | | |
|---------------------------------|--------|-----------|----------------|---------------|
| ERLANGER PROPANE INVENTORY RATE | | | \$0.76514 | \$/Gallon |
| GALLON TO MCF CONVERSION | 15.38 | \$11.0027 | \$11.7678 | \$/Mcf |
| ESTIMATED WEIGHTING FACTOR | 0.000% | | \$0.0000 | \$/Mcf |
| PROPANE COMMODITY RATE | | | \$0.000 | \$/Mcf |

(1) Weighted average cost of gas based on NYMEX prices on 5/9/17 and contracted hedging prices.

**GAS COST ADJUSTMENT CLAUSE
DUKE ENERGY KENTUCKY, INC
SUPPLIER REFUND ADJUSTMENT
DETAILS FOR THE THREE MONTH PERIOD ENDED**

February 28, 2017

| DESCRIPTION | UNIT | AMOUNT |
|------------------------------------------------------------------------------------------------------------------|--------|-------------|
| SUPPLIER REFUNDS RECEIVED DURING THREE MONTH PERIOD | | |
| December 1, 2016 THROUGH February 28, 2017 | \$ | 0.00 |
| INTEREST FACTOR (REFLECTING 90 DAY COMMERCIAL PAPER RATE) | | 1.0011 |
| REFUNDS INCLUDING INTEREST (\$0.00 x 1.0011) | \$ | 0.00 |
| DIVIDED BY TWELVE MONTH SALES ENDED May 31, 2018 | MCF | 9,312,620 |
| CURRENT SUPPLIER REFUND ADJUSTMENT | \$/MCF | <u>0.00</u> |

DETAILS OF SUPPLIER REFUNDS RECEIVED DURING THE THREE MONTHS ENDED

February 28, 2017

| DESCRIPTION | UNIT | AMOUNT |
|---------------------------------------------|------|-------------|
| SUPPLIER _____ | | |
| | | |
| TOTAL REFUNDS APPLICABLE TO THE CURRENT GCA | \$ | <u>0.00</u> |
| | | |
| RAU | | |

**GAS COST ADJUSTMENT CLAUSE
DUKE ENERGY KENTUCKY, INC
ACTUAL ADJUSTMENT
DETAILS FOR THE THREE MONTH PERIOD ENDED**

February 28, 2017

| DESCRIPTION | UNIT | DECEMBER | JANUARY | FEBRUARY |
|----------------------------------------------------------------|---------------|---------------------|-----------------------|-----------------------|
| <u>SUPPLY VOLUME PER BOOKS</u> | | | | |
| PRIMARY GAS SUPPLIERS | MCF | 1,695,037 | 1,588,399 | 1,035,604 |
| UTILITY PRODUCTION | MCF | 0 | 0 | 0 |
| INCLUDABLE PROPANE | MCF | 14,079 | 17,341 | 0 |
| OTHER VOLUMES (SPECIFY) ADJUSTMENT | MCF | 5,590 | 16,600 | (24,921) |
| TOTAL SUPPLY VOLUMES | MCF | 1,714,706 | 1,622,340 | 1,010,683 |
| <u>SUPPLY COST PER BOOKS</u> | | | | |
| PRIMARY GAS SUPPLIERS | \$ | 6,870,959 | 7,005,282 | 4,498,313 |
| SPECIAL PURCHASES CREDIT | \$ | 0 | 0 | 0 |
| INCLUDABLE PROPANE | \$ | 164,510 | 206,504 | 0 |
| OTHER COSTS (SPECIFY): | | | | |
| GAS COST UNCOLLECTIBLE | \$ | (12,373) | (30,032) | (46,604) |
| MANAGEMENT FEE | \$ | (63,560) | (63,560) | (63,560) |
| X-5 TARIFF | \$ | 0 | 0 | 0 |
| TRANSPORTATION SERVICE "UNACCOUNTED FOR" | \$ | 0 | 0 | 0 |
| GAS COST CREDIT | \$ | 0 | 0 | 0 |
| LOSSES - DAMAGED LINES | \$ | 0 | (218) | 0 |
| TRANSPORTATION TAKE-OR-PAY RECOVERY | \$ | 0 | 0 | 0 |
| SALES TO REMARKETERS | \$ | 0 | 0 | 0 |
| TOTAL SUPPLY COSTS | \$ | 6,959,536 | 7,117,976 | 4,388,149 |
| <u>SALES VOLUMES</u> | | | | |
| JURISDICTIONAL | MCF | 1,307,689.2 | 1,828,621.8 | 1,337,913.4 |
| NON-JURISDICTIONAL | MCF | 0.0 | 0.0 | 0.0 |
| OTHER VOLUMES (SPECIFY): | MCF | 0.0 | 0.0 | 0.0 |
| TOTAL SALES VOLUMES | MCF | 1,307,689.2 | 1,828,621.8 | 1,337,913.4 |
| UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF) | \$/MCF | 5.322 | 3.893 | 3.280 |
| LESS: EGC IN EFFECT FOR THE MONTH | \$/MCF | 3.887 | 4.707 | 4.139 |
| DIFFERENCE | \$/MCF | 1.435 | (0.814) | (0.859) |
| TIMES: MONTHLY JURISDICTIONAL SALES | MCF | 1,307,689.2 | 1,828,621.8 | 1,337,913.4 |
| EQUALS MONTHLY COST DIFFERENCE | \$ | 1,876,534.00 | (1,488,498.15) | (1,149,267.61) |
| NET COST DIFFERENCE FOR THE THREE MONTH PERIOD | \$ | | | (761,231.76) |
| PRIOR PERIOD ADJUSTMENT - none | \$ | | | 0.00 |
| TOTAL COST USED IN THE CURRENT AA CALCULATION | \$ | | | (761,231.76) |
| DIVIDED BY: 12 MONTH PROJECTED SALES ENDED <u>May 31, 2018</u> | MCF | | | 9,312,620 |
| EQUALS CURRENT QUARTERLY ACTUAL ADJUSTMENT | \$/MCF | | | (0.082) |
| AAU | | | | |

**GAS COST ADJUSTMENT CLAUSE
DUKE ENERGY KENTUCKY, INC
BALANCE ADJUSTMENT
DETAILS FOR THE TWELVE MONTH PERIOD ENDED February 28, 2017**

| DESCRIPTION | UNIT | AMOUNT |
|------------------------------------------------------------------------------------------------------------------|-------------------|------------------------|
| <u>RECONCILIATION OF A PREVIOUS GAS COST VARIANCE</u> | | |
| GAS COST DIFFERENCE TO BE RECOVERED FROM OR (RETURNED TO) CUSTOMERS WHICH WAS USED TO COMPUTE THE "AA" EFFECTIVE | March 2, 2016 | \$ 2,143,647.47 |
| LESS: AMOUNT RECOVERED (RETURNED) BY THE AA OF \$ | <u>0.202</u> /MCF | |
| APPLIED TO TOTAL SALES OF <u>8,251,808</u> MCF | | |
| (TWELVE MONTHS ENDED February 28, 2017) | | \$ <u>1,666,865.19</u> |
| BALANCE ADJUSTMENT FOR THE "AA" | | \$ <u>476,782.28</u> |
| <u>RECONCILIATION OF A PREVIOUS SUPPLIER REFUND</u> | | |
| SUPPLIER REFUND AMOUNT TO BE DISTRIBUTED TO CUSTOMERS WHICH WAS USED TO COMPUTE THE "RA" EFFECTIVE | March 2, 2016 | \$ 0.00 |
| LESS: AMOUNT DISTRIBUTED BY THE "RA" OF \$ | <u>0.000</u> /MCF | |
| APPLIED TO TOTAL SALES OF <u>8,251,808</u> MCF | | |
| (TWELVE MONTHS ENDED February 28, 2017) | | \$ <u>0.00</u> |
| BALANCE ADJUSTMENT FOR THE "RA" | | <u>0.00</u> |
| <u>RECONCILIATION OF A PREVIOUS BALANCE ADJUSTMENT</u> | | |
| AMOUNT TO BE RECOVERED FROM OR (RETURNED TO) CUSTOMERS WHICH WAS USED TO COMPUTE THE "BA" EFFECTIVE | March 2, 2016 | \$ (2,605.21) |
| LESS: AMOUNT RECOVERED (RETURNED) BY THE "BA" OF \$ | <u>0.000</u> /MCF | |
| APPLIED TO TOTAL SALES OF <u>8,251,808</u> MCF | | |
| (TWELVE MONTHS ENDED February 28, 2017) | | \$ <u>0.00</u> |
| BALANCE ADJUSTMENT FOR THE "BA" | | \$ <u>(2,605.21)</u> |
| TOTAL BALANCE ADJUSTMENT AMOUNT | | \$ <u>474,177.07</u> |
| DIVIDED BY: 12 MONTHS PROJECTED SALES ENDED May 31, 2018 | MCF | <u>9,312,620</u> |
| EQUALS: CURRENT QUARTER BALANCE ADJUSTMENT | \$/MCF | <u><u>0.051</u></u> |

DUKE ENERGY KENTUCKY
SUPPLEMENTAL INFORMATION
FOR THE EXPECTED GAS COST (EGC) RATE CALCULATION
OF THE GAS COST RECOVERY RATE
IN EFFECT AS OF NOVEMBER 30, 2016

2nd Quarter

DUKE ENERGY Kentucky, Inc.

USED FOR GCA EFFECTIVE June 1, 2017

COMPUTATION OF THE INTEREST FACTOR
FOR THE GCA CALCULATION ON SCHEDULE II

TWELVE MONTHS ENDED March 31, 2017
BLOOMBERG REPORT (90-DAY COMMERCIAL PAPER RATES)

| | |
|------------------|----------|
| INTEREST RATE | 0.002 |
| PAYMENT | 0.083424 |
| ANNUAL TOTAL | 1.0011 |
| MONTHLY INTEREST | 0.000167 |
| AMOUNT | 1 |

| | | | |
|-----------|------|------|------|
| MARCH | 2016 | 0.49 | |
| APRIL | 2016 | 0.53 | |
| MAY | 2016 | 0.59 | |
| JUNE | 2016 | 0.56 | |
| JULY | 2016 | 0.48 | |
| AUGUST | 2016 | 0.77 | |
| SEPTEMBER | 2016 | 0.76 | |
| OCTOBER | 2016 | 0.58 | |
| NOVEMBER | 2016 | 0.74 | |
| DECEMBER | 2016 | 0.96 | |
| JANUARY | 2017 | 0.81 | |
| FEBRUARY | 2017 | 0.75 | 8.02 |
| MARCH | 2017 | 0.92 | 8.45 |

| | |
|---------------------------|------|
| PRIOR ANNUAL TOTAL | 8.02 |
| PLUS CURRENT MONTHLY R | 0.92 |
| LESS YEAR AGO RATE | 0.49 |
| NEW ANNUAL TOTAL | 8.45 |
| AVERAGE ANNUAL RATE | 0.70 |
| LESS 0.5% (ADMINISTRATIVE | 0.20 |

DUKE ENERGY KENTUCKY
GAS SERVICE
SUMMARY OF GCA aka GCR COMPONENTS
MONTH: December 2016

A:\GCR - GCA\DEKSupport\2017\Accounting 2017 - thru MAR - GCA.xlsx|Dec 16 R - Dana

| Retail BILL CODE | MCF Usage REPORTED SALES | Exptd Gas Cost EGC | RECONCILIATION ADJUSTMENT | | | | ACTUAL ADJUSTMENT | | | | BALANCE ADJUSTMENT | | | | | | |
|---------------------------------------------------------|--------------------------------|-----------------------|---------------------------|-------------------|--------------------|---------------------|-------------------|------------------|---------------------|--------------------|---------------------|-------------|--------------------|---------------------|--------------------|---------------------|-------------|
| | | | CURRENT 0.000 | PREVIOUS 0.000 | SEC.PREV. 0.000 | THRD.PREV. 0.000 | TOTAL RA | CURRENT 0.025 | PREVIOUS (0.055) | SEC.PREV. 0.201 | THRD.PREV. 0.202 | TOTAL AA | CURRENT (0.099) | PREVIOUS (0.006) | SEC.PREV. 0.055 | THRD.PREV. 0.000 | TOTAL BA |
| 035 | | \$ 0.00 | | | | | | | | | | | | | | | |
| 045 | | 4.205 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 065 | | 4.127 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 075 | | 3.659 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 085 | | 3.796 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 105 | (2.4) | 4.010 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 115 | (18.2) | 3.972 | (9.53) | (71.09) | | | | | | | | | | | | | |
| 125 | (20.6) | 3.906 | (82.11) | | | | | | | | | | | | | | |
| 145 | (19.0) | 3.782 | (71.86) | | | | | | | | | | | | | | |
| 155 | (50.9) | 4.287 | (218.21) | | | | | | | | | | | | | | |
| 165 | (566.7) | 3.613 | (2,047.49) | | | | | | | | | | | | | | |
| 016 | (331.1) | 3.439 | (1,138.65) | | | | | | | | | | | | | | |
| 036 | (798.1) | 3.686 | (2,941.80) | | | | | | | | | | | | | | |
| 046 | 388.1 | 3.600 | 1,397.16 | | | | | | | | | | | | | | |
| 066 | (2,260.0) | 2.827 | (6,389.02) | | | | | | | | | | | | | | |
| 076 | 354.9 | 3.433 | 1,218.37 | | | | | | | | | | | | | | |
| 086 | (511.3) | 3.462 | (1,770.12) | | | | | | | | | | | | | | |
| 106 | (2,449.8) | 3.805 | (9,321.49) | | | | | | | | | | | | | | |
| 116 | (453.5) | 3.873 | (1,801.76) | | | | | | | | | | | | | | |
| 126 | (711.6) | 4.065 | (2,892.65) | | | | | | | | | | | | | | |
| 146 | (1,221.8) | 4.219 | (5,154.77) | | | | | | | | | | | | | | |
| 156 | 64,166.0 | 3.960 | 254,097.36 | | | | | | | | | | | | | | |
| 166 | 1,252,195.2 | 3.881 | 4,859,789.57 | | | | | | | | | | | | | | |
| TOTAL RETAIL | 1,307,689.2 | | 5,082,571.91 | | | | | | | | | | | | | | |
| TRANSPORTATION: IFT3 Customer Choice Program (GCAT): | | | | | | | | | | | | | | | | | |
| 055 | | | | | | | | | | | | | | | | | |
| 095 | | | | | | | | | | | | | | | | | |
| 135 | | | | | | | | | | | | | | | | | |
| 026 | | | | | | | | | | | | | | | | | |
| 056 | | | | | | | | | | | | | | | | | |
| 096 | | | | | | | | | | | | | | | | | |
| 136 | 3,190.4 | | | | | | | | | | | | | | | | |
| 176 | | | | | | | | | | | | | | | | | |
| FT CHOICE | 3,190.4 | | | | | | | | | | | | | | | | |
| TOTAL FOR CHOICE | | | | | | | | | | | | | | | | | |
| TOTAL FOR Gas Cost Recovery (GCR) | | | | | | | | | | | | | | | | | |
| Firm Transportation: IFT | | | | | | | | | | | | | | | | | |
| FT | 184,005.6 | | | | | | | | | | | | | | | | |
| Interruptible Transportation: ITO1 | | | | | | | | | | | | | | | | | |
| IT | 136,632.9 | | | | | | | | | | | | | | | | |
| Grand Total | | | 1,631,518.1 | | | | | | | | | | | | | | |
| ADJUSTED EGC | | | 3,867 | | | | | | | | | | | | | | |

JE ID - KUNBIL-AMZ

CONTROL CK
positive=recovered-cr 253130
negative=reduce refund=dr253130

CONTROL CK
positive=recovered-cr 191400
negative=refund=dr 191400

CONTROL CK
positive=recovered-cr 253130
negative=reduce refund=dr253130

CONTROL CK
positive=recovered-cr 191400
negative=refund=dr 191400

CONTROL CK
positive=recovered-cr 253130
negative=reduce refund=dr253130

**DUKE ENERGY COMPANY KENTUCKY
 DETERMINATION OF TOTAL SUPPLY COST
 MONTH OF DECEMBER 2016**

| <u>DESCRIPTION</u> | <u>W/P</u> | <u>TOTAL AMOUNT ROUNDED</u> |
|----------------------------------------------------------------|------------|-------------------------------------|
| PRIMARY GAS SUPPLY COST | | \$ |
| current month estimate | B1 | 6,860,598.40 |
| adjustments from prior month | B2 | 7,429.88 |
| Interruptible Transportation monthly charges by Gas Supply - P | C | <u>2,930.45</u> |
| | | 6,870,959 |
| LESS: RATE SCHEDULE CF CREDIT | | |
| current month | | 0.00 |
| adjustments | | <u>0.00</u> |
| | | 0 |
| PLUS: INCLUDABLE PROPANE | | |
| a/c 728-3 Erlanger | D2 | <u>164,509.69</u> |
| | | 164,510 |
| PLUS: GAS COST UNCOLLECTIBLE | | |
| | E | <u>(12,373.00)</u> |
| | | (12,373) |
| LESS: X-5 TARIFF | | 0.00 |
| | | 0 |
| LESS Tenaska MANAGEMENT FEE | | |
| | F | <u>63,560.00</u> |
| | | (63,560) |
| LESS: TOP TRANSP. RECOVERIES | | 0.00 |
| | | 0 |
| LESS: GAS LOSSES - DAMAGED LINES | | |
| | G | <u>0.00</u> |
| | | 0 |
| adjustments | | <u>0.00</u> |
| | | 0 |
| LESS: GAS COST CREDIT | | 0.00 |
| | | 0 |
| LESS: FIRM TRANSPORTATION ADJUSTMENTS | | |
| current month | | 0.00 |
| adjustments | | <u>0.00</u> |
| | | 0 |
| TOTAL SUPPLY COSTS | | <u><u>6,959,536</u></u> |

ACCOUNTING ENTRY FOR DEFERRAL ONLY

| | <u>AMOUNT</u> |
|-----------------------------------------------------------------|----------------|
| ACCTS: 191990 - Unrecv PG - Asset /191400 - Unrecv PG\$ - Liabl | 1,876,534.00 |
| ACCOUNT 0805002 - Unrecv PG Adj - Expense | (1,876,534.00) |

PURCHASED GAS ADJUSTMENT

SCHEDULE III

COMPANY NAME: DUKE ENERGY COMPANY KENTUCKY

ACTUAL ADJUSTMENT

DETAILS FOR THE MONTH DECEMBER 2016

| <u>PARTICULARS</u> | <u>UNIT</u> | <u>W/P</u> | <u>MONTH DECEMBER 2016</u> |
|-----------------------------------------------|---------------|------------|--------------------------------|
| <u>SUPPLY VOLUME PER BOOKS</u> | | | |
| Primary Gas Suppliers | MCF | B1 | 1,695,037 |
| Utility Production | MCF | | 0 |
| Includable Propane | MCF | D1 | 14,079 |
| Other Volumes (Specify) - Previous Month Adj. | MCF | B2 | 5,590 |
| TOTAL SUPPLY VOLUMES | MCF | | 1,714,706 |
| <u>SUPPLY COST PER BOOKS</u> | | | |
| Primary Gas Suppliers | \$ | A1 | 6,870,959 |
| Includable Propane | \$ | | 164,510 |
| Gas Cost Uncollectible | \$ | A1 | (12,373) |
| Other Cost (Specify) - Gas Cost Credit | \$ | | 0 |
| - Unacct'd for Transp. | \$ | | 0 |
| - CF Credit | \$ | | 0 |
| - X-5 Tariff | \$ | | 0 |
| - CMT Management Fee | \$ | A1 | (63,560) |
| - Losses-Damaged Lines | \$ | A1 | 0 |
| - Gas Sold to Remarketers | \$ | | 0 |
| - TOP Transp. Recoveries | \$ | | 0 |
| TOTAL SUPPLY COST | \$ | A1 | 6,959,536.0 |
| <u>SALES VOLUMES</u> | | | |
| Jurisdictional - Retail | MCF | H | 1,307,689.2 |
| Non-Jurisdictional | MCF | | |
| Other Volumes (Specify) - | MCF | | |
| TOTAL SALES VOLUME | MCF | | 1,307,689.2 |
| UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF) | \$/MCF | | 5.322 |
| LESS: EGC IN EFFECT FOR MONTH | \$/MCF | H | 3.887 |
| DIFFERENCE | \$/MCF | | 1.435 |
| TIMES: MONTHLY JURISDICTIONAL SALES | MCF | | 1,307,689.2 |
| MONTHLY COST DIFFERENCE | \$ | | 1,876,534.00 |

DUKE ENERGY COMPANY KENTUCKY

DECEMBER 2016

| | <u>Applied</u> <u>MCF Sales</u> | <u>W/P</u> | <u>Amount</u> | <u>\$/MCF</u> |
|-------------------------------------------------------------|------------------------------------|------------|-----------------------|---------------|
| <u>GAS FUEL ADJUSTMENT BILLED</u> | | | | |
| EGC - Retail | 1,307,689.2 | H | 5,082,571.91 | 3.88668187 |
| RA | | H | 0 | |
| AA | | H | 488,153.52 | |
| BA | | H | <u>(57,025.44)</u> | |
| TOTAL GAS COST RECOVERY(GCR) | | | <u>5,513,699.99</u> | |
| TOTAL SALES VOLUME | 1,307,689.2 | | | |
| LESS: NON-JURISDICTIONAL SALES | <u>0.0</u> | | | |
| JURISDICTIONAL SALES | <u>1,307,689.2</u> | | | |
| <u>PROOF OF UNRECOVERED PURCHASED GAS COST ENTRY</u> | | | | |
| SUPPLIER COST - CURRENT MONTH | 1,307,689.2 | | 6,959,536.00 | 5.32201077 |
| UNRECOVERED PURCHASED GAS COST | | | (1,388,380.48) | |
| ROUNDING(ADD/(DEDUCT)) | | | <u>(430.10)</u> | |
| TOTAL GAS COST IN REVENUE | | | <u>5,570,725.42</u> | |
| TOTAL GAS COST RECOVERY(GCR) | | | 5,513,699.99 | |
| LESS: RA | | | 0.00 | |
| BA | | | <u>(57,025.44)</u> | |
| PLUS: COST OF NON-JURISDICTIONAL SALES | | | <u>5,456,674.55</u> | |
| UNRECOVERED PURCHASED GAS COST ENTRY | | | (1,388,380.48) | |
| LESS: AA | | | <u>488,153.52</u> | |
| MONTHLY COST DIFFERENCE | | | (1,876,534.00) | |
| EXTENDED MONTHLY COST DIFFERENCE | | | <u>(1,876,964.10)</u> | |
| ROUNDING | | | <u>(430.10)</u> | |

DUKE ENERGY KENTUCKY
GAS SERVICE
SUMMARY OF GCA a/k/a GCR COMPONENTS
MONTH: January 2017

A:\GCR - GCA\DEKSupport\2017\Accounting 2017 - thru MAR - GCA.xlsx\Dec 16 R - Dana

| Retail BILL CODE | MCF Usage REPORTED SALES | Exptd Gas Cost EGC \$ | RECONCILIATION ADJUSTMENT | | | ACTUAL ADJUSTMENT | | | BALANCE ADJUSTMENT | | | TOTAL BA | |
|-------------------------------------------------|--------------------------------|-----------------------------|---------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|-------------------|---------------------|
| | | | CURRENT 0.000 | PREVIOUS 0.000 | THRD.PREV. 0.000 | TOTAL RA | CURRENT 0.025 | PREVIOUS (0.055) | THRD.PREV. 0.201 | TOTAL AA | CURRENT (0.099) | | PREVIOUS (0.006) |
| 085 | 4.010 | 0.00 | 0.00 | 0.00 | 0.00 | 199.98 | 0.00 | 199.98 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 105 | 3.972 | 0.00 | 0.00 | 0.00 | 0.00 | (4.12) | 0.00 | (4.12) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 115 | (0.2) | (0.78) | 0.00 | 0.00 | 0.00 | 193.11 | 0.00 | 193.11 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 125 | 3.986 | 5.58 | 0.00 | 0.00 | 0.00 | 20.12 | 0.00 | 20.12 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 145 | 6.6 | 24.96 | 0.00 | 0.00 | 0.00 | 2.91 | 0.00 | 2.91 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 155 | 23.6 | 101.17 | 0.00 | 0.00 | 0.00 | (25.23) | 0.00 | (25.23) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 165 | (292.6) | (1,057.16) | 0.00 | 0.00 | 0.00 | 6.92 | 0.00 | (25.31) | (43.82) | 0.00 | 0.00 | 0.00 | (6.29) |
| 016 | (395.4) | (1,359.78) | 0.00 | 0.00 | 0.00 | 3.43 | 0.00 | (12.54) | (21.71) | 0.00 | 0.00 | 0.00 | (3.12) |
| 036 | (75.7) | (279.03) | 0.00 | 0.00 | 0.00 | 56.27 | 0.00 | (205.64) | (356.04) | 0.00 | 0.00 | 0.00 | (51.15) |
| 046 | 990.0 | 3,564.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 066 | (20.4) | (57.67) | 0.00 | 0.00 | 0.00 | 20.02 | 0.00 | 20.02 | 40.14 | 5.58 | 0.00 | 0.00 | 5.58 |
| 076 | 956.0 | 3,281.95 | 0.00 | 0.00 | 0.00 | 2.89 | 0.00 | 2.89 | 5.80 | 0.81 | 0.00 | 0.00 | 0.81 |
| 086 | 99.6 | 344.82 | 0.00 | 0.00 | 0.00 | (25.10) | 0.00 | (25.10) | (50.33) | (6.99) | 0.00 | 0.00 | (6.99) |
| 106 | 14.4 | 54.79 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 116 | (124.9) | (496.23) | 0.00 | 0.00 | 0.00 | 6.92 | 0.00 | (25.31) | (43.82) | (7.05) | 0.00 | 0.00 | (6.29) |
| 126 | (125.9) | (511.78) | 0.00 | 0.00 | 0.00 | 3.43 | 0.00 | (12.54) | (21.71) | (3.49) | 0.00 | 0.00 | (3.12) |
| 146 | (62.4) | (263.27) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | (205.64) | (356.04) | (57.29) | 0.00 | 0.00 | (51.15) |
| 156 | (1,023.1) | (4,051.48) | 0.00 | 0.00 | 0.00 | 1,597.95 | 0.00 | (5,899.79) | (10,837.03) | 174.32 | 0.00 | 0.00 | 1,394.57 |
| 166 | (29,053.7) | (112,757.41) | 0.00 | 0.00 | 0.00 | 46,442.61 | 0.00 | 373,398.60 | 692,923.77 | (182,055.04) | 0.00 | 0.00 | (89,169.82) |
| 017 | 1,957,704.5 | 8,720,064.92 | 0.00 | 0.00 | 0.00 | 45,716.27 | (100,509.18) | 367,313.13 | 389,529.53 | (179,207.78) | (10,964.64) | 102,336.01 | (87,836.41) |
| TOTAL RETAIL | | | 1,929,621.8 | | | 8,606,607.60 | | | 682,049.75 | | | | |
| TRANSPORTATION: IFT3 | | | | | | | | | | | | | |
| Customer Choice Program (GCAT): | | | | | | | | | | | | | |
| 055 | | | | | | | | | | | | | |
| 085 | | | | | | | | | | | | | |
| 135 | | | | | | | | | | | | | |
| 026 | | | | | | | | | | | | | |
| 056 | | | | | | | | | | | | | |
| 096 | | | | | | | | | | | | | |
| 136 | | | | | | | | | | | | | |
| 027 | 5,210.5 | | | | | 130.26 | (286.58) | 1,047.31 | 1,052.52 | (510.63) | (31.26) | 291.79 | (250.10) |
| FT CHOICE | | | 5,210.5 | | | 130.26 | (286.58) | 1,047.31 | 1,052.52 | (510.63) | (31.26) | 291.79 | (250.10) |
| TOTAL FOR CHOICE | | | | | | | | | | | | | |
| TOTAL FOR Gas Cost Recovery (GCR) | | | | | | 45,846.53 | (100,795.76) | 368,360.44 | 370,582.05 | (179,716.41) | (10,995.90) | 102,627.80 | (86,086.51) |
| CONTROL CK | | | | | | | | | | | | | |
| positive=recovered-cr 253130 | | | | | | | | | | | | | |
| negative=reduce refund=qr253130 | | | | | | | | | | | | | |
| 0191400 is Utility/Purch Gas Cost (Lbsh) | | | | | | | | | | | | | |
| 0191400 is Gas Refund/Egcs Adj, dte Gasf (Lbsh) | | | | | | | | | | | | | |
| Firm Transportation: IFT | | | | | | | | | | | | | |
| FT | 269,224.5 | | | | | | | | | | | | |
| Interruptible Transportation: IT01 | | | | | | | | | | | | | |
| IT | 139,431.0 | | | | | | | | | | | | |
| Grand Total | | | 2,241,487.8 | | | | | | | | | | |
| ADJUSTED EGC | | | 4,707 | | | | | | | | | | |

JE ID - KUNBIL AMZ

**DUKE ENERGY COMPANY KENTUCKY
DETERMINATION OF TOTAL SUPPLY COST**

MONTH OF **JANUARY 2017**

| <u>DESCRIPTION</u> | <u>W/P</u> | <u>TOTAL AMOUNT ROUNDED</u> |
|-----------------------------------------------------------------|------------|-------------------------------------|
| <u>PRIMARY GAS SUPPLY COST</u> | | \$ |
| current month estimate | B1 | 6,966,452.27 |
| adjustments from prior month | B2 | 32,710.80 |
| Interruptible Transportation monthly charges by Gas Supply - PA | C | <u>6,118.93</u> |
| | | 7,005,282 |
| <u>LESS: RATE SCHEDULE CF CREDIT</u> | | |
| current month | | 0.00 |
| adjustments | | <u>0.00</u> |
| | | 0 |
| <u>PLUS: INCLUDABLE PROPANE</u> | | |
| a/c 728-3 Erlanger | D2 | <u>206,503.63</u> |
| | | 206,504 |
| <u>PLUS: GAS COST UNCOLLECTIBLE</u> | | |
| | E | <u>(30,032.00)</u> |
| | | (30,032) |
| <u>LESS: X-5 TARIFF</u> | | 0.00 |
| | | 0 |
| <u>LESS Tenaska MANAGEMENT FEE</u> | | |
| | F | <u>63,560.00</u> |
| | | (63,560) |
| <u>LESS: TOP TRANSP. RECOVERIES</u> | | 0.00 |
| | | 0 |
| <u>LESS: GAS LOSSES - DAMAGED LINES</u> | | |
| | G | <u>(218.01)</u> |
| | | (218) |
| adjustments | | 0.00 |
| | | <u>0.00</u> |
| | | 0 |
| <u>LESS: GAS COST CREDIT</u> | | 0.00 |
| | | 0 |
| <u>LESS: FIRM TRANSPORTATION ADJUSTMENTS</u> | | |
| current month | | 0.00 |
| adjustments | | <u>0.00</u> |
| | | 0 |
| TOTAL SUPPLY COSTS | | <u><u>7,117,976</u></u> |

ACCOUNTING ENTRY FOR DEFERRAL ONLY

| <u>ACCOUNTING ENTRY FOR DEFERRAL ONLY</u> | <u>AMOUNT</u> |
|-----------------------------------------------------------------|----------------|
| ACCTS: 191990 - Unrecv PG - Asset /191400 - Unrecv PG\$ - Liabl | (1,488,498.15) |
| ACCOUNT 0805002 - Unrecv PG Adj - Expense | 1,488,498.15 |

PURCHASED GAS ADJUSTMENT

SCHEDULE III

COMPANY NAME: DUKE ENERGY COMPANY KENTUCKY

ACTUAL ADJUSTMENT

DETAILS FOR THE MONTH JANUARY 2017

| <u>PARTICULARS</u> | <u>UNIT</u> | <u>W/P</u> | <u>MONTH JANUARY 2017</u> |
|-----------------------------------------------|-------------|------------|-------------------------------|
| <u>SUPPLY VOLUME PER BOOKS</u> | | | |
| Primary Gas Suppliers | MCF | B1 | 1,588,399 |
| Utility Production | MCF | | 0 |
| Includable Propane | MCF | D1 | 17,341 |
| Other Volumes (Specify) - Previous Month Adj. | MCF | B2 | 16,600 |
| TOTAL SUPPLY VOLUMES | MCF | | 1,622,340 |
| <u>SUPPLY COST PER BOOKS</u> | | | |
| Primary Gas Suppliers | \$ | A1 | 7,005,282 |
| Includable Propane | \$ | | 206,504 |
| Gas Cost Uncollectible | \$ | A1 | (30,032) |
| Other Cost (Specify) - Gas Cost Credit | \$ | | 0 |
| - Unacct'd for Transp. | \$ | | 0 |
| - CF Credit | \$ | | 0 |
| - X-5 Tariff | \$ | | 0 |
| - CMT Management Fee | \$ | A1 | (63,560) |
| - Losses-Damaged Lines | \$ | A1 | (218) |
| - Gas Sold to Remarketers | \$ | | 0 |
| - TOP Transp. Recoveries | \$ | | 0 |
| TOTAL SUPPLY COST | \$ | A1 | 7,117,976.0 |
| <u>SALES VOLUMES</u> | | | |
| Jurisdictional - Retail | MCF | H | 1,828,621.8 |
| Non-Jurisdictional | MCF | | |
| Other Volumes (Specify) - | MCF | | |
| TOTAL SALES VOLUME | MCF | | 1,828,621.8 |
| UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF) | \$/MCF | | 3.893 |
| LESS: EGC IN EFFECT FOR MONTH | \$/MCF | H | 4.707 |
| DIFFERENCE | \$/MCF | | (0.814) |
| TIMES: MONTHLY JURISDICTIONAL SALES | MCF | | 1,828,621.8 |
| MONTHLY COST DIFFERENCE | \$ | | (1,488,498.15) |

DUKE ENERGY COMPANY KENTUCKY

JANUARY 2017

| | <u>Applied</u> | | <u>Amount</u> | <u>\$/MCF</u> |
|-------------------------------------------------------------|--------------------|------------|---------------------|---------------|
| | <u>MCF Sales</u> | <u>W/P</u> | | |
| <u>GAS FUEL ADJUSTMENT BILLED</u> | | | | |
| EGC - Retail | 1,828,621.8 | H | 8,606,607.60 | 4.70660888 |
| RA | | H | 0 | |
| AA | | H | 683,993.26 | |
| BA | | H | (88,086.51) | |
| TOTAL GAS COST RECOVERY(GCR) | | | <u>9,202,514.35</u> | |
| TOTAL SALES VOLUME | 1,828,621.8 | | | |
| LESS: NON-JURISDICTIONAL SALES | <u>0.0</u> | | | |
| JURISDICTIONAL SALES | <u>1,828,621.8</u> | | | |
| <u>PROOF OF UNRECOVERED PURCHASED GAS COST ENTRY</u> | | | | |
| SUPPLIER COST - CURRENT MONTH | 1,828,621.8 | | 7,117,976.00 | 3.89253590 |
| UNRECOVERED PURCHASED GAS COST | | | 2,172,491.41 | |
| ROUNDING(ADD/(DEDUCT)) | | | <u>133.45</u> | |
| TOTAL GAS COST IN REVENUE | | | <u>9,290,600.86</u> | |
| TOTAL GAS COST RECOVERY(GCR) | | | 9,202,514.35 | |
| LESS: RA | | | 0.00 | |
| BA | | | <u>(88,086.51)</u> | |
| PLUS: COST OF NON-JURISDICTIONAL SALES | | | <u>9,114,427.84</u> | |
| UNRECOVERED PURCHASED GAS COST ENTRY | | | 2,172,491.41 | |
| LESS: AA | | | <u>683,993.26</u> | |
| MONTHLY COST DIFFERENCE | | | 1,488,498.15 | |
| EXTENDED MONTHLY COST DIFFERENCE | | | <u>1,488,631.60</u> | |
| ROUNDING | | | <u>133.45</u> | |

DUKE ENERGY KENTUCKY
GAS SERVICE
SUMMARY OF GCA and GCR COMPONENTS
MONTH: February 2017

A:\GCR - GCAIDEXSupport\2017\Accounting 2017 - thru MAR - GCA.xlsx\Dec 16 R - Data

| Retail BILL CODE | MCF Usage REPORTED SALES | MIMCF | Exptd Gas Cost EGC \$ | RECONCILIATION ADJUSTMENT | | | ACTUAL ADJUSTMENT | | | BALANCE ADJUSTMENT | | | TOTAL BA | |
|------------------------------------------------|--------------------------|-------|-----------------------|---------------------------|----------|------------|-------------------|--------------------|-------------------|--------------------|---------------------|-------------------|------------------|--------------------|
| | | | | CURRENT | PREVIOUS | THRD.PREV. | CURRENT | PREVIOUS | THRD.PREV. | CURRENT | PREVIOUS | THRD.PREV. | | |
| 115 | (0.3) | 3.906 | (1,17) | 0.000 | 0.000 | 0.000 | 0.025 | (0.055) | 0.201 | 0.202 | (0.099) | (0.005) | 0.000 | 0.00 |
| 125 | (1.9) | 3.986 | (7.57) | 0.00 | 0.00 | 0.00 | 62.74 | (102.15) | (19.19) | (102.15) | 4,040.12 | 247.35 | 0.00 | 0.00 |
| 145 | (0.9) | 3.782 | (3.40) | 0.00 | 0.00 | 0.00 | (102.15) | (11.31) | (11.26) | (11.31) | (2,217.47) | (135.76) | 0.00 | 0.00 |
| 155 | (14.6) | 4.287 | (62.59) | 0.00 | 0.00 | 0.00 | 46.54 | (26.99) | (26.99) | (27.13) | (133,114.87) | (8,149.89) | 0.00 | 0.00 |
| 165 | (216.5) | 3.613 | (782.21) | 0.00 | 0.00 | 0.00 | | | | | | | | |
| 016 | (330.2) | 3.439 | (1,135.56) | 0.00 | 0.00 | 0.00 | | | | | | | | |
| 036 | (218.6) | 3.686 | (805.76) | 0.00 | 0.00 | 0.00 | | | | | | | | |
| 046 | 310.6 | 3.600 | 1,118.16 | 0.00 | 0.00 | 0.00 | | | | | | | | |
| 056 | (505.7) | 2.827 | (1,429.61) | 0.00 | 0.00 | 0.00 | | | | | | | | |
| 076 | 240.3 | 3.433 | 824.95 | 0.00 | 0.00 | 0.00 | | | | | | | | |
| 086 | (95.0) | 3.462 | (328.89) | 0.00 | 0.00 | 0.00 | | | | | | | | |
| 106 | (56.0) | 3.805 | (213.08) | 0.00 | 0.00 | 0.00 | | | | | | | | |
| 116 | (134.3) | 3.973 | (533.57) | 0.00 | 0.00 | 0.00 | | | | | | | | |
| 126 | (135.9) | 4.065 | (552.43) | 0.00 | 0.00 | 0.00 | | | | | | | | |
| 146 | (148.2) | 4.219 | (625.26) | 0.00 | 0.00 | 0.00 | | | | | | | | |
| 156 | (495.9) | 3.960 | (1,963.76) | 0.00 | 0.00 | 0.00 | | | | | | | | |
| 166 | (41,225.7) | 3.881 | (159,996.94) | 0.00 | 0.00 | 0.00 | | | | | | | | |
| 017 | 22,627.2 | 4.694 | 106,212.08 | 0.00 | 0.00 | 0.00 | | | | | | | | |
| 037 | 1,358,315.0 | 4.121 | 5,597,616.12 | 0.00 | 0.00 | 0.00 | | | | | | | | |
| TOTAL RETAIL | 1,337,913.4 | | 5,537,329.51 | | | | 33,492.92 | (73,641.53) | 289,068.88 | 270,416.67 | (131,292.22) | (8,033.61) | 74,964.46 | (64,361.37) |
| TRANSPORTATION: IFT3 | | | | | | | | | | | | | | |
| Customer Choice Program (GCAT): | | | | | | | | | | | | | | |
| 055 | | | | | | | | | | | | | | |
| 085 | | | | | | | | | | | | | | |
| 135 | | | | | | | | | | | | | | |
| 026 | | | | | | | | | | | | | | |
| 056 | | | | | | | | | | | | | | |
| 086 | | | | | | | | | | | | | | |
| 136 | | | | | | | | | | | | | | |
| 027 | 1,768.6 | | | 0.00 | 0.00 | 0.00 | 44.22 | (97.27) | 355.49 | 357.26 | (173.32) | (10.61) | 99.04 | (84.89) |
| FT CHOICE | 1,768.6 | | | | | | 44.22 | (97.27) | 355.49 | 357.26 | (173.32) | (10.61) | 99.04 | (84.89) |
| TOTAL FOR CHOICE | | | | | | | | | | | | | | |
| TOTAL FOR Gas Cost Recovery (GCR) | | | | | | | 33,537.14 | (73,738.80) | 289,424.37 | 270,773.93 | (131,465.54) | (8,044.22) | 75,063.50 | (64,446.26) |
| CONTROL CK | | | | | | | | | | | | | | |
| positive=recovered-cr 253130 | | | | | | | | | | | | | | |
| negative=reduce refund=cr253130 | | | | | | | | | | | | | | |
| 0191400 is Unrebow Purch Gas Cost(Liab) | | | | | | | | | | | | | | |
| 0191400 is Gas Refund/Proc Adj due Cust (Liab) | | | | | | | | | | | | | | |
| CONTROL CK | | | | | | | | | | | | | | |
| positive=recovered-cr 191400 | | | | | | | | | | | | | | |
| negative=refund=cr 191400 | | | | | | | | | | | | | | |
| 0191400 is Gas Refund/Proc Adj due Cust (Liab) | | | | | | | | | | | | | | |

JE ID - KUNBIL AMZ

FT 268,717.6
Interruptible Transportation: IT01

IT 134,661.0

Grand Total 1,743,060.6 lies to last pg of wp A's
ADJUSTED EGC 4,138

DUKE ENERGY COMPANY KENTUCKY
 DETERMINATION OF TOTAL SUPPLY COST
 MONTH OF

FEBRUARY 2017

| <u>DESCRIPTION</u> | <u>W/P</u> | | <u>TOTAL AMOUNT ROUNDED</u> |
|-----------------------------------------------------------------|------------|-------------------|-------------------------------------|
| <u>PRIMARY GAS SUPPLY COST</u> | | | \$ |
| current month estimate | B1 | 4,497,037.15 | |
| adjustments from prior month | B2 | 6,451.73 | |
| Interruptible Transportation monthly charges by Gas Supply - PA | C | <u>(5,176.00)</u> | 4,498,313 |
| <u>LESS: RATE SCHEDULE CF CREDIT</u> | | | |
| current month | | 0.00 | |
| adjustments | | <u>0.00</u> | 0 |
| <u>PLUS: INCLUDABLE PROPANE</u> | | | |
| a/c 728-3 Erlanger | D2 | 0.00 | 0 |
| <u>PLUS: GAS COST UNCOLLECTIBLE</u> | | | |
| | E | (46,604.00) | (46,604) |
| <u>LESS: X-5 TARIFF</u> | | | |
| | | 0.00 | 0 |
| <u>LESS Tenaska MANAGEMENT FEE</u> | | | |
| | F | 63,560.00 | (63,560) |
| <u>LESS: TOP TRANSP. RECOVERIES</u> | | | |
| | | 0.00 | 0 |
| <u>LESS: GAS LOSSES - DAMAGED LINES</u> | | | |
| | G | 0.00 | 0 |
| | | 0.00 | |
| adjustments | | <u>0.00</u> | 0 |
| <u>LESS: GAS COST CREDIT</u> | | | |
| | | 0.00 | 0 |
| <u>LESS: FIRM TRANSPORTATION ADJUSTMENTS</u> | | | |
| current month | | 0.00 | |
| adjustments | | <u>0.00</u> | 0 |
| TOTAL SUPPLY COSTS | | | <u><u>4,388,149</u></u> |

ACCOUNTING ENTRY FOR DEFERRAL ONLY

| <u>ACCOUNTING ENTRY FOR DEFERRAL ONLY</u> | <u>AMOUNT</u> |
|----------------------------------------------------------------|----------------|
| ACCTS: 191990 - Unrecv PG - Asset /191400 - Unrecv PGS - Liabl | (1,149,267.61) |
| ACCOUNT 0805002 - Unrecv PG Adj - Expense | 1,149,267.61 |

PURCHASED GAS ADJUSTMENT

SCHEDULE III

COMPANY NAME: DUKE ENERGY COMPANY KENTUCKY

ACTUAL ADJUSTMENT

DETAILS FOR THE MONTH

FEBRUARY 2017

| <u>PARTICULARS</u> | <u>UNIT</u> | <u>W/P</u> | <u>MONTH FEBRUARY 2017</u> |
|-----------------------------------------------|-------------|------------|--------------------------------|
| <u>SUPPLY VOLUME PER BOOKS</u> | | | |
| Primary Gas Suppliers | MCF | B1 | 1,035,604 |
| Utility Production | MCF | | 0 |
| Includable Propane | MCF | D1 | 0 |
| Other Volumes (Specify) - Previous Month Adj. | MCF | B2 | (24,921) |
| TOTAL SUPPLY VOLUMES | MCF | | 1,010,683 |
| <u>SUPPLY COST PER BOOKS</u> | | | |
| Primary Gas Suppliers | \$ | A1 | 4,498,313 |
| Includable Propane | \$ | | 0 |
| Gas Cost Uncollectible | \$ | A1 | (46,604) |
| Other Cost (Specify) - Gas Cost Credit | \$ | | 0 |
| - Unacct'd for Transp. | \$ | | 0 |
| - CF Credit | \$ | | 0 |
| - X-5 Tariff | \$ | | 0 |
| - CMT Management Fee | \$ | A1 | (63,560) |
| - Losses-Damaged Lines | \$ | A1 | 0 |
| - Gas Sold to Remarketers | \$ | | 0 |
| - TOP Transp. Recoveries | \$ | | 0 |
| TOTAL SUPPLY COST | \$ | A1 | 4,388,149.0 |
| <u>SALES VOLUMES</u> | | | |
| Jurisdictional - Retail | MCF | H | 1,337,913.4 |
| Non-Jurisdictional | MCF | | |
| Other Volumes (Specify) - | MCF | | |
| TOTAL SALES VOLUME | MCF | | 1,337,913.4 |
| UNIT BOOK COST OF GAS (SUPPLY \$ / SALES MCF) | \$/MCF | | 3.280 |
| LESS: EGC IN EFFECT FOR MONTH | \$/MCF | H | 4.139 |
| DIFFERENCE | \$/MCF | | (0.859) |
| TIMES: MONTHLY JURISDICTIONAL SALES | MCF | | 1,337,913.4 |
| MONTHLY COST DIFFERENCE | \$ | | (1,149,267.61) |

DUKE ENERGY COMPANY KENTUCKY

FEBRUARY 2017

| | <u>Applied</u> <u>MCF Sales</u> | <u>W/P</u> | <u>Amount</u> | <u>\$/MCF</u> |
|-----------------------------------------------------------------|------------------------------------|------------|---------------------|---------------|
| <u>GAS FUEL ADJUSTMENT BILLED</u> | | | | |
| EGC - Retail | 1,337,913.4 | H | 5,537,329.51 | 4.13878022 |
| RA | | H | 0 | |
| AA | | H | 499,996.64 | |
| BA | | H | (64,446.26) | |
| TOTAL GAS COST RECOVERY(GCR) | | | <u>5,972,879.89</u> | |
| TOTAL SALES VOLUME | 1,337,913.4 | | | |
| LESS: NON-JURISDICTIONAL SALES | <u>0.0</u> | | | |
| JURISDICTIONAL SALES | <u>1,337,913.4</u> | | | |
| <u>PROOF OF UNRECOVERED PURCHASED GAS COST ENTRY</u> | | | | |
| SUPPLIER COST - CURRENT MONTH | 1,337,913.4 | | 4,388,149.00 | 3.27984532 |
| UNRECOVERED PURCHASED GAS COST | | | 1,649,264.25 | |
| ROUNDING(ADD/(DEDUCT)) | | | <u>(87.10)</u> | |
| TOTAL GAS COST IN REVENUE | | | <u>6,037,326.15</u> | |
| TOTAL GAS COST RECOVERY(GCR) | | | 5,972,879.89 | |
| LESS: RA | | | 0.00 | |
| BA | | | <u>(64,446.26)</u> | |
| PLUS: COST OF NON-JURISDICTIONAL SALES | | | <u>5,908,433.63</u> | |
| UNRECOVERED PURCHASED GAS COST ENTRY | | | 1,649,264.25 | |
| LESS: AA | | | <u>499,996.64</u> | |
| MONTHLY COST DIFFERENCE | | | 1,149,267.61 | |
| EXTENDED MONTHLY COST DIFFERENCE | | | <u>1,149,180.51</u> | |
| ROUNDING | | | <u>(87.10)</u> | |

