

Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

PUBLIC AG-DR-02-001

REQUEST:

Refer to the Direct Testimony of Mr. Platz at pages 18-19 in regards to rising vegetation management costs and to the response to Staff 2-18 showing large increases, more than doubling, in the test year for vegetation management expense.

- a. Provide all supporting calculations and documentation for the amount of vegetation management expense projected in the test year. This would include the rates and quantities being projected.
- b. Provide a copy of the RFP issued for vegetation management and a copy of all "indicative bids" received.
- c. Provide the rates paid and quantities trimmed in 2015, 2016, and in the base year corresponding to the amounts incurred in the table for those periods in the response to Staff 2-18.
- d. Provide the quantities required in a "full system inspection and trim cycle" described by Mr. Platz.
- e. Describe all efforts and the progress of such related to the possible combination with sister utilities "with the hope of leveraging economies of scale to offer greater contracting opportunities for vendors."

- f. Provide copies of all contracts with vendors in place during each of the periods indicated in the response to Staff 2-18. This would include a copy of any newly executed contract(s) related to the recently issued RFP.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET
(As to Attachments (b)1, (b)2, and (f) Only)

- a. Please see AG-DR-02-001(a) Attachment being uploaded electronically and a copy provided on CD.
- b. Please see Confidential Attachments AG-DR-02-001(b) 1 and 2 which are being filed under seal of a petition for confidential treatment.

c.

Period	Distribution		Transmission	
	Miles Trimmed	Cost Per Mile	Miles Trimmed	Cost Per Mile
2015	366.39	\$ 4,626	0	NA
2016	272.86	\$ 5,867	18.85	\$ 8,112
Base Period	217.07	\$ 13,777	0	NA

- d. The full system maintenance inspection and trim cycle is 1441 miles of distribution overhead lines. A 4.5 year trim cycle is 320 miles per year vs a 5 year trim cycle being 288 miles per year.
- e. The enterprise-wide distribution vegetation management RFP took place several months ago with bids received in early October. The responses were delayed due to hurricane IRMA restoration efforts that impacted numerous vendors. Bids submitted were by each vegetation area/state. The Company hoped for a more competitive bid process using the combined Duke Energy service territories to offer a larger opportunity for vendors to bid. However, only one supplier expressed interest and submitted pricing

for the Duke Kentucky Distribution Vegetation Management work plan.
We anticipate there may be one additional supplier to express late interest
and submit pricing in the near future.

- f. Please see Confidential Attachment AG-DR-02-001(f) which is being filed
under seal of a petition for confidential treatment.

PERSON RESPONSIBLE: April Edwards

AG-DR-02-001(a) Attachment

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AG-DR-02-001(b)

Attachment 1

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CONFIDENTIAL
TREATMENT**

AG-DR-02-001(b)

Attachment 2

**CONFIDENTIAL IS BEING
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TREATMENT**

AG-DR-02-001(f)

Attachment

**CONFIDENTIAL IS BEING
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TREATMENT**

Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

AG-DR-02-002

REQUEST:

Refer to the Attachment to the response to AG 1-23.

- a. Provide the attachment in electronic format with all formulas intact, including all supporting spreadsheets, calculations, and supporting documentation.
- b. In the same format as provided, provide the actual 2017 deferral balance amounts per month starting January 2017 through the last month with actual data available for the East Bend O&M deferral. Provide in electronic format with all formulas intact, including all supporting spreadsheets, calculations, and supporting documentation.
- c. Provide all computational support by operating expense for the "MF6 Base," i.e., non-fuel operating expense, maintenance expense, depreciation expense, etc. Provide the source of the data used for this purpose.
- d. To the extent the MF6 Base does not include depreciation expense, property tax expense, or other taxes, then provide these amounts using the same time period and sources used for the MF6 Base amounts that were used for other expenses in the calculation of the deferrals.

- e. Confirm that the Company discontinued depreciation expense when MF6 was retired. If it was continued in some form, then please describe, including the effects on accumulated depreciation and ADIT, if any.
- f. Provide the calculation of the carrying costs in electronic spreadsheet live format with all formulas intact.
- g. Confirm that the Company did not reduce the monthly cumulative deferrals by ADIT before applying the long-term debt interest rate. If this is correct, explain why it did not do so and provide the monthly ADIT recorded on the Company's accounting books related to this temporary difference.

RESPONSE:

- a. See AG-DR-02-002(a) Attachment for a copy of AG-DR-01-023 Attachment being uploaded electronically and a copy provided on CD.
- b. See AG-DR-02-002(b) Attachment being uploaded electronically and a copy provided on CD.
- c. See AG-DR-02-002(c) Attachment which was included in Case No. 2006-00172 as Attachment WDW-1 and includes the annual non-fuel O&M expenses for Miami Fort 6 included in base rates in the Company's last electric rate case proceeding.
- d. Depreciation expense was \$2,898,000 and property tax was \$1,877,784 for MF6 in the test period in Case No. 2006-00172.
- e. Yes. The Company discontinued depreciation expense upon retirement of MF6.

- f. See electronic files provided in response to item a, and item b.
- g. The Company did not reduce the monthly cumulative deferrals by ADIT before applying the long-term debt interest rate because the Commission did not require the Company to do so in Order No. 2014-00201.

ADIT Related to East Bend O&M Deferral
Monthly Balances

<u>Month</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
January	\$ (461,870)	\$ (4,852,798)	\$ (9,348,860)
February	\$ (993,444)	\$ (5,193,127)	\$ (9,646,878)
March	\$ (1,487,154)	\$ (5,699,016)	\$ (10,027,116)
April	\$ (1,929,026)	\$ (6,773,738)	\$ (10,284,748)
May	\$ (2,517,763)	\$ (7,024,346)	\$ (10,776,503)
June	\$ (2,649,744)	\$ (7,350,777)	\$ (11,088,206)
July	\$ (2,969,808)	\$ (7,567,366)	\$ (11,422,060)
August	\$ (3,264,202)	\$ (7,876,501)	\$ (11,673,695)
September	\$ (3,576,323)	\$ (8,167,328)	\$ (12,018,526)
October	\$ (3,949,555)	\$ (8,377,905)	\$ (12,339,545)
November	\$ (4,227,595)	\$ (8,635,140)	NA
December	\$ (4,687,152)	\$ (9,027,038)	NA

PERSON RESPONSIBLE:

- a. David L. Doss Jr. / Sarah E. Lawler
- b. David L. Doss Jr.
- c. Sarah E. Lawler
- d. Sarah E. Lawler
- e. Cynthia S. Lee
- f. David L. Doss Jr. / Sarah E. Lawler
- g. Sarah E. Lawler

AG-DR-02-002(a) Attachment

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AG-DR-02-002(b) Attachment

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Duke Energy Kentucky
 Case No. 2006-00172
 Non-Fuel Expenses by FERC Account

Account	Description	2007 Forecasted Test Period	
		EB2	MF6
500	Supervision and Engineering	\$1,711,623	\$295,675
502	Steam Expenses	2,886,561	12,411
502	Ammonia Expense	366,335	1,575
502	Cost of Lime	6,664,347	28,654
505	Electric Expenses	347,413	0
506	Miscellaneous Steam Power Exp	1,893,628	1,406,764
507	Rents		464,760
510	Maint - Supervisor/Engineer	661,901	434,755
511	Maintenance of Structures	738,972	448,889
512	Maintenance of Boiler Plant	7,362,518	1,059,245
512	Maintenance of Boiler Plant - TM Over	0	5,983
513	Maintenance of Electric Plant	1,194,717	82,482
513	Removal - Electric Plant	(179)	0
514	Maint Misc Steam Plant	478,268	133,478
514	Removal - Misc Steam Plant	179	0
551	Other Pwr - Maint Supv/Engr	11,419	0
553	Other Pwr-Maint Generating	0	405
		<u>\$24,317,702</u>	<u>\$4,375,076</u>

Source: ULHP Elec Rate Case . Consistent with accounts included in O&M numbers on page 402, FERC Form 1.

Duke Energy Kentucky
Case No. 2017-00321
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AG-DR-02-003

REQUEST:

Provide the actual per books balance of the Carbon Management Research regulatory asset through the last month with actual data available and provide a forecast of each of the payment amounts and dates to the Carbon Management Research Group expected through March 31, 2018.

RESPONSE:

The balance in the Carbon Management Research regulatory asset (account 0182366) is \$1,750,000 as of October 31, 2017.

Forecasted Payments:	
Q4 2017	\$50,000
Q1 2018	\$50,000

PERSON RESPONSIBLE: David Doss

Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

AG-DR-02-004

REQUEST:

Refer to the response to AG 1-1, which provides the trial balance by month through September 2017.

- a. Describe the Deferred DSM Costs in account 182401. Confirm that the DSM costs, including interest on over/under recoveries are recovered through the Company's DSM rider, not through the base revenue requirement.
- b. Provide the Deferred DSM Costs for each month of the base year and the test year. Indicate whether this deferred cost was removed in some manner from the electric capitalization used to calculate the revenue requirement and deficiency in this proceeding. If not, explain why not. If so, demonstrate that it was removed.
- c. Describe the Other Reg Assets - Gen Acct in account 182318.
- d. Provide a schedule showing the balance of each regulatory asset included in account 182318 for each month during the base year and test year and for each of the most recent 12 months for which actual information is available. In addition, for each regulatory asset included in this account, indicate whether the regulatory asset was specifically authorized by the Commission. If so, provide the Case number and page cite. In addition,

for each regulatory asset included in this account, indicate why the Company believes it is appropriate to include in capitalization and rate base.

- e. Describe the Coal Ash Spend – Retail (NC & MW) in account 182471. Describe the references to “Retail” and to “NC” and “MW.” Describe the origin of these costs and explain why they should be included in capitalization and rate base for Kentucky retail ratemaking.
- f. Provide a schedule showing the balance of account 182471 for each month during the base year and test year and for each of the most recent 12 months for which actual information is available. In addition, indicate whether the regulatory asset was specifically authorized by the Commission. If so, provide the Case number and page cite.
- g. Describe the Deferred Gas Integrity Costs in account 182715. Confirm that the Deferred Gas Integrity Costs are recovered through the PRP rider. Demonstrate that this cost is not included in electric capitalization used to calculate the electric revenue requirement and deficiency in this proceeding.
- h. Describe the Unappr Undistr Subsid Earnings in account 216100. Identify each subsidiary and provide the Unappr Undistr Subsid Earnings for each subsidiary at the end of each month during the base year and test year. Provide all workpapers in support of the amounts provided. Explain why this component of common equity should be included in the capitalization for Kentucky retail ratemaking purposes.

RESPONSE:

- a. The Duke Energy Kentucky Deferred DSM Costs in account 0182401 represents the (over)under collected balance of the DSM Charge that Duke Energy Kentucky collects from its customers via Rider DSM. DSM costs are recovered through the Company's DSM rider, not through the base revenue requirement. All DSM related revenues and expenses were eliminated from the test period in Schedule D-2.22.
- b. The table below shows the monthly balances for the base period and test period.

Account 182401
Deferred DSM Costs

<u>Base Period</u>		<u>Forecasted Period</u>	
<u>Month</u>	<u>Amount</u>	<u>Month</u>	<u>Amount</u>
16-Dec	\$1,660,597	18-Apr	\$1,912,597
17-Jan	\$855,790	18-May	\$1,942,597
17-Feb	\$704,926	18-Jun	\$1,972,597
17-Mar	\$931,818	18-Jul	\$2,002,597
17-Apr	\$2,248,201	18-Aug	\$2,032,597
17-May	\$3,156,924	18-Sep	\$2,062,597
17-Jun	\$1,726,597	18-Oct	\$2,092,597
17-Jul	\$1,737,597	18-Nov	\$2,122,597
17-Aug	\$1,748,597	18-Dec	\$2,152,597
17-Sep	\$1,759,597	19-Jan	\$2,154,597
17-Oct	\$1,770,597	19-Feb	\$2,156,597
17-Nov	\$1,781,597	19-Mar	\$2,158,597

Note: The amounts provided include gas and electric.

The Company made no adjustment to capitalization. The deferral balance is exclusively related to a cash flow issue (i.e., over- and under-collection) that must be financed by shareholders.

- c. Other Reg Assets - Gen Acct (account 0182318) is used to record Unrecognized Costs (actuarial gain/loss, prior service cost/credit) associated with the company's Qualified Pension plans, attributable to plan participants assigned to Duke Energy Kentucky. In accordance with US GAAP, the Company remeasures its projected benefits obligation annually at fiscal year-end. Remeasurement adjustments are recorded to account 0182318 and amortized over the estimated remaining service life of active participants, approximately nine years.
- d. The following table presents the balances in Other Reg Assets - Gen Acct (account 0182318) for each month during the base year and test year and for each of the most recent 12 months for which actual information is available:

0182318 - Other Reg Assets-Gen Acct				
	(a)	Base Year		Test year
	Dec 2016	\$ 1,566,515	Apr-18	\$22,959,312
	Jan 2017	1,566,515	May-18	\$22,928,675
	Feb 2017	1,555,969	Jun-18	\$22,898,039
(b)	Mar 2017	23,753,974	Jul-18	\$22,867,403
	Apr 2017	23,748,701	Aug-18	\$22,836,767
	May 2017	23,743,428	Sep-18	\$22,806,130
	Jun 2017	23,425,825	Oct-18	\$22,775,494
	Jul 2017	23,420,552	Nov-18	\$22,744,858
	Aug 2017	23,415,279	Dec-18	\$22,714,222
	Sep 2017	23,097,676	Jan-19	\$22,683,585
	Oct 2017	23,092,403	Feb-19	\$22,652,949
	Nov 2017	23,087,130	Mar-19	\$22,622,313
(a)	<i>The most recent 12 months is the same period as Base Year</i>			
(b)	<i>Increase due to reclassification of amount previously recorded in account 186 (Miscellaneous deferred debits)</i>			

These costs have been recorded to a regulatory asset account in accordance with FERC Accounting and Reporting Guidance to Recognize the Funded Status of Defined Benefit Postretirement Plans (Docket No. A107-1-000). The Company made no adjustment to capitalization for this regulatory asset because it represents an investment by shareholders.

- e. Account 182471 is used to record the deferred recovery of the actual CCR compliance costs and related carrying charges necessary for closing the coal ash pond at East Bend. This general ledger account number is used by multiple jurisdictions, and the account name reflects the nature of the account as Retail ratepayers (“Retail”) for North Carolina (“NC”) and Mid-West (“MW”). Note Mid-West would apply to Duke Energy Kentucky. The balances for the various jurisdictions are maintained separately in the general ledger based on specific jurisdictional business unit designations (for example, Duke Energy Kentucky’s fossil business unit is 75081). These costs are associated with settlement of the Asset Retirement Obligation related to closing the East Bend coal ash pond in accordance with the CCR Rule. The Company has made no adjustment to capitalization for this regulatory asset but would be willing to make an adjustment given the balance is accruing carrying costs.
- f. See table below showing the balance in account 182471 for each month starting in November 2016 through March 2019. This regulatory asset was authorized by the Commission in Case No. 2015-00187.

0182471 - Coal Ash Spend-Retail 75081 - DE Kentucky Fossil		
	Fiscal Year and Period	Ending Balance
<i>Actuals</i>	201611	7,612,188.40
<i>Actuals</i>	201612	8,034,024.86
<i>Actuals</i>	201701	8,449,980.23
<i>Actuals</i>	201702	8,931,592.93
<i>Actuals</i>	201703	9,657,665.70
<i>Actuals</i>	201704	9,987,002.29
<i>Actuals</i>	201705	10,681,728.06
<i>Actuals</i>	201706	11,022,923.02
<i>Actuals</i>	201707	11,328,447.39
<i>Actuals</i>	201708	11,670,376.76
<i>Actuals</i>	201709	11,949,160.57
<i>Actuals</i>	201710	12,486,772.53
<i>Projection</i>	201711	12,995,254.64
<i>Projection</i>	201712	13,416,937.23
<i>Projection</i>	201801	14,123,849.79
<i>Projection</i>	201802	14,834,276.49
<i>Projection</i>	201803	15,521,338.88
<i>Projection</i>	201804	16,252,384.24
<i>Projection</i>	201805	16,987,682.25
<i>Projection</i>	201806	17,396,464.80
<i>Projection</i>	201807	17,807,625.31
<i>Projection</i>	201808	18,221,177.64
<i>Projection</i>	201809	18,637,135.67
<i>Projection</i>	201810	19,055,513.42
<i>Projection</i>	201811	19,476,324.96
<i>Projection</i>	201812	19,899,584.44
<i>Projection</i>	201901	20,176,427.99
<i>Projection</i>	201902	20,454,881.99
<i>Projection</i>	201903	20,734,955.81

- g. The Duke Energy Kentucky Deferred Gas Integrity Costs in account 0182715 reflect the costs incurred related to gas main pressure testing that was necessary in order to maintain Duke Energy Kentucky's natural gas pipeline systems' historic maximum allowed operating pressure

(“MAOP”) in accordance with Federal regulations. This regulatory asset was authorized by the Commission in Case No. 2016-00159 and no recovery mechanism is currently in place. These costs have been excluded from electric capitalization via the rate base ratio calculation that allocates total Company capitalization between electric and gas (See WPA-1c and WPA-1d).

- h. Duke Energy Kentucky does not have any subsidiary entities. Duke Energy has used account 0216100, Unappr Undistr Subsid Earnings, to reflect the transfer of prior years’ income and dividends, if applicable, to retained earnings for fiscal years ended 2014 and 2016. In 2015, the transfer is reflected in account 0216000, Unapprop Retained Earnings. The sum of the balances in these account represents the amount of Retained Earnings that is applicable to Duke Energy Kentucky and thus should be included in the capitalization for retail ratemaking purposes.

PERSON RESPONSIBLE:

- a. Sarah E. Lawler / David L. Doss Jr.
- b. Robert H. Pratt / David L. Doss Jr. / Sarah E. Lawler
- c. David L. Doss Jr.
- d. Robert H. Pratt / David L. Doss Jr. / Sarah E. Lawler
- e. Cynthia S. Lee / Sarah E. Lawler
- f. Cynthia S. Lee
- g. David L. Doss Jr. / Sarah E. Lawler
- h. David L. Doss Jr.

Duke Energy Kentucky
Case No. 2017-00321
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Date Received: November 29, 2017

AG-DR-02-005

REQUEST:

Provide the general business credit for increasing research activities actually reflected on the standalone DEK federal income tax returns for each year 2012 through 2016, forecasted for 2017, 2018, and 2019, forecast for the test year, all on a total Company, electric, and gas basis, and provide the credit reflected in the calculation of income tax expense in the test year revenue requirement. If the Company did not or does not budget and/or forecast this credit, then so state and explain why it does not do so.

RESPONSE:

See AG-DR-02-005 Attachment being uploaded electronically and a copy provided on CD.

PERSON RESPONSIBLE: Lisa Bellucci

AG-DR-02-005 Attachment

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Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

AG-DR-02-006

REQUEST:

Provide the EEI expense by FERC account for each year 2012 through 2016, forecasted for 2017, 2018, and 2019 and forecasted for the test year. Provide the expense for each period allocated to lobbying and other advocacy activities. In addition, provide the EEI expense and amount allocated to lobbying and other advocacy activities included in the test year revenue requirement. For all expenses other than lobbying and advocacy activities, please identify specific expenses in the test year and describe how the expense benefits regulated ratepayers.

RESPONSE:

See AG-DR-02-006 Attachment for historical and forecasted EEI expense, being uploaded electronically and a copy provided on CD.

Duke Energy Kentucky's electric customers benefit from the Company's membership in The Edison Electric Institute (EEI) because the organization provides a forum for the sharing of ideas and best practices within the electric utility industry on topics including, but not limited to:

- Improving reliability of service
- Developing more cost-effective and efficient ways to use and conserve energy
- Protecting critical infrastructure/physical security of the grid, including from cyber attacks
- New technologies to help utilities meet the increased demands of our digital society and to communicate more effectively with customers

- System hardening and resiliency measures to accelerate recovery from storm related outages or other potential incidents
- Clean energy and infrastructure projects, and game-changing technologies that customers want
- Establishing and implementing an effective system whereby member companies may receive and provide assistance in the form of personnel and equipment to aid in restoring and/or maintaining electric utility service when such service has been disrupted

In addition, it is important to note that the FERC appears to recognize the value to customers of a utility's participation in industry associations, as evidenced by FERC's instructions to charge industry association dues to FERC Account 930.2, an above-the-line utility operating expense account, rather than to a below-the-line non-operating expense account.

PERSON RESPONSIBLE: David L. Doss Jr.
Sarah E. Lawler
Robert H. Pratt

AG-DR-02-006 Attachment

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Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

AG-DR-02-007

REQUEST:

Provide the EPRI expense by FERC account for each year 2012 through 2016, forecasted for 2017, 2018, and 2019 and forecasted for the test year. Provide the expense for each period allocated to lobbying and other advocacy activities. In addition, provide the EEI expense and amount allocated to lobbying and other advocacy activities included in the test year revenue requirement. For all expenses other than lobbying and advocacy activities, please identify specific expenses in the test year and describe how the expense benefits regulated ratepayers.

RESPONSE:

See AG-DR-02-007 Attachment for historical and forecasted EPRI expense; being uploaded electronically and provided on CD.

Duke Energy Kentucky's electric customers benefit from the Company's membership in The Electric Power Research Institute (EPRI) because it is an industry association that provides the Company with valuable insight into the best ideas, practices and solutions from across the industry related to providing electric service to its customers. Duke Energy Kentucky's electric customers benefit from the Company's membership in EPRI because the organization provides a forum for the sharing of ideas and best practices within the electric utility industry on topics including, but not limited to:

- Research and development focusing on electricity generation, delivery, and use in collaboration with the electricity sector, its stakeholders and others to enhance the

quality of life by making electric power safe, reliable, affordable, and environmentally responsible

- Thought leadership, industry expertise, and collaborative value to help the electricity sector identify issues, technology gaps, and broader needs that can be addressed through effective research and development programs for the benefit of society
- EPRI members help inform the development of EPRI's annual research portfolio, identify critical and emerging electricity industry issues, and support the application and technology transfer of EPRI's research and development.
- EPRI's research provides tools, technology, analysis, and guidance for environmentally sound planning and safe operation of existing generation, transmission, and distribution utility assets
- EPRI's Generation sector provides information, processes and technologies to improve the flexibility, reliability, performance, and efficiency of the generating fleet
- EPRI's Power Delivery & Utilization Transmission, Distribution, and Substations sector focuses on technology and research to enhance the safety, reliability, and resiliency of bulk power and distribution system infrastructure with new tools, technologies, and approaches

In addition, it is important to note that the FERC appears to recognize the value to customers of a utility's participation in industry associations, as evidenced by FERC's instructions to charge industry association dues to FERC Account 930.2, an above-the-line utility operating expense account, rather than to a below-the-line non-operating expense account.

PERSON RESPONSIBLE: David L. Doss Jr.
Sarah E. Lawler
Robert H. Pratt

AG-DR-02-007 Attachment

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Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

AG-DR-02-008

REQUEST:

Provide the interest income by FERC account for each month from January 2012 through the most recent month in 2017 for which actual information is available, and each month forecasted for the remainder of 2017, 2018, and through March 2019 on a total Company basis and allocated to electric. Provide the calculation of the interest income included in the calculation of the test year revenue requirement, if any, including all electronic spreadsheets in live format and with all formulas intact, and identify the schedule, workpapers, and line items where this income is included.

RESPONSE:

See Attachment AG-DR-02-008 for actual information for January 2012 through October 2017; being uploaded electronically and provided on CD.

Forecasted amounts for November 2017 through March 2019 are as follows, in thousands of dollars:

<u>Total Company</u>		<u>Electric</u>	
Nov-17	53	Nov-17	44
Dec-17	74	Dec-17	67
Jan-18	98	Jan-18	89
Feb-18	113	Feb-18	102
Mar-18	99	Mar-18	83

Apr-18	76		Apr-18	57
May-18	57		May-18	38
Jun-18	55		Jun-18	39
Jul-18	67		Jul-18	57
Aug-18	80		Aug-18	75
Sep-18	76		Sep-18	75
Oct-18	58		Oct-18	40
Nov-18	68		Nov-18	34
Dec-18	76		Dec-18	44
Jan-19	94		Jan-19	51
Feb-19	110		Feb-19	62
Mar-19	93		Mar-19	37

Interest income is not included in the calculation of the test year revenue requirement.

PERSON RESPONSIBLE: David L. Doss Jr.
Sarah E. Lawler

AG-DR-02-008 Attachment

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Duke Energy Kentucky
Case No. 2017-00321
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Date Received: November 29, 2017

AG-DR-02-009

REQUEST:

Provide separately the monthly average daily balance of cash and short-term investments (by type of investment) for each month from January 2012 through the most recent month in 2017 for which actual information is available, and each month forecasted for the remainder of 2017, calendar year 2018, and through March 2019 on a total Company basis and allocated to electric.

RESPONSE:

See AG-DR-02-009 Attachment being uploaded electronically and a copy provided on CD.

Generally speaking, when Duke Energy Kentucky has cash balances, it lends these funds into the Duke Energy Utility Moneypool. Only in certain circumstances when the utility moneypool is in a large cash surplus position does Duke Energy Kentucky invest in alternative short-term investments, such as government or Treasury money funds. This surplus situation occurred for one day in November 2017 during the period requested. At the end of November 2017, Duke Energy Kentucky was a lender into the moneypool and we expect Duke Energy Kentucky to transition from a lender into the moneypool to a borrower from the moneypool by February 2018. We expect to issue long-term debt at Duke Energy Kentucky by September 2018, which will position the utility back into a moneypool lender position.

PERSON RESPONSIBLE: John L. Sullivan

AG-DR-02-009 Attachment

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Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

AG-DR-02-010

REQUEST:

Indicate whether the Company receives rental income on MF common facilities. If so, provide the rental income by FERC account for each year 2012 through 2016, forecasted for 2017, 2018, and 2019, forecast for the test year, and the amount included in the calculation of the test year revenue requirement, if any. Provide the calculation of and all other support for the amount included in the calculation of the test year revenue requirement, if any, including all electronic spreadsheets in live format and with all formulas intact, and identify the schedule, workpapers, and line items where this income is included.

RESPONSE:

Duke Energy Kentucky does not receive rental income from Miami Fort common facilities.

PERSON RESPONSIBLE: David L. Doss Jr.
Beau Pratt

Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

AG-DR-02-011

REQUEST:

Refer to the "BP Rev by Product" and the "FP Rev by Product" worksheet tabs in the Excel filing schedules provided in response to Staff 1-71.

- a. Explain why the Company shows no revenues in the base period forecast months and no revenues in the forecast period months for account 456025 even though there were actual revenues in every month of the base period actual months.
- b. Provide the actual revenues recorded in account 456025 for each month January 2012 through the most recent month for which actual amounts are available.
- c. Explain why the Company shows no revenue in the base period forecast months and no revenues in the forecast period months for account 453625 even though there were actual revenue in the first four base period actual months.
- d. Provide the actual revenues recorded in account 453625 for each month January 2012 through the most recent month for which actual amounts are available.
- e. Explain why the Company shows no revenues in the base period forecast months and no revenues in the forecast period months for account 457105

even though there were actual revenues in several of the base period actual months.

- f. Provide the actual revenues recorded in account 457105 for each month January 2012 through the most recent month for which actual amounts are available.
- g. Explain why the Company shows no revenues in the base period forecast months and no revenues in the forecast period months for account 457204 even though there were actual revenues in every month of the base period actual months.
- h. Provide the actual revenues recorded in account 457204 for each month January 2012 through the most recent month for which actual amounts are available.

RESPONSE:

- a. The actual amounts recorded in Account 456025 are related to PJM billing line items 2370, Day-ahead Operating Reserve Credit, and 2375, Balancing Operating Reserve. These billing line items are to ensure that generation owners are fully compensated by PJM for their daily offer amounts. For budgeting purposes the Company assumes that the day-ahead and real-time offers are the same.
- b. See AG-DR-02-011 Attachment being uploaded electronically and a copy provided on CD.

- c. The company does not budget all individual miscellaneous revenue accounts but instead attempts to ensure that miscellaneous revenues trend properly in total.
- d. See AG-DR-02-011 Attachment being uploaded electronically and a copy provided on CD.
- e. The company does not budget all individual miscellaneous revenue accounts but instead attempts to ensure that miscellaneous revenues trend properly in total.
- f. See AG-DR-02-011 Attachment being uploaded electronically and a copy provided on CD.
- g. There were no amounts in the forecasted months of the base period due to an oversight during the 2017 budgeting process. The forecasted period did contain budgeted amounts for Account 457204.
- h. See AG-DR-02-011 Attachment being uploaded electronically and a copy provided on CD.

PERSON RESPONSIBLE: David L. Doss / Beau Pratt

AG-DR-02-011 Attachment

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Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

AG-DR-02-012

REQUEST:

Refer to the response to AG 1-4.

- a. Indicate whether the average loss percentages in the table are stated as percentages or as decimals. For example, in 2011, the loss percentage is stated as .039. Indicate whether this is 3.9% or .039%.
- b. Provide a table showing the average loss percentages for each month in calendar years 2012 through 2016, each month for which actual information is available in 2017, each month in the base year, and each month in the test year. Provide all support for the average loss percentages used for the test year. In addition, provide the effect of the loss factor on base revenues under present rates and non-fuel operating expense in the test year, along with all support for your calculations.

RESPONSE:

- a. The response of 0.039 was meant to indicate 3.9%.
- b. For all forecast months, a line loss % of 4.3575% is added to all energy forecast. A chart of monthly historical data is included herewith. A negative percentage is sometimes possible because of estimation procedures for the change in unbilled energy balance.

Actual Line Loss %'s							
	2011	2012	2013	2014	2015	2016	2017
1	4.1%	-0.4%	6.0%	7.1%	5.4%	0.2%	5.4%
2	0.0%	0.1%	2.9%	7.0%	6.1%	-2.6%	3.3%
3	3.8%	-10.3%	3.2%	11.7%	5.5%	5.5%	8.4%
4	5.4%	2.5%	-4.0%	6.5%	0.5%	11.1%	5.6%
5	5.9%	-5.8%	4.1%	11.8%	2.9%	10.1%	8.0%
6	2.1%	2.2%	10.6%	9.2%	0.8%	9.3%	11.3%
7	7.5%	10.4%	3.4%	3.4%	5.7%	7.1%	7.7%
8	2.7%	12.6%	9.8%	16.3%	4.9%	10.7%	9.8%
9	3.2%	-1.9%	-2.9%	3.9%	-1.4%	1.1%	2.3%
10	3.0%	2.8%	-10.7%	5.7%	-0.2%	5.8%	3.6%
11	6.3%	-4.4%	3.2%	8.9%	5.2%	4.5%	
12	3.0%	1.0%	6.8%	4.9%	-6.4%	5.5%	

Base revenue in the forecasted test period is not impacted by the loss factor because base revenue is dependent on metered usage rather than the level of generation that is required to supply the used kWh.

PERSON RESPONSIBLE: Benjamin Passty
William Don Wathen Jr. (base revenue)

Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

PUBLIC AG-DR-02-013

REQUEST:

Refer to the response to AG 1-27(d).

- a. Provide the journal entries in October 2016 and December 2016 to adjust gross plant and accumulated depreciation. Provide an explanation for each journal entry that includes, but is not limited to, the nature of the costs or adjustments charged against these accounts.
- b. Provide a copy of all documents addressing the decision to retire in place or dismantle, including the results of all economic, financial, and ratemaking analyses.
- c. Provide a copy of all documents in DEK or any other affiliate's possession that address Dynegy's plans and costs to dismantle and restore the MF site, including, but not limited to, both MF5 and MF6 facilities. If none, explain why there are none.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET
(As to Attachments (b)1 & 2 Only)

- a. See AG-DR-013(a) Attachment for the journal entries and explanations for each entry in October and December 2016, being uploaded electronically and a copy provided on CD.

b. Objection. This request is overbroad and unduly burdensome with respect to the use of the term “addressing” and seeks information that is irrelevant to the pending proceeding. Objecting further, this request seeks information that has already been provided in this proceeding or is publicly available to the Attorney General through the Commission’s website. The need and decision to retire Miami Fort Unit 6 (MF6) was addressed by the Commission in Case No. 2014-00201 of which the Attorney General was a party. Without waiving said objection and to the extent discoverable, please see AG-DR-02-013(b) Confidential Attachments 1 and 2, which are being filed under seal. See also, the Direct Testimony of Jeffrey Kopp and accompanying attachments filed in this case. The approach of retiring the unit in place until all units are offline, then performing full demolition is a reasonable and typical approach taken by many utilities. The reason for this approach is that doing selective demolition on a single unit with adjacent operating units is a very different demolition methodology than the methodologies used when demolishing a full site using explosives, toppling equipment and cutting it up on the ground. Therefore, selective demolition is significantly more expensive.

See also the Direct Testimony of William Don Wathen Jr., Steven Immel and Michael Geers in Case No. 2014-00201 which discuss the need to retire Miami Fort Unit 6 due to the costs of compliance with the Mercury Air Toxics Standard (MATS) and the availability of a replacement resource through acquisition of the remaining portion of East

Bend from the Dayton Power & Light Company. Mr. Wathen's testimony discussed the estimated O&M and Fuel cost comparisons that were considered at the time of the MF6 retirement decision. Mr. Immell discussed the estimated avoided costs of bringing MF6 into MATS compliance that were evaluated at the time the decision was made to pursue a retirement/replacement strategy for MF6. Mr. Geers discussed the various environmental compliance factors that were driving the Company's decision to retire/replace MF6. The need to retire MF6 in place was discussed in Case No. 2014-00201 and included in discovery responses. See e.g. Response to STAFF-DR-01-008 and STAFF-DR-02-005 further explaining why the proximity to Miami Fort units 7 and 8 limit the Company's ability to fully dismantle MF6 all at once. See also, the Commission's Order in Case No. 2014-00201, conditioning its approval of the Company's purchase of DP&L's share of East Bend upon the retirement of MF6.

- c. Objection, overbroad and unduly burdensome. This request seeks information that is not in the possession Duke Energy Kentucky. Duke Energy Corporation no longer owns any other facilities located at the Miami Fort Station, outside of MF6. The other Miami Fort Station units that were previously owned by Duke Energy Corporation were non-regulated merchant generators that were owned by Duke Energy Commercial Asset Management (DE-CAM). Duke Energy Kentucky, a regulated entity did not have access to that non-regulated information.

Moreover, with the completion of the sale of all of its non-regulated Midwest generating assets, including Miami Fort Station LLC, to Dynegy in 2015, Duke Energy Corp no longer has access to any Miami Fort Station plant information other than for MF6.

PERSON RESPONSIBLE: As to objections (b) and (d): Legal
As to response: Cynthia S. Lee

AG-DR-02-013(a) Attachment

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AG-DR-02-013(b)1

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**ATTACHMENT IS BEING
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PETITION FOR
CONFIDENTIAL
TREATMENT**

AG-DR-02-013(b)2

CONFIDENTIAL

**ATTACHMENT IS BEING
FILED UNDER SEAL OF A
PETITION FOR
CONFIDENTIAL
TREATMENT**

REQUEST:

Refer to the response to AG 1-31.

- a. Provide a copy of all agreements between Dynegy and Duke Energy Kentucky or any affiliate of DEK that address the operation, maintenance, dismantling and/or other ongoing assets, liabilities and costs associated with DEK's ownership of MF 6.
- b. Confirm that Dynegy, or a contractor engaged by Dynegy, will dismantle MF 6 and remediate the MF site, not DEK, and that DEK will reimburse Dynegy for the costs it incurs on behalf of DEK.

RESPONSE:

- a. Please see AG-DR-02-14(a) Attachment for the Miami Fort Operating Agreement.
- b. Per the Miami Fort Operating Agreement, Dynegy will perform any and all maintenance activities, including demolition, in accordance with the work plan established by Duke Energy Kentucky. Duke Energy Kentucky will reimburse Dynegy for all costs incurred.

PERSON RESPONSIBLE: Joseph A. Miller Jr.

**AMENDED AND RESTATED
MIAMI FORT UNIT 6 OPERATION AGREEMENT**

between

DUKE ENERGY MIAMI FORT, LLC

and

DUKE ENERGY KENTUCKY, INC.

Dated as of

March 31, 2015

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**AMENDED AND RESTATED
MIAMI FORT UNIT 6 OPERATION AGREEMENT**

This AMENDED AND RESTATED MIAMI FORT UNIT 6 OPERATION AGREEMENT, dated as of March 31, 2015 (the “Effective Date”) is entered by and between DUKE ENERGY MIAMI FORT, LLC, a Delaware limited liability company (“Operator”) and DUKE ENERGY KENTUCKY, INC., a Kentucky corporation (“Owner”).

RECITALS

1. Owner owns the Facility (this and other capitalized terms are defined in Article II).
2. On January 25, 2006, Operator (as successor by assignment to The Cincinnati Gas & Electric Company) and Owner (f/k/a The Union Light, Heat and Power Company) entered into that certain Miami Fort Unit 6 Operation Agreement (the “Original Agreement”) pursuant to which Operator was retained to provide certain services relating to the Facility.
3. Operator and Owner desire to amend and restate the Original Agreement to reflect the terms and conditions herein.

NOW, THEREFORE, in consideration of the foregoing premises, and of the mutual covenants, undertakings and conditions set forth below, the Parties agree to amend and restate the Original Agreement in its entirety as follows:

ARTICLE I - AGREEMENT

1.1. Agreement. This Agreement consists of the recitals, and the terms and conditions set forth in this Agreement, as well as the appendices that are referenced in the table of contents and attached to this Agreement. The recitals, appendices and terms and conditions must be read together to obtain a full understanding of the intent of the Parties.

1.2. Relationship of the Parties. Owner is retaining Operator as an independent contractor to provide the Services set forth in this Agreement at the Facility in support of Owner’s operation of the Facility. Subject to any limitations expressly set forth in this Agreement, as between Owner and Operator, Owner delegates to Operator, and Operator accepts from Owner, the responsibility of providing those Services at the Facility. Owner and Operator agree that the scope of delegation is strictly limited to the matters set forth in this Agreement. Without limiting the generality of the foregoing, Owner retains the ultimate authority and obligation to determine whether and to what extent the Facility operates, and Operator shall never cause the Facility to generate power except as expressly directed to do so by Owner or any dispatching authority specified by Owner.

1.3. Entire Agreement. This Agreement contains the entire agreement between the Parties with respect to Operator’s provision of Services at the Facility and supersedes all prior negotiations, undertakings and agreements, including the Original Agreement. Neither Party will be bound by or deemed to have made any representations, warranties, commitments or undertakings, except as expressly stated in this Agreement.

ARTICLE II - DEFINITIONS

For all purposes of this Agreement (including the preceding sections and recitals), unless otherwise required by the context in which any defined term appears, capitalized terms have the meanings specified in this Article II. The singular includes the plural, as the context requires. The terms “includes” and “including” mean “including, but not limited to.” The terms “ensure” and “reasonable efforts” will not be construed as a guarantee, but will imply only a duty to use reasonable effort and care, consistent with Prudent Operation and Maintenance Practices, and will include reasonable expenditures of money and at least such efforts as Operator would undertake for its own assets, services or maintenance, or for services provided to an Affiliate. “Gross negligence” will not be construed as simple or ordinary negligence, it being the intent of the Parties to preserve a distinction between errors made inadvertently while attempting to perform with due care and actions taken with a knowing disregard for a foreseeable risk. “Day” (regardless of capitalization) shall mean a calendar day, unless specifically designated as a Business Day. “Month” (regardless of capitalization) shall mean a calendar month. References to articles, sections and appendices mean the articles and sections of, and appendices to, this Agreement, except where expressly stated otherwise.

“Affiliate” means, with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such first Person. The term “control” (including related terms such as “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“Agreement” means this Amended and Restated Miami Fort Unit 6 Operation Agreement, as the same may be modified or amended from time to time in accordance with its provisions.

“Applicable Law” means any United States federal, state or local laws, regulations, codes, judgments, orders, Permits or other Government Approvals as may be applicable to the Facility, Owner or Operator.

“Bankruptcy” means a situation in which (i) a Person files a voluntary petition in bankruptcy or is adjudicated as bankrupt or insolvent, or files any petition or answer or consent seeking any reorganization, arrangement, moratorium, composition, readjustment, liquidation, dissolution or similar relief for itself under the present or future applicable United States federal, state or other statute or law relative to bankruptcy, insolvency or other relief for debtors, or seeks or consents to or acquiesces in the appointment of any trustee, receiver, conservator or liquidator of such Person or of all or any substantial part of its properties (the term “acquiesce,” as used in this definition, includes the failure to file a petition or motion to vacate or discharge any order, judgment or decree within fifteen (15) days after entry of such order, judgment or decree); (ii) a court of competent jurisdiction enters an order, judgment or decree approving a petition filed against any Person seeking a reorganization, arrangement, moratorium, composition, readjustment, liquidation, dissolution or similar relief under the present or any future United States federal bankruptcy act, or any other present or future Applicable Law relating to bankruptcy, insolvency or other relief for debtors, and such Person acquiesces and such decree

remains unvacated and unstayed for an aggregate of sixty (60) days (whether or not consecutive) from the date of entry thereof, or a trustee, receiver, conservator or liquidator of such Person is appointed with the consent or acquiescence of such Person and such appointment remains unvacated and unstayed for an aggregate of sixty (60) days, whether or not consecutive; (iii) a Person admits in writing its inability to pay its debts as they mature; (iv) a Person gives notice, to any Governmental Authority of insolvency or pending insolvency, or suspension or pending suspension of operations; or (v) a Person makes a general assignment for the benefit of creditors or takes any other similar action for the protection or benefit of creditors (other than in the ordinary course of such party's business).

"Budget" means a budget adopted or amended pursuant to Section 5.3.

"Business Day" means any day other than (i) a Saturday or Sunday or (ii) a day on which banks in New York, New York or Cincinnati, Ohio are required or permitted to be closed.

"Claims" means any and all claims, assertions, demands, suits, investigations, inquiries, and proceedings, including those that are judicial, administrative or third-party.

"Confidential Information" has the meaning set forth in Section 12.1.

"Due Date" means, with respect to any Operator invoice, the date that is forty-five (45) days following the date on which Operator submits the invoice to Owner. If such date does not fall on a Business Day, then the Due Date shall be the first Business Day after such date.

"Effective Date" means the date set forth in the preamble to this Agreement.

"Emergency" has the meaning set forth in Section 3.9.

"Environmental Law" means any United States federal, state or local statute, rule, regulation, order, code, Permit, directive or ordinance and any binding judicial or administrative interpretation or requirement pertaining to (i) the regulation or protection of employee health or safety, public health or safety, or the indoor or outdoor environment; (ii) the conservation, management, development, control or use of land, natural resources, or wildlife; (iii) the protection or use of surface water or ground water; (iv) the management, manufacture, possession, presence, use, generation, treatment, storage, disposal, transportation, or handling of, or exposure to any Hazardous Material; or (v) pollution (including release of any hazardous substance to air, land, surface water and ground water), including the Comprehensive Environmental Response, Compensation, and Liability Act, as amended by the Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C. §§ 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. 1801 et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. §§ 6901 et seq.), the Toxic Substances Control Act (15 U.S.C. §§ 2601 et seq.), the Clean Water Act (33 U.S.C. §§ 7401 et seq.), the Clean Air Act, as amended (42 U.S.C. §§ 7401 et seq.), the Safe Drinking Water Act (42 U.S.C. §§ 300f et seq.), the Uranium Mill Tailings Radiation Control Act (42 U.S.C. §§ 7901 et seq.), the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. §§ 136 et seq.), all as now or hereafter amended or supplemented, and any regulations promulgated thereunder, and any other similar federal, state, or local statutes, rules and regulations.

“Environmental Liability” has the meaning set forth in Section 10.3.1.

“Escalation Factor” has the meaning set forth in Appendix B.

“Executive Settlement” has the meaning set forth in Section 14.7.3.

“Extraordinary Item” means any purchase order issued by Operator on behalf of Owner in an amount greater than two hundred fifty thousand dollars (\$250,000) or, if an annual blanket purchase order, that Operator reasonably anticipates will exceed five hundred thousand dollars (\$500,000) during a Year.

“Facility” means the approximately 168 MW coal-fired steam electric generating unit known as Unit 6 located in Miami Fort Station, Hamilton County, Ohio, and includes all electrical or thermal devices, and related structures and connections that are located at the Site and used for the production of power for the benefit of Owner, including common facilities used in connection with any other electric generating unit located at the Miami Fort Station.

“Facility Agreements” means this Agreement, all applicable interconnection agreements, transmission service agreements, fuel supply agreements and power sales agreements, coal ash and other combustion byproduct disposal or sales agreements, all applicable equipment maintenance agreements in effect or entered into from time to time by Owner or its Affiliates relating to the Facility, all equipment contracts with regard to warranties and equipment design and specifications, all portions of the Financing Agreements relevant to this Agreement, and any other agreement reasonably designated by Owner as a “Facility Agreement.”

“Facility Equipment” has the meaning set forth in Section 13.1.

“Facility Personnel” means those individuals who are employed by Operator at the Site or the Miami Fort Station in the performance of its obligations under this Agreement.

“Fee” means, as applicable, the sum of (i) Two Hundred Fifty Thousand Dollars (\$250,000) per Year during the Operational Services Period or (ii) One Hundred Thousand Dollars (\$100,000) per Year during the Retirement Period.

“Financing Agreements” means any and all loan agreements, notes, bonds, indentures, security agreements, registration or disclosure statements, subordination agreements, mortgages, deeds of trust, participation agreements and other documents relating to the interim or long-term financing for the ownership, operation and maintenance of the Facility and any refinancing thereof (including a lease pursuant to which Owner or one of its Affiliates is the lessee of the Facility) provided by the Lenders, including any and all modifications, supplements, extensions, renewals and replacements of any such financing or refinancing.

“Force Majeure Event” has the meaning set forth in Section 14.6.1.

“General Manager” has the meaning set forth in Section 5.2.

“Governmental Approval” means any consent, license, approval, exemption, Permit, “no objection certificate” or other authorization of whatever nature that is required to be granted by

any Governmental Authority or any third party with respect to the siting, construction, operation, service, and maintenance of the Facility in accordance with this Agreement, or otherwise necessary to enable Owner or Operator to exercise its rights, or observe or perform its obligations, under this Agreement.

“Governmental Authority” means any United States federal, state, local or foreign governmental department, commission, board, bureau, authority, agency, court, instrumentality or judicial or regulatory body or entity.

“Hazardous Materials” means (a) any petroleum or petroleum products, radioactive materials, asbestos in any form that is or could become friable, urea formaldehyde foam insulation, and transformers or other equipment that contain dielectric fluid containing polychlorinated biphenyl’s (“PCBs”); (b) any chemicals, materials or substances that are now or hereafter become defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” “extremely hazardous wastes,” “restricted hazardous wastes,” “toxic substances,” “toxic pollutants,” “pollution,” “pollutants,” “regulated substances,” or words of similar import under Applicable Law; or (c) any other chemical, material, substance or waste declared to be hazardous, toxic or polluting material by any Governmental Authority, exposure to which is now or hereafter prohibited, limited or regulated by any Governmental Authority.

“Initial Negotiation Period” has the meaning set forth in Section 14.7.2.

“Initial Term End Date” has the meaning set forth in Section 8.1.

“KPSC” has the meaning set forth in Section 5.7.

“Late Payment Rate” means a rate of interest per annum equal to the lesser of (i) one percent (1.0%) above the “prime” reference rate of interest quoted to substantial commercial borrowers on ninety (90) day loans by Wells Fargo Bank or (ii) the maximum rate of interest permitted by Applicable Law.

“Lender” means any entity or entities providing financing or refinancing under the Financing Agreements in connection with construction or permanent financing for the Facility, and their permitted successors and assigns.

“Liabilities” means, collectively, any and all Claims, damages, judgments, losses, obligations, liabilities, actions and causes of action, fees (including reasonable attorneys fees and disbursements), costs (including court costs), expenses, penalties, fines and sanctions.

“Manuals” means Facility equipment manuals, system descriptions, system operating instructions, equipment maintenance instructions and pertinent design documentation created by the Persons that constructed the Facility or manufactured its equipment, and the operation and maintenance procedures and Facility systems descriptions, training, safety, chemistry and environmental manuals, together with the documents and schedules described in such manuals.

“NERC” means the North American Electric Reliability Corporation.

“Operator” means Duke Energy Miami Fort, LLC and includes Operator’s successors and permitted assigns hereunder.

“Operator Indemnitees” has the meaning set forth in Section 10.2.

“Operator Proprietary Information” has the meaning set forth in Section 13.3.

“Operator’s Executive” has the meaning set forth in Section 14.7.2.

“Operating Costs” has the meaning set forth in Section 7.3.1.

“Operational Period” means the period during the Term starting on the Effective Date and ending with the Retirement Date.

“Operational Period Services” means those Services to be performed by Operator during the Operational Period, including those set forth on Appendix A as “Operational Period Services.”

“Original Agreement” has the meaning set forth in the recitals to this Agreement.

“Owner” means Duke Energy Kentucky, Inc. and includes Owner’s successors and permitted assigns hereunder.

“Owner Indemnitees” has the meaning set forth in Section 10.1.

“Owner’s Executive” has the meaning set forth in Section 14.7.2.

“Party” means a party to this Agreement and “Parties” means, collectively, both parties to this Agreement, unless the context clearly requires a different construction.

“Permit” means any permit, license, consent, approval or certificate that is required for the operation or maintenance of the Facility or the performance of any Service and includes Permits required under Environmental Laws.

“Person” means any Party, individual, partnership, corporation, association, limited liability company, business trust, government or political subdivision thereof, governmental agency or other entity.

“Plan” means a plan adopted or amended pursuant to Section 5.3.

“Plant Manager” means the production/plant manager for the Facility selected in accordance with Section 3.7.

“Preliminary Settlement” has the meaning set forth in Section 14.7.2.

“Project Manager” means the individual appointed in accordance with Section 5.1.

“Prudent Operation and Maintenance Practices” means those practices, methods and acts generally employed in the power generation industry that at the particular time in question, in the

exercise of reasonable judgment in light of the facts known at the time the decision in question was being made, would have been expected to accomplish the desired result of such decision consistent with the goals established in a Budget and Plan, and the requirements of Applicable Law, equipment manufacturer's recommendations, reliability, safety, environmental protection, economy and expedition. With respect to Operator, Prudent Operation and Maintenance Practices are not limited to the optimum practices, methods or acts to the exclusion of all others, but rather include a spectrum of possible practices, methods or acts commonly employed in the power generation industry, including taking reasonable actions to provide a sufficient number of Persons who are available and adequately trained to provide Services at the Facility, and timely perform preventive, routine, and non-routine maintenance and repairs, as exemplified and generally described in Appendix A, subject, in all cases, to the limitations on Operator's authority and duties as set forth in this Agreement.

"Reimbursable Costs" has the meaning set forth in Section 7.2.

"Retirement Date" has the meaning set forth in Section 3.2.

"Retirement Period" means the period during the Term starting on the Retirement Date and ending with the termination of this Agreement.

"Retirement Period Services" means those Services to be performed by Operator during the Retirement Period, including those set forth on Appendix A as "Retirement Period Services."

"Second Negotiation Period" has the meaning set forth in Section 14.7.3.

"Services" has the meaning set forth in Section 3.1.

"Site" means the land on which the Facility is situated.

"Standards of Performance" means the standards for Operator's performance of the Services set forth in Section 3.4.

"System Operator" means any Person supervising the collective transmission facilities of the power region in which the Facility is located that is charged with coordination of market transactions, system-wide transmission planning, and network reliability.

"Term" means the initial term together with any extensions.

"Termination Payment" has the meaning set forth in Section 8.4.

"Termination Transition Period" has the meaning set forth in Section 8.6.

"U.S. Dollars" or "Dollars" means United States Dollars, the lawful currency of the United States of America.

"Unit 7 & 8 Plant Manager" means, as of the date of determination, the individual that acts as the plant manager (or equivalent role) of the Unit 7 and Unit 8 electric generating units located at the Miami Fort Station.

“Year” means the calendar year. With respect to the Year in which the Effective Date occurs, a Year will be deemed to begin on the Effective Date and end on December 31st of such Year. If the Agreement terminates, the final Year will be deemed to end on the date that termination occurs.

ARTICLE III - RESPONSIBILITIES OF OPERATOR

3.1 Provision of Services. Operator shall operate and maintain the Facility and perform other duties as set forth in this Agreement (collectively, the “Services”). Without limiting the generality of the foregoing, the Services shall include the Operational Period Services and the Retirement Period Services.

3.2 Division of Services into Operational Period and Retirement Period. The Operational Period shall commence on the Effective Date and shall terminate upon the commencement of the Retirement Period. The Retirement Period shall commence upon the date of the permanent shutdown or retirement of the Facility which is anticipated to be May 31, 2015 and shall be communicated to Operator by at least 30 days’ prior written notice (the “Retirement Date”). Upon and after the Retirement Date, Operator shall perform the Retirement Period Services.

3.3 Procurement.

3.3.1 General. Operator shall sign purchase orders for goods and services to be delivered to the Facility in the name of Owner. Operator acknowledges that such purchase orders are for the exclusive benefit of Owner and the Facility. Operator shall endeavor to negotiate with vendors from standard terms and conditions, including reasonable warranties in favor of Owner.

3.3.2 Non-Budgeted Items. Unless approved by Owner in writing, Operator shall manage purchasing within the overall total spending approved in a Budget or as otherwise permitted under Section 5.3.2. Operator may make non-budgeted purchases that are not otherwise permitted under Section 5.3.2 without first receiving Owner approval only if, in Operator’s reasonable judgment, such purchases are required to address an Emergency.

3.3.3 Extraordinary Items. Notwithstanding that a purchase is contemplated by a Budget, Operator shall obtain Owner’s written approval prior to procurement of any Extraordinary Item. Owner may elect to directly procure Extraordinary Items.

3.3.4 Affiliate Contracts. If Operator intends to issue a purchase order to an Affiliate or specialty service division of Operator, Operator shall first disclose such relationship to Owner. Operator may issue such purchase orders only following Operator’s receipt of written approval from Owner.

3.4 Standards for Performance of the Services. Operator shall perform the Services in accordance with (i) the Manuals, (ii) the applicable Budget and Plan, (iii) Applicable Laws, (iv) Prudent Operation and Maintenance Practices, (v) insurer requirements delivered to Operator by Owner in writing, (vi) the requirements in the Facility Agreements and any Financing

Agreements and (vii) this Agreement. Subject to the other provisions of this Agreement, Operator will perform the Services and other obligations under this Agreement in a manner consistent with Owner's directions. The Parties acknowledge and agree that actions taken (or not taken) by Operator pursuant to Owner's direction shall be deemed to comply with the Standards of Performance, and Operator shall have no liability for acting or refraining to act in accordance with Owner's directions. The Parties further acknowledge that reference to the Facility Agreements is not intended to and does not make Operator a party to the Facility Agreements or to impose any obligations on Operator under the Facility Agreements. Operator will use all reasonable and practical efforts to maximize net profit, energy production and Facility efficiency, to optimize the useful life of the Facility, to utilize Operator's personnel in the performance of the Services and to minimize Facility downtime, Operating Costs and Reimbursable Costs.

3.5 Dispatch. Operator shall comply with any applicable dispatch instructions of the System Operator or Owner (or other Person identified by Owner in writing to Operator as being authorized to provide dispatch instructions). Operator will give Owner prompt notice of any inability to make deliveries of energy, capacity or ancillary services required and of Operator's plan to restore operation of the Facility and of any plan by the counterparty (where a Facility Agreement is involved) to do so (if Operator has been notified thereof). In case of any interruption, curtailment or reduction in (i) supplies of fuel or (ii) acceptance of energy, capacity or ancillary services by System Operator or in case of any other dispatch constraint imposed on the Facility, Operator shall promptly notify Owner and await further instructions from Owner. Upon removal of the constraint, Operator shall use its reasonable efforts to restore the availability of the Facility for dispatch.

3.6 Licenses and Permits. Operator shall review all Applicable Laws containing or establishing compliance requirements in connection with the operation and maintenance of the Facility and shall (i) assist Owner, at Owner's request, in securing and complying with, as appropriate, all necessary Permits (and renewals of the same), including without limitation those relating to air emissions, NERC reliability standards, boiler operation, water usage, septic system operation, wastewater discharge, chemical and other waste (including Hazardous Materials) storage and disposal, emissions testing, and safety, and (ii) initiate and maintain precautions and procedures necessary to comply with Applicable Laws, including without limitation those related to prevention of injury to persons or damage to property at the Facility. Operator shall obtain and maintain all Permits required by Applicable Law for its performances of the Services.

3.7 Personnel Matters. Except as set forth in this Agreement, Operator shall be solely responsible for determining the working hours, rates of compensation and all other matters relating to the employment of Operator's Facility Personnel and shall retain sole authority, control and responsibility with respect to its employment policy. Operator shall submit for Owner's approval the staffing requirements for the Facility. Without the consent of Owner, Operator may appoint the Unit 7 & 8 Plant Manager as the Plant Manager from time to time. If Operator intends to select an individual other than the Unit 7 & 8 Plant Manager as the Plant Manager, or if the Plant Manager ceases to be the Unit 7 & 8 Plant Manager, Operator shall promptly schedule an opportunity for Owner to meet with the proposed (or continuing) Plant Manager prior to that individual being appointed (or confirmed) as Plant Manager, and obtain Owner's written approval, which approval shall not be unreasonably delayed or denied and shall

be provided within fifteen (15) Business Days after Owner has met with such proposed (or continuing) Plant Manager or has waived its right in writing to so meet with such proposed (or continuing) Plant Manager or will provide written notification of why such Person should not be approved (or confirmed). If Owner does not respond within such period, Operator's selection for Plant Manager shall be deemed to have been automatically approved. If a continuing Plant Manager is not confirmed, or deemed to be confirmed, as required by this Section 3.7, Operator shall promptly remove such individual as Plant Manager and select a different individual to act as Plant Manager in accordance with this Section 3.7.

3.8 No Liens or Encumbrances. Operator will keep and maintain the Facility free and clear of all liens and encumbrances resulting from the personal debts and obligations of Operator or the failure by Operator to perform the Services.

3.9 Emergency Action. In the event of an emergency affecting the safety, health or protection of, or otherwise endangering, any persons or property located at or about the Facility (an "Emergency"), Operator shall take immediate action to prevent or mitigate any damage, injury or loss threatened by such Emergency, and shall notify Owner of such Emergency and Operator's response as soon as practical under the circumstances. To the extent Operator deems reasonable in response to an Emergency, Operator may procure goods and services as necessary to respond to an Emergency, the costs of which shall be Operating Costs.

ARTICLE IV - OBLIGATIONS, RIGHTS AND REPRESENTATIVES OF OWNER

4.1 General. Owner expressly reserves the exclusive authority to make, and shall make, such business and strategic decisions as it deems appropriate from time to time in reference to the operation and maintenance of the Facility. Upon request from Operator, Owner shall promptly furnish or cause to be furnished to Operator, at Owner's expense, the information, access, materials, instructions and other items described in this Article IV. All such items will be made available at such times and in such manner as may be reasonably required for the expeditious and orderly performance of the Services by Operator.

4.2 Information. Owner shall provide to Operator or make available at the Site all technical, operational and other Facility information in Owner's possession that supports Operator's performance of the Services, and Operator shall review all such materials and information. Subject to the Standards of Performance, Operator will be entitled to rely upon any information provided by Owner or any other party to the Facility Agreements in the performance of the Services, and Operator will be deemed to have knowledge of all such information provided by Owner.

4.3 Access to Facility. Owner shall provide Operator access to the Site, and to Owner's records and data at the Facility.

4.4 Instructions, Approvals. Owner shall provide or cause to be provided to Operator all instructions Operator is required to obtain in accordance with this Agreement. Owner shall not unreasonably withhold approvals required by this Agreement. Owner shall not direct Operator to take any action inconsistent with Applicable Law or otherwise adversely affecting the safety, health or protection of any persons or property located at or about the Facility.

ARTICLE V - REPRESENTATIVES, BUDGETS AND REPORTS

5.1 Representatives of Operator. Promptly after the Effective Date, Operator shall appoint a Project Manager who shall be authorized to represent Operator with Owner concerning Operator's performance of the Services. The Project Manager may be the same individual as the Plant Manager. Operator is bound by the written communications, directions, requests and decisions made by its Project Manager on its behalf. Operator shall notify Owner in writing upon the appointment of its Project Manager, and of any successors. The Project Manager has no authority to modify, amend or terminate this Agreement or, absent written notice by Operator to the contrary, to enter into any other agreement on behalf of Operator other than as provided herein. Owner shall have the right to request that Operator replace the Project Manager, and Operator will make commercially reasonable efforts to effect such replacement.

5.2 Representatives of Owner. Owner shall appoint an individual (the "General Manager") who shall be authorized and empowered to act for and on behalf of Owner on all matters concerning the operation of the Facility, the day-to-day administration of this Agreement and Owner's obligations hereunder. Owner shall notify Operator in writing upon the appointment of the General Manager, and of any successors. The General Manager has no authority to modify, amend or terminate this Agreement or, absent written notice by Owner to the contrary, to enter into any other agreement on behalf of Owner other than as provided herein.

5.3 Plans and Budgets.

5.3.1 Adoption.

5.3.1.2 Budgets. The initial Budget and Plan for the first Year following the Effective Date is attached as Appendix C hereto. One hundred fifty (150) days prior to the beginning of each subsequent Year, Owner and Operator shall use reasonable efforts to agree on the key assumptions for such Year that Operator shall use to construct the proposed Budget and Plan with respect to the Services. The key assumptions are Operating Costs, an inflation factor for Operating Costs and, during the Operational Period, fuel costs and the Facility operating profile (Facility capacity factor and production schedule). Operator shall structure each Budget on a monthly basis and shall project, in detail reasonably acceptable to Owner, all Operating Costs and Reimbursable Costs to be expended in the performance of the Services. Each Plan shall state the key assumptions upon which the related Budget is based as well as the implementation plans for the Services, including: (i) anticipated maintenance and repairs, (ii) routine maintenance and overhaul schedules (including planned major maintenance), (iii) plant retirement costs and activities, (iv) procurement, (v) staffing, personnel and labor activities, (vi) administrative activities, (vii) capital improvements, and (viii) other work proposed to be undertaken by Operator. Operator shall deliver to Owner the proposed Budget and Plan ninety (90) days prior to each Year. Owner shall review each proposed Budget and Plan within thirty (30) days of submission by Operator (or as soon as possible with respect to the Budget for the initial Year and may, by written request, require changes, additions, deletions and modifications thereto. Owner and Operator shall then use reasonable efforts to agree upon a final Budget and Plan prior to the commencement of the applicable Year. Each final Budget and Plan shall remain in effect throughout the applicable Year, subject to updating, revision and amendment proposed by either Party and consented to in writing by the other Party.

5.3.1.3 Amendments. If either Party becomes aware of facts or circumstances that it believes necessitate a change to a Budget or Plan, that Party shall immediately notify the other Party, specifying the impact upon the Budget and the reasons for the change. The Project Manager shall then discuss appropriate amendments to the Budget with the General Manager.

5.3.1.4 Failure to Agree. The Parties acknowledge that it is necessary that Owner retain ultimate authority with respect to expenses incurred for the Facility. Accordingly, Operator shall accept each Budget as finally determined by Owner. To the extent that Owner limits funds for Operating Costs and Reimbursable Costs, Operator is relieved from performance that would incur such costs. Operator shall deliver a written report to Owner that describes Operator's reasons for believing that each disputed expense is prudent.

5.3.2 Limitations on Variation from Budget. Except as otherwise permitted in response to an Emergency in accordance with Section 3.9, Operator will obtain Owner's approval (a) for any expenditures that exceed an approved budgeted line item expense or capital project by the greater of ten percent (10%) or one hundred thousand dollars (\$100,000), (b) for any unbudgeted expense or capital project greater than two hundred fifty thousand dollars (\$250,000), or (c) in the event that there is an opportunity to re-allocate approved budgeted line item expenses to a comparable unbudgeted or under-budgeted expense. In the event that cumulative budget overruns exceed five hundred thousand dollars (\$500,000) in any Operating Year, Operator will thereafter obtain Owner's approval for any expenditure greater than one hundred thousand dollars (\$100,000).

5.4 Availability of Operating Data and Records. Operator shall deliver Facility data recorded, prepared or maintained by Operator to Owner: (i) to assist Owner in complying with requirements of Governmental Authorities, Permits and Facility Agreements; or (ii) upon any request by Owner, in each case as soon as reasonably practicable but in any event within five (5) Business Days following such request.

5.5 Litigation and Permit Lapses. Upon obtaining actual knowledge, either Party shall submit prompt written notice to the other Party of the following, to the extent relating to the Facility or the Services: (i) any litigation, claims or actions filed by or with any Governmental Authority; (ii) any actual refusal to grant, renew or extend, or any action filed with respect to the granting, renewal or extension of, any Permit; (iii) all penalties or notices of violation issued by any Governmental Authority; (iv) any dispute with any Governmental Authority that may affect the Facility; and (v) with respect to the matters identified in items (i), (ii), (iii) or (iv), any threats of such matters, which matters may affect the Facility.

5.6 Other Information. Operator shall promptly submit to Owner any material information concerning new or significant aspects of the Facility operations and, upon Owner's request, shall promptly submit any other information concerning the Facility or the Services. Such information may include any information and certifications required by Lender with respect to the Services.

5.7 Records Maintenance and Retention. Operator shall maintain all records, reports, documents and data, including all data retrievable from an electronic data storage source, for the

Facility in accordance with Kentucky Public Service Commission (“KPSC”) regulation and Applicable Law and shall retain and preserve all such records, reports, documents and data created in connection with the operation and maintenance of the Facility, for a period of five (5) years (unless a longer period is required by KPSC regulation, Applicable Law or as otherwise directed by Owner) from the date of the creation of such record, report, document or data, provided that Operator shall notify Owner in writing at least thirty (30) days prior to the destruction or other disposition of any record, report, document or data. If Owner gives written notice to Operator prior to the expiration of the 30-day period, Operator will maintain custody of such material until such time as Owner notifies Operator to dispose of such material, provided that Owner shall make storage space available at the Facility for storage of all such materials. If Owner does not provide written notice to Operator prior to the expiration of the 30-day period, Operator may destroy or dispose of such material and shall provide Owner with a certificate confirming such destruction or disposition.

5.8 Reliability Standards. Operator shall maintain a record retention and document management system in accordance with regulations issued by NERC or its regional entities.

ARTICLE VI - LIMITATIONS ON AUTHORITY

6.1 Limitations on Authority. Operator has no authority to make policies or decisions with respect to the overall operation or maintenance of the Facility as a commercial enterprise. Owner shall determine all such matters. Notwithstanding any provision in this Agreement to the contrary, unless previously approved in a Budget and Plan or otherwise approved in writing by Owner, in connection with Operator’s provision of Services hereunder, Operator is prohibited from doing any of the following:

6.1.1 Dispose of Assets. Selling, leasing, pledging, mortgaging, encumbering, conveying, or making any license, exchange or other transfer or disposition of the Facility, the Site or any other property or assets of Owner, including any property or assets purchased by Operator, the cost of which is an Operating Cost or a Reimbursable Cost;

6.1.2 Make Expenditures. Making any expenditure or acquiring on an Operating Cost or a Reimbursable Cost basis any goods or services from third parties, except in conformity with a Budget or as otherwise permitted under Section 5.3.2 or as authorized by Owner’s General Manager; provided, however, that in the event of an Emergency, Operator, without approval from Owner, is authorized to take all reasonable actions to prevent or mitigate such threatened damage, injury or loss in accordance with Section 3.9;

6.1.3 Contract. Making, entering into, executing, amending, modifying, supplementing or giving or accepting any waivers under, any contract or agreement (including any labor or collective bargaining agreement) on behalf of or in the name of Owner or hold itself out as having the authority to do so or entering into or initiating any dispute resolution under any Facility Agreement, other than pursuant to Section 3.3;

6.1.4 Take Other Actions. Taking or agreeing to take any other action or actions that, individually or in the aggregate, materially varies from the applicable Budget (as modified by Section 5.3.2) and Plan; provided, however, that in the event of an Emergency,

Operator, without approval from Owner, is authorized to take all reasonable actions to prevent or mitigate such threatened damage, injury or loss in accordance with Section 3.9;

6.1.5 Act Regarding Lawsuits and Settlements. Settling, compromising, assigning, pledging, transferring, releasing or consenting to the compromise, assignment, pledge, transfer or release of, any claim, suit, debt, demand or judgment against or due by Owner or Operator, the cost of which, in the case of Operator, would be an Operating Cost or a Reimbursable Cost hereunder, or submitting any such claim, dispute or controversy to arbitration or judicial process, or stipulating in respect thereof to a judgment, or consent to the same; provided, however, that such prohibition shall not apply to, nor shall it be construed as a release or waiver of, any of Operator's rights or obligations pursuant to this Agreement or any other agreement between the Parties; or

6.1.6 Pursue Transactions. Engaging in any other transaction on behalf of Owner not permitted under this Agreement.

ARTICLE VII - COMPENSATION AND PAYMENT

7.1 General. Owner shall pay Operator, or fund, as applicable, in the manner and at the times specified in this Article 7, all Reimbursable Costs, Operating Costs and the Fee, all as further described below.

7.2 Reimbursable Costs. Subject to the applicable Budget and the limitations set forth elsewhere in this Agreement, Owner shall reimburse Operator for the following costs (the "Reimbursable Costs") incurred by Operator in performing the Services: (i) costs incurred in response to an Emergency; (ii) a reasonably allocable portion of the cost of the insurance maintained by Operator in accordance with Section 9.1; (iii) costs of third party advisors, consultants, attorneys, accountants and contractors retained and managed by Operator in support of, and reasonable allocable to, the Services; and (vi) any other cost designated by the Parties as a Reimbursable Cost pursuant to the terms of this Agreement. In no event shall Operator add any mark-up to the Reimbursable Costs.

7.3 Operating Costs.

7.3.1 Definition. Subject to the limitations on expenditures set forth elsewhere in this Agreement (including Section 5.3) and except for any Reimbursable Costs, Operator will be responsible for procuring and administering the payment by Owner pursuant to the procedure set forth in Section 7.3.2, without duplication, for Owner's actual costs (or allocated portion thereof as such costs may be ratably allocated among the owners of other generating units located at Miami Fort Station) incurred for the following items (the "Operating Costs"): (i) equipment, material, supplies and other consumables, spare parts, replacement components, tools, office equipment and supplies acquired for use at the Facility; (ii) third-party costs associated with special training of Facility Personnel and associated travel and living expenses; (iii) subject to the provisions of this Agreement, contractors providing work in support of the Services that cannot reasonably be performed by Facility Personnel; (iv) permit fees for Permits required to be held by Operator; (v) community relations and labor relations activities; and (vi) Operator's actual cost of Facility Personnel wages, salaries, overtime, employee bonus,

customary or required severance payments, unemployment insurance, long term disability insurance, short term disability payments, sick leave, payroll taxes imposed on wages and benefits, worker's compensation costs and holidays, vacations, group medical, dental and life insurance, defined contribution retirement plans and other employee benefits; (vii) costs incurred in response to an Emergency; and (viii) any other activity that Operator is required to perform under this Agreement for the benefit of the Facility or that is approved in a Budget pursuant to the terms of this Agreement. In no event shall Operator add any mark-up to the Operating Costs.

7.3.2 Funding and Payment Process. No later than the tenth (10th) Business Day of each calendar month (but in all cases consistent with any timing requirements under the Financing Agreements), Operator will deliver to Owner an invoice for estimated Operating Costs to be incurred under Section 7.3.1(vi) in the upcoming month; and (ii) a true up against actual Section 7.3.1(vi) Operating Costs incurred in the prior month. On a monthly basis, Operator shall forward to Owner third party invoices for all other Operating Costs, together with supporting documentation in form satisfactory to Owner; provided, that all such invoices shall have been reviewed and approved in accordance with Owner's disbursement policies and procedures as in effect from time to time and that such request and invoice are consistent with the Budget and Operator's responsibility for managing the Budget. Owner shall make payment to Operator for the invoice specified above prior to the end of the month in which such invoice is received.

7.4 Cost Audit. No payment made pursuant to the foregoing provisions shall be considered as approval or acceptance of Services performed under this Agreement, and Owner shall be entitled to conduct an audit and review of Operator's records with respect to all Reimbursable Costs and Operating Costs together with any supporting documentation for a period of three (3) years from and after the date of the audited payment. If, pursuant to such audit and review, it is agreed that any amount previously paid by Operator was not properly incurred as a Reimbursable Cost or Operating Cost, Operator shall credit such amount to Owner in a subsequent invoice.

7.5 Fee. Owner shall pay to Operator the Fee during the Term. The Fee shall be paid in monthly installments of one-twelfth (1/12) of such Fee. If the Term commences on a day other than the first day of a calendar month or the termination of the Agreement occurs on a day other than the last day of a calendar month, Operator shall prorate the Fee for such month to reflect the actual number of days in such month that Operator provided Services. Notwithstanding the foregoing, no Fee shall be due so long as Operator is an Affiliate of Owner.

7.6 Invoicing. On or before the tenth (10th) Business Day of each calendar month during the Term, Operator will submit invoices to Owner for (i) monthly installments of the Fee and (ii) Reimbursable Costs incurred during the preceding calendar month, supported by receipts and other appropriate documentation. Owner will make payment to Operator of the invoiced amount no later than the Due Date. Invoicing with respect to Operating Costs shall be as set forth in Section 7.3.2.

7.7 Late Payment. To the extent Owner or Operator fails to pay any amount required to be paid under this Agreement by the Due Date, the unpaid amount shall accrue interest each

day at the Late Payment Rate from the Due Date until such amount (plus accrued interest) is paid in full.

7.9 Escalation. The Fee will be escalated annually beginning on January 1 of the Year following the Effective Date by applying the Escalation Factor to each amount pursuant to the method set forth in Appendix B.

ARTICLE VIII - TERM

8.1 Term. The initial Term of this Agreement is from and including the Effective Date to and including December 31, 2024 (the "Initial Term End Date"). This Term shall extend in increments of one additional Year following the Initial Term End Date until a Party notifies the other Party of its intent not to extend the Term by written notice delivered at least ninety (90) days prior to the Initial Term End Date or the end of any subsequent Year during the extended Term. Notwithstanding the foregoing, this Agreement and the Term is subject to earlier termination pursuant to Sections 8.2 and 8.3.

8.2 Termination by Owner.

8.2.1 Termination for Convenience. Owner may terminate this Agreement without cause and for Owner's convenience at any time by giving thirty (30) days prior written notice of such termination to Operator. During the Operational Period, Operator may terminate this Agreement without cause and for Operator's convenience at any time by giving one hundred eighty (180) days prior written notice of such termination to Owner if the electric generating Unit 7 and Unit 8 located at the Miami Fort Station are permanently shutdown or retired and Operator will no longer be providing services similar to the Operational Period Services and the Retirement Period Services for such units.

8.2.2 Termination for Cause. Owner is permitted to terminate this Agreement if any of the following events occur: (i) Bankruptcy of Operator; (ii) payment default by Operator (other than a disputed payment) that Operator fails to cure within ten (10) days after Operator has received written notice of such default; (iii) default by Operator in performance of its obligations under this Agreement that has a material effect on the functioning of the Facility and that Operator has failed to cure or make substantial progress in the reasonable opinion of Owner towards curing within ninety (90) days of written notice of such failure; or (iv) for two (2) consecutive Years Operator incurs the maximum liability under Section 11.2.

8.3 Termination by Operator. Operator is permitted to terminate this Agreement if any of the following events occur: (i) payment default by Owner (other than a disputed payment) that is not cured within ten (10) days after the Due Date for any invoice; (ii) Bankruptcy of Owner; or (iii) default by Owner of any other obligation under this Agreement that has a material effect on Operator's ability to perform the Services and that Owner has failed to cure or make substantial progress in the reasonable opinion of Operator towards curing within ninety (90) days of written notice of such failure. In lieu of termination, Operator may suspend the Services or take such other action as it deems reasonable to mitigate its risks pending cure by Owner.

8.4 Termination Payment. As soon as practicable after all cost information is gathered following termination, Operator shall invoice Owner for Services rendered by Operator through the termination date, including all Reimbursable Costs and the Fee earned through the date of termination but not paid (collectively, the "Termination Payment"). Owner shall pay the invoice for the Termination Payment no later than the Due Date.

8.5 Transfer of Facility Custody. Upon expiration or termination of this Agreement, Operator shall leave at the Facility all documents and records, tools, supplies, spare parts, safety equipment, Manuals, and any other items furnished on an Operating Cost or a Reimbursable Cost basis, all of which shall remain the property of Owner without additional charge. Operator shall execute all documents and take all other reasonable steps as may be reasonably requested by Owner to assign to and vest in Owner all rights, benefits, interests and title in connection with any subcontracts Operator executed in its own name for the benefit of the Facility. Owner assumes all liabilities arising under such contracts once assigned.

8.6 Services Upon Termination. Upon notice of termination of this Agreement by either Operator or Owner, unless Owner has defaulted on any payment obligations under this Agreement, Owner has the right to specify a period of transition of no longer than ninety (90) days (the "Termination Transition Period") during which Operator shall: (i) continue to provide Services at the Facility in accordance with this Agreement; (ii) cooperate with Owner in planning and implementing a transition to any replacement provider of Services; and (iii) use its reasonable efforts to minimize disruption of Facility operations in connection with such activities. Owner shall use commercially reasonable efforts to consult with Operator in its selection of any replacement provider of Services to the extent Operator's other activities at the Miami Fort Station would be impacted by such selection. In addition, Owner shall compensate Operator in accordance with this Agreement during the Termination Transition Period. Operator shall permit the new service provider to hire or to contract with the Facility Personnel that the new service provider desires to retain at the Facility to extent such Facility Personnel are not required for Operator's other activities at the Miami Fort Station. To facilitate employee transfer, Operator will permit the new service provider to interview such Facility Personnel in a manner and at times that do not interfere with Operator's responsibility to perform the Services. If Operator or one of its Affiliates continues to own or operate the Miami Fort Station upon which the Facility resides, Operator shall, or shall cause its Affiliates to, reasonably cooperate to allow Owner or a successor operator to operate the Facility after the termination of this Agreement, including by granting access rights and executing other instruments as may be reasonably requested by Owner.

ARTICLE IX - INSURANCE

9.1 Operator Insurance Requirements. Commencing with the performance of the Services hereunder, and continuing until the termination of this Agreement, Operator (and any tier subcontractors) shall maintain or cause to be maintained occurrence form (if written on a claims made policy form, be maintained with a retroactive date that is prior to this Agreement effective date for a period of at least three (3) years following the last year in which such policy provides coverage under the terms of this Agreement) insurance policies as follows: (i) Workers' Compensation in accordance with the statutory requirements of the state in which the Services are performed and Employer's Liability Insurance of not less than \$1,000,000 each

accident/employee/disease; (ii) Commercial General Liability Insurance having a limit of at least \$1,000,000 per occurrence/\$2,000,000 in the aggregate for contractual liability, personal injury, bodily injury to or death of persons, and/or loss of use or damage to property, including but not limited to products and completed operations liability (which shall continue for at least three (3) years after completion), premises and operations liability and explosion, collapse, and underground hazard coverage; (iii) Commercial/Business Automobile Liability Insurance (including owned (if any), non-owned or hired autos) having a limit of at least \$1,000,000 each accident for bodily injury, death, property damage and contractual liability and no fellow employee exclusion; (iv) Umbrella/Excess Liability insurance with limits of at least \$24,000,000 per occurrence and follow form of the underlying Employer's Commercial General and Auto Liability insurance, and provide at least the same scope of coverages thereunder; and (v) if Operator will be handling environmentally regulated or hazardous materials, Pollution Legal Liability, including coverage for sudden/accidental occurrences for bodily injury, property damage, environmental damage, cleanup costs and defense with a minimum of \$1,000,000 per occurrence.

9.2 Form and Content. All insurance policies provided and maintained by Operator and each subcontractor shall: (i) be underwritten by insurers which are rated A.M. Best "A- VII" or higher; (ii) specifically include Owner and its directors, officers, employees, affiliates, subcontractors, and joint owners of any facilities as additional insureds, including for completed operations, with respect to Operator's acts, omissions, services, products or operations, whether in whole or in part, excluding, however, for Worker's Compensation/Employer's and Pollution Legal Liability insurance; (iii) be endorsed to provide, where permitted by law, waiver of any rights of subrogation against Owner and its directors, officers, employees, affiliates and subcontractors, and joint owners of any facilities; (iv) provide that such policies and additional insured provisions are primary with respect to the acts, omissions, services, products or operations of Operator or its subcontractors, whether in whole or in part, and without right of contribution from any other insurance, self-insurance or coverage available to Owner and its affiliates; (v) contain standard separation of insured and severability of interest provisions except with respect to the limits of the insurer's liability, (vi) not contain any provision that limits will not stack, pyramid or be in addition to any other limits provided by the insurer; and (vii) not have any cross liability exclusion, or any similar exclusion that excludes coverage for claims brought by additional insureds under the policy against another insured under the policy. Any deductibles or retentions shall be the sole responsibility of Operator and its subcontractors. Evidence of such coverage shall be provided via Operator's certificate of insurance furnished to Owner prior to the start of Services, upon any policy replacement or renewal and upon Owner's request. If there is a claim naming the Owner for any Services related to this Agreement, Operator or its subcontractors will provide a copy of any or all of its required insurance policies, including endorsements in which Owner is included as an additional insured. All insurance policies shall provide that the insurer will provide at least thirty (30) days' written notice to Operator, who in turn shall provide at least thirty (30) days' written notice to Owner prior to cancellation of any policy (or ten (10) days' notice in the case of non-payment of premium).

9.3 Non-Compliance. Any failure to comply with all of these provisions shall permit Owner to suspend all Services until compliance is achieved. The failure by Operator to provide any or accurate certificates of insurance, or Owner to insist upon any or accurate certificates of

insurance, shall not be deemed a waiver of any rights of Owner under this Agreement or with respect to any insurance coverage required hereunder.

ARTICLE X - INDEMNIFICATION

10.1 Operator Indemnification. Subject to the limitations of liability in Sections 11.1 and 11.2, Operator shall indemnify and hold harmless Owner and its Affiliates, and their respective officers, directors, employees, managers, members, agents and representatives (collectively, the "Owner Indemnitees"), from and against, and no Owner Indemnitee shall be responsible for:

(a) any and all Liabilities sustained or suffered by any Owner Indemnitee in connection with injury or death to third parties or loss of or damage to the property of third parties, to the extent caused by Operator's negligence, willful misconduct, fraud, willful violation of any Applicable Law or willful breach of any representation, warranty or covenant in this Agreement; and

(b) any other Liabilities sustained or suffered by any Owner Indemnitee to the extent caused by Operator's gross negligence, willful misconduct, fraud, willful violation of any Applicable Law or willful breach of any representation, warranty or covenant in this Agreement.

Any Liabilities paid by Operator pursuant to its indemnity obligation under this Section 10.1 are not Reimbursable Costs.

10.2 Owner Indemnification. Subject to the limitations of liability in Sections 11.1 and 11.2, Owner shall indemnify and hold harmless Operator and its Affiliates, and their respective officers, directors, employees, agents and representatives (collectively, the "Operator Indemnitees"), from and against, and no Operator Indemnitee shall have responsibility for, any and all Liabilities sustained or suffered by any Operator Indemnitee in connection with injury or death to third parties or loss of or damage to property of third parties, to the extent caused by Owner's negligence, willful misconduct, fraud, willful violation of any Applicable Law or willful breach of any representation, warranty or covenant in this Agreement.

10.3 Environmental Indemnification.

10.3.1 Owner Indemnity for Environmental Liabilities. Subject to the limitations of liability in Sections 11.1 and 11.2, and without in any way limiting the provisions of Section 10.3.2, Owner shall indemnify and hold harmless the Operator Indemnitees from and against, and no Operator Indemnitees shall be responsible hereunder for, any Liabilities, including all civil and criminal fines or penalties and other costs and expenses incurred, assessed or sustained by or against any Person, as a result of or in connection with any matters governed by Environmental Laws directly or indirectly related to or arising out of (i) the design, permitting or construction of the Facility or the condition of the Site, and any adjacent parcels, (ii) the operation, maintenance, ownership, control or use of the Facility or otherwise related to the Facility, and (iii) the offsite transportation, treatment or disposal of all wastes generated at the Facility and any properties included within or adjacent to the Site, whether occurring before or after the Effective Date, in each case, to the extent of Owner's liability therefor pursuant to

applicable Environmental Law (collectively, “Environmental Liabilities”), including any Environmental Liabilities arising out of (x) any non-compliance by Owner with any condition, reporting requirement or other environmental requirement under any Permit or Environmental Law or other Applicable Law, whether related to air, opacity, water, solid waste or Hazardous Materials, or (y) the actual or alleged existence, generation, use, emission, collection, treatment, storage, transportation, disposal, recovery, removal, release, discharge or dispersal of Hazardous Materials, provided, however, that the Environmental Liabilities for which Owner is obligated to indemnify Operator under this Section 10.3.1 shall not in any event include any Operator Environmental Liabilities for which Operator is liable under Section 10.3.2.

10.3.2 Operator Indemnity for Environmental Liabilities. Subject to the provisions of Section 10.1 and the limitations of liability in Sections 11.1 and 11.2, Operator shall indemnify and hold harmless the Owner Indemnitees from and against, and no Owner Indemnitee shall be responsible hereunder for any Liabilities, including any civil and criminal fines or penalties and other costs and expenses incurred, assessed or sustained by or against any Person as a result of or in connection with any breach or violation of or any other matters governed by Environmental Laws to the extent caused by (i) any failure by Operator to perform the Services in accordance with the provisions of this Agreement or (ii) any negligence or willful misconduct of Operator (collectively, the “Operator Environmental Liabilities”). Operator understands and agrees that any Operator Environmental Liabilities paid by Operator pursuant to this Section 10.3.2 shall not be Reimbursable Costs hereunder.

10.3.3 Governmental Actions. During the Term of this Agreement, Operator shall cooperate and assist Owner with Owner’s acquisition of data and information, and preparation and filing with appropriate Governmental Authorities of any notices, plans, submissions, or other materials and information necessary for compliance with Owner’s obligations under applicable Environmental Laws and the requirements of any Permits related to the Facility. All such environmental reports shall be submitted by, and in the name of, Owner and not Operator. All costs associated therewith, including the costs of any outside consultants, legal services, Governmental Authority charges, sampling and remedial work, shall be paid by Owner as an Operating Cost or reimbursed to Operator as a Reimbursable Cost, unless such costs are incurred arising out of or associated with Operator Environmental Liabilities that are subject to Operator’s indemnity obligation pursuant to Section 10.3.2 hereof. Any action taken by Operator with respect to Owner’s obligations under any such applicable Environmental Law, including proceedings and filings made in connection therewith, shall be undertaken, and any Reimbursable Costs associated with any such compliance action shall only be incurred, by Operator with Owner’s prior consent, unless a Governmental Authority or Applicable Law requires Operator to incur such costs and expenses prior to obtaining such consent. Nothing contained herein shall be construed as requiring Operator to take any corrective action with respect to the operation, maintenance, use or condition of the Facility unless (x) affirmatively and expressly directed in writing to so do by Owner and appropriate funding is made available by Owner, or (y) affirmatively and expressly directed to do so by a Governmental Authority, and necessary to address any Environmental Liability, in which case the cost of any corrective actions so undertaken shall be deemed an Environmental Liability subject to Owner’s indemnity obligation pursuant to Section 10.3.1 hereof (if not otherwise reimbursed as a Reimbursable Cost hereunder), unless such Environmental Liability arises out of or is associated with Operator Environmental Liabilities subject to Operator’s indemnity obligation pursuant to Section 10.3.2

hereof. Costs incurred with respect to the matters addressed in this Section 10.3.3 will constitute Operating Costs or Reimbursable Costs only to the extent provided in this Section.

ARTICLE XI - LIABILITIES OF THE PARTIES

11.1 Limitations of Liability. Notwithstanding any provision in this Agreement that may be susceptible to contrary interpretation, neither the Parties nor any Owner Indemnitees or Operator Indemnitees shall be liable for consequential or indirect loss or damage, including loss of profit, cost of capital, loss of goodwill, increased Operating Costs or any special or incidental damages; provided, however, that notwithstanding the foregoing, in no event will the foregoing limitations of liability be applied to limit the extent of the liability of either Party to the other for or with respect to any Claims relating to injury or death to third parties or loss of or damage to property of third parties. The Parties further agree that the waivers and disclaimers of liability, indemnities, releases from liability and limitations of liability expressed in this Agreement shall survive termination or expiration of this Agreement, and shall apply in all circumstances, whether in contract, equity, tort or otherwise, regardless of the fault, negligence (in whole or in part), strict liability, breach of contract or breach of warranty of the Party indemnified, released or whose liabilities are limited, and shall extend to the Owner Indemnitees and Operator Indemnitees.

11.2 Operator's Total Aggregate Liability. The total aggregate liability of Operator to Owner for all Liabilities arising out of any events occurring or claims made in connection with this Agreement in any Year shall be:

(a) with respect to any Operator Environmental Liabilities under Section 10.3.2, an amount equal to the following: (i) twice the Fee applicable to such Year, plus (ii) with respect to any Operator Environmental Liabilities incurred at any time, any insurance proceeds received or receivable by Operator or paid on Operator's behalf with respect to the relevant loss or damages under the insurance policies Operator is required to maintain pursuant to Section 9.1; and

(b) with respect to any other Liabilities under this Agreement, an amount equal to the following: (i) the Fee applicable to such Year, plus (ii) with respect to any such Liabilities, any insurance proceeds received or receivable by Operator or paid on Operator's behalf with respect to the relevant loss or damages under the insurance policies Operator is required to maintain pursuant to Section 9.1;

provided that excluded from the foregoing limitations of liability are any third party indemnity obligation of Operator arising under Section 10.1(a) and any indemnity obligation of Operator arising from or in connection with fraud, gross negligence, or willful misconduct, all of which shall be unlimited. The aggregate liability limitation expressed in this Section 11.2 is separate from, and is not to be construed as limiting, the insurance coverage described in Article IX. Any deductible amounts paid in any Year by Operator under Section 9.6 shall count toward computing Operator's total aggregate liability for such Year.

11.3 No Warranties or Guarantees. EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, NEITHER PARTY MAKES ANY WARRANTIES OR GUARANTEES TO THE OTHER, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE SUBJECT

MATTER OF THIS AGREEMENT, AND BOTH PARTIES DISCLAIM AND WAIVE ANY IMPLIED WARRANTIES OR WARRANTIES IMPOSED BY LAW, INCLUDING MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

11.4 Non-Recourse. There shall be no personal liability on the part of any owners, partners or members of Owner or their respective officers, directors, employees, managers, members, agents or representatives for the payment of amounts due hereunder or the performance of any obligations hereunder and Operator shall look solely to Owner and the assets of Owner therefor.

11.5 Exclusive Remedies. Each Party understands, acknowledges and agrees the indemnification provided to the Owner Indemnitees and the Operator Indemnitees pursuant to, and subject to the terms and conditions of, Article X will be the sole and exclusive remedy of the Owner Indemnitees and the Operator Indemnitees against the other Party or any other Owner Indemnitee or Operator Indemnitee with respect to the matters that are the subject of indemnification under Article X, and that the Owner Indemnitees and Operator Indemnitees will have no other remedy or recourse against each other with respect to any of the foregoing other than pursuant to, and subject to the terms and conditions of, Article X.

ARTICLE XII - CONFIDENTIALITY

12.1 General. During the Term, and for the later of three (3) years after the termination of this Agreement or five (5) years after receipt of the applicable Confidential Information, each Party shall hold in confidence any Confidential Information supplied by or on behalf of the other Party. "Confidential Information" means with respect to each Party, all written or oral information of a proprietary, intellectual or similar nature, relating to the business, projects, operations, activities or affairs of a Party and its Affiliates, whether of a technical or financial nature or otherwise (including environmental assessment reports, financial information, business plans and proposals, ideas, concepts, trade secrets, know-how, processes, pricing of services or products, and other technical or business information, whether concerning this Agreement, each Party's respective businesses or otherwise) that has not been publicly disclosed and that the receiving Party acquires directly or indirectly from the disclosing Party. Each receiving Party further agrees to require its contractors, vendors, suppliers and employees, agents or prospective purchasers to preserve the confidentiality of Confidential Information. The receiving Party may make necessary disclosures to third parties directly engaged in the operation, ownership or financing of the Facility if such third parties are under an obligation to receive and hold such Confidential Information in confidence.

12.2 Exceptions. The provisions of this Article XII do not apply to information within one or more of the following categories:

12.2.1 Public Domain. Information that was in the public domain prior to the receiving Party's receipt or that subsequently becomes part of the public domain by publication or otherwise, except by the receiving Party's wrongful act, or

12.2.2 Prior Receipt. Information that the receiving Party can demonstrate was in its possession prior to receipt thereof from the disclosing Party so long as such possession did not result from a violation of a confidentiality obligation, or

12.2.3 Third Party Delivery. Information received from a third party having no obligation of secrecy with respect thereto.

12.2.4 Permitted Disclosures. Information disclosed by Owner to lenders or prospective lenders, equity investors or prospective equity investors, prospective purchasers, consultants, attorneys, accounts and other designated agents in each case on a confidential, need-to-know-basis.

12.2.5 Regulatory Filings. Information disclosed by Owner in connection with any required regulatory or administrative filings.

12.3 Required Disclosure. Notwithstanding the forgoing, any receiving Party required by law, rule, regulation, subpoena or order, or in the course of administrative or judicial proceedings, to disclose Confidential Information that is otherwise required to be maintained in confidence pursuant to this Article XII, may make disclosure notwithstanding the provisions of this Article XII. Prior to doing so, the receiving Party, immediately upon learning of the requirement, shall notify the disclosing Party of the requirement and cooperate to the maximum extent practicable to minimize the disclosure of Confidential Information. Any receiving Party disclosing Confidential Information pursuant to this Section 12.3 shall use reasonable efforts, at the disclosing Party's cost, to obtain proprietary or confidential treatment of Confidential Information by the third party to whom the information will be disclosed, and to the extent such remedies are available, shall use reasonable efforts to seek protective orders limiting the dissemination and use of Confidential Information. Nothing in this Agreement is intended to prevent the disclosing Party from appearing in any proceedings and objecting to the disclosure.

ARTICLE XIII - TITLE, DOCUMENTS AND DATA

13.1 Materials and Equipment. Operator shall ensure that title to all materials, equipment, supplies, consumables, spare parts and other items purchased or obtained by Operator on an Operating Cost or Reimbursable Cost basis ("Facility Equipment") immediately passes directly from the vendor or supplier to, and vests in, Owner. Operator has no title or other claim to such items. Owner shall retain title to all wastes (including Hazardous Materials) generated by Operator's performance of the Services.

13.2 Documents. All Manuals, operational data, Facility drawings, Operator reports and records and other materials and documents (both paper and electronic) created by Operator, its Affiliates or their respective employees, representatives or contractors in connection with performance of the Services are the property of Owner. All such materials and documents, together with any materials and documents furnished by Owner to Operator, and all copies thereof, shall be returned to Owner not less than thirty (30) days following the termination or expiration of this Agreement. In addition, all such materials and documents shall be available for review by Owner at all reasonable times during development and promptly upon completion. All such materials and documents required to be submitted for the approval of Owner shall be

prepared and processed in accordance with the requirements and specifications set forth herein. However, Owner's approval of materials and documents submitted by Operator shall not relieve Operator of its responsibility to perform its obligations under this Agreement. Subject to Article XII and the provisions of this Section 13.2, Operator may retain for its records copies of documents prepared by Operator upon Owner's written consent. Notwithstanding anything to the contrary in this Article XIII, Owner shall be permitted to provide all such materials and documents to any and all replacement contractors in anticipation of any expiration or termination of this Agreement.

13.3 Proprietary Information. Where materials or documents prepared or developed by Operator or its Affiliates, or their respective employees, representatives or contractors, contain proprietary or technical information, systems, techniques or know-how previously developed by them or acquired by them from third parties (the "Operator Proprietary Information"), Operator retains the unrestricted and irrevocable right to use or dispose of such Operator Proprietary Information as Operator deems fit. Notwithstanding the foregoing, Owner has an irrevocable license to use such Operator Proprietary Information to the extent necessary for Owner's operation or maintenance of the Facility at no additional cost to Owner.

ARTICLE XIV - MISCELLANEOUS PROVISIONS

14.1 Assignment. This Agreement is not assignable by a Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed, except that this Agreement may be (i) collaterally assigned by Owner without such consent to Lender in connection with Lender's financing of the Facility, (ii) assigned by Owner without such consent in connection with the direct or indirect sale or transfer of the Facility or a change in control of Owner, whether by merger, sale of equity interest, or otherwise, and (iii) assigned by any Party without such consent to any of such Party's Affiliates, provided that any such assignment by Operator to any of its Affiliates shall not, in any manner or to any extent, release Operator from its obligations hereunder and Operator shall provide a guaranty of performance of such Affiliate satisfactory to Owner. Assignment pursuant to this Section 14.1 shall not relieve the assigning Party of any of its obligations under this Agreement that arose prior to the date of such assignment. Operator shall negotiate in good faith and execute any consent to assignment and such other reasonable documents in connection with an assignment to Lender as Lender may request that does not result in a diminution of Operator's rights or obligations hereunder. All of Operator's costs incurred in connection therewith shall be Reimbursable Costs hereunder (including the fees and disbursements of Operator's attorneys). This Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the Parties.

14.2 Effect of Bankruptcy. The Parties intend that, in the event of a Bankruptcy, payments required under this Agreement shall be deemed to be administrative expenses as defined in 11 USC §503.

14.3 Access. Owner and Lenders and their agents and representatives shall have access to the Facility, all Facility operations and any documents, materials and records and accounts relating to the Facility operations for purposes of inspection and review. Upon the request of Owner and its agents and representatives, Operator shall provide such Persons with access to all data and logs Operator maintains regarding the Facility. During any inspection or

review of the Facility, Owner and Lenders and their agents and representatives shall comply with all of Operator's safety and security procedures, and shall conduct inspections and reviews in such a manner as to cause minimum interference with Operator's activities. Operator also shall cooperate with Owner in allowing other visitors access to the Facility. In addition, Operator shall enter into any access agreements on customary terms reasonably requested by Duke Energy Ohio, Inc. ("DEO"), in its capacity as transmission owner, to permit DEO to access the Facility in connection with the operation, maintenance and regulatory compliance of the transmission assets located at the facility.

14.4 Subcontractors. Subcontracting of the Services shall not relieve Operator of its duties, liabilities or obligations to Owner and, notwithstanding Owner's consent, Operator shall be responsible for the actions of all subcontractors to whom it subcontracts the Services.

14.5 Not for Benefit of Third Parties. Except where a contrary intention is expressly stated, this Agreement and each and every provision hereof are for the exclusive benefit of the Parties that executed this Agreement and not for the benefit of any third party.

14.6 Force Majeure.

14.6.1 Events Constituting Force Majeure. A "Force Majeure Event" is any event that (i) restricts or prevents performance under this Agreement, (ii) is not reasonably within the control of the Party affected or caused by the fault or negligence of the affected Party and (iii) cannot be overcome or avoided by the exercise of due care. Force Majeure Events include, so long as in each case the requirements of the foregoing clauses (i), (ii) and (iii) are satisfied, failure of a Party to perform due to drought, flood, earthquake, storm, fire, lightning, epidemic, war, terrorism, acts of Governmental Authorities, civil disturbances, sabotage (but not including any sabotage involving personnel of Operator), work stoppages (i.e., strikes) (but not including any work stoppages or strikes involving any personnel of Operator, whether on-site or off-site), accident or curtailment of supply, unavailability of construction materials or replacement equipment beyond the affected Party's control, inability to obtain and maintain Permits from any Governmental Authority for the Facility, restraint by court order, and changes in Applicable Law that affect performance under this Agreement. Except for the obligation of each Party to make payments of amounts owed to the other Party, each Party is excused from performance and will not be considered to be in default in respect to any obligation if and to the extent that performance of such obligation is prevented by a Force Majeure Event. Neither Party shall be relieved of its obligations under this Agreement solely because of increased costs or other adverse economic consequences that may be incurred through the performance of such obligations.

14.6.2 Notice. If a Party's ability to perform its obligations under this Agreement is affected by a Force Majeure Event, the Party claiming such inability shall (i) promptly notify the other Party of the Force Majeure Event, its cause, its anticipated duration and any action being taken to avoid or minimize its effect and confirm the same in writing within two (2) days of its discovery, (ii) promptly supply such available information about the Force Majeure Event and its cause as reasonably may be requested by the other Party and (iii) work diligently to remove the cause of the Force Majeure Event or to lessen its effect.

14.6.3 Scope. The suspension of performance arising from a Force Majeure Event shall be of no greater scope and no longer duration than necessary. The excused Party shall use its reasonable efforts to remedy its inability to perform.

14.7 Dispute Resolution.

14.7.1 Notice of Dispute. A Party asserting the existence of a dispute shall deliver a written dispute notice to the other Party, describing the nature and substance of the dispute and proposing a resolution of the dispute. In the case of a dispute asserted by Owner, the dispute notice shall be delivered to the Project Manager. In the case of a dispute asserted by Operator, the dispute notice shall be delivered to the General Manager.

14.7.2 Initial Negotiation. The Parties shall first attempt in good faith to resolve the dispute through negotiations between (i) the Project Manager and (ii) the General Manager during the ten (10) Business Days following delivery of the dispute notice (including any agreed extension, the “Initial Negotiation Period”). Upon the written agreement of Project Manager and the General Manager, the Initial Negotiation Period may be extended up to an additional ten (10) Business Days. If such negotiations result in an agreement in principle among the negotiators to settle the dispute, they shall cause a written settlement agreement to be prepared (a “Preliminary Settlement”). Within the Initial Negotiation Period, such Preliminary Settlement shall be signed, dated and submitted for review and approval by an authorized executive officer of Operator (“Operator’s Executive”) and an executive officer of Owner (“Owner’s Executive”), who shall, if in agreement with the Preliminary Settlement, endorse their signatures within ten (10) Business Days after the end of the Initial Negotiation Period, whereupon the dispute shall be deemed settled, and not subject to further dispute resolution.

14.7.3 Executive Negotiation. If a Preliminary Settlement is not achieved at the conclusion of the Initial Negotiation Period, or the Preliminary Settlement is unacceptable to Operator’s Executive or Owner’s Executive, the Parties shall then attempt in good faith to resolve the dispute through negotiations between Operator’s Executive and Owner’s Executive during the ten (10) Business Days (the “Second Negotiation Period”) following the earlier of (x) the date of the Preliminary Settlement or (y) the end of the Initial Negotiation Period, as the case may be, before pursuing any further means of dispute resolution. Upon the written agreement of Operator’s Executive and Owner’s Executive, the Second Negotiation Period may be extended up to an additional ten (10) Business Days. If such negotiations result in an agreement in principle among the negotiators to settle the dispute, they shall cause a written settlement agreement to be prepared, signed and dated within the Second Negotiation Period (the “Executive Settlement”), whereupon the dispute shall be deemed settled, and not subject to further dispute resolution.

14.7.4 Forum. If an Executive Settlement is not achieved at the conclusion of the Second Negotiation Period, any dispute arising out of or relating to this Agreement, or the breach hereof, either Party may bring an action in a court of competent jurisdiction. **EACH OF THE PARTIES IRREVOCABLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT BY OR ON BEHALF OF ANY PARTY RELATED TO OR ARISING OUT OF THIS AGREEMENT.**

14.7.5 Confidential Settlement Context. All negotiations, discussions, offers, counteroffers, data exchanges, proposed agreements and other communications between the Parties in connection with negotiations or other dispute resolution procedures shall be Confidential Information. Without limiting the preceding sentence, all such communications shall be deemed to be in the context of attempting to settle a disputed claim and shall not be construed as an admission or agreement as to the liability of any Party, nor be admitted in evidence in any related arbitration, litigation or other adversary proceeding.

14.7.6 Limitations on Disputes. To the extent allowed by Applicable Law, the delivery of a dispute notice suspends the running of any statute of limitations applicable to the dispute until fourteen (14) Business Days after the conclusion of the Second Negotiation Period. Except as suspended by the preceding sentence, the time period during which a Party may assert a dispute shall run for 365 consecutive days following the termination of this Agreement, and the Parties shall be barred from asserting a dispute thereafter.

14.7.7 Exception for Injunctive Relief. Notwithstanding the provisions set forth above in this Section 14.7, the requirement to submit disputes to negotiation shall not apply if, and to the extent, that there exists an imminent threat of irreparable injury to a Party and that Party seeks and obtains a temporary restraining order or preliminary injunction in an expedited court proceeding in response to such threat. If the court rejects the application for injunctive relief, then the Party that initiated such action shall reimburse the defending Party for its reasonable and documented attorneys fees and related costs directly related to such court proceedings.

14.8 Amendments. No amendments or modifications of this Agreement are valid unless in writing and signed by duly authorized representatives of the Parties.

14.9 Survival. Notwithstanding any provisions to the contrary, the obligations set forth in Article VII and Article VIII (with respect to payments), Article X and Article XII, Section 14.7 and the limitations on liabilities set forth in Article XI will survive, in full force, the expiration or termination of this Agreement.

14.10 No Waiver. No delay, waiver or omission by Owner or Operator to exercise any right or power arising from any breach or default by Owner or Operator with respect to any of the terms, provisions or covenants of this Agreement shall be construed to be a waiver by Owner or Operator of any subsequent breach or default of the same or other terms, provisions or covenants on the part of Owner or Operator.

14.11 Notices. Any written notice required or permitted under this Agreement shall be deemed to have been duly given on the date of receipt, and shall be either delivered personally to the Party to whom notice is given, or mailed to the Party to whom notice is to be given, by facsimile, courier service or first class registered or certified mail, return receipt requested, postage prepaid, and addressed to the addressee at the address indicated below, or at the most recent address specified by written notice given in the manner provided in this Section 14.11:

If to Operator:

Duke Energy Miami Fort, LLC
139 E. Fourth Street
Cincinnati, OH 45202
Attn: Michael Sharp

With a copy to:

Duke Energy Miami Fort, LLC
139 E. Fourth Street
Cincinnati, OH 45202
Attn: Dina Riemann

If to Owner:

Duke Energy Kentucky, Inc.
139 E. Fourth Street
Cincinnati, OH 45202
Attn: Allen Clare

With a copy to:

Duke Energy Kentucky, Inc.
139 E. Fourth Street
Cincinnati, OH 45202
Attn: Rocco D'Ascenzo

14.12 Representations and Warranties. Each Party represents and warrants to the other Party that, as of the date hereof:

14.12.1 Existence. It is duly organized and validly existing under the laws of the state of its organization and has all requisite power and authority to own its property and assets and conduct its business as presently conducted or proposed to be conducted under this Agreement.

14.12.2 Authority. It has the power and authority to execute and deliver this Agreement, to consummate the transactions contemplated hereby and to perform its obligations hereunder.

14.12.3 Validity. It has taken all necessary action to authorize its execution, delivery and performance of this Agreement, and this Agreement constitutes the valid, legal and binding obligation of such Party enforceable against it in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, moratorium or similar laws affecting the rights of creditors or by general equitable principles (whether considered in a proceeding in equity or at law).

14.12.4 No Conflict. Neither the execution or delivery of this Agreement, the performance by such Party of its obligations in connection with the transactions contemplated hereby, nor the fulfillment of the terms and conditions hereof, conflicts with or violates any provision of its constituting documents.

14.12.5 No Consent. No consent or approval (including any Permit that such warranting Party is required to obtain) is required from any third party (including any Governmental Authority) for either the valid execution and delivery of this Agreement, or the performance by such Party of its obligations under this Agreement, except such as have been duly obtained or will be obtained in the ordinary course of business.

14.12.6 No Breach. None of the execution or delivery of this Agreement, the performance by such Party of its obligations in connection with the transactions contemplated hereby, or the fulfillment of the terms and conditions hereof either conflicts with, violates or results in a breach of, any Applicable Law currently in effect, or conflicts with, violates or results in a breach of, or constitutes a default under or results in the imposition or creation of, any lien or encumbrance under any agreement or instrument to which it is a party or by which it or any of its properties or assets are bound.

14.12.7 No Material Claims. It is not a party to any legal, administrative, arbitral or other proceeding, investigation or controversy pending or threatened that would adversely affect such Party's ability to perform its obligations under this Agreement.

14.13 Additional Representation and Warranty by Operator. Operator further represents and warrants to Owner that it has, or has obtained through the retention of a qualified operations and maintenance service provider, substantial expertise and experience in the operation and maintenance of comparable power generation facilities and it, or its applicable subcontractor, is fully qualified to provide such services at the Facility in accordance with the terms of this Agreement.

14.14 Counterparts. The Parties may execute this Agreement in counterparts that, when signed by each of the Parties, constitute one and the same instrument. Thereafter, each counterpart shall be deemed an original instrument as against any Party who has signed it. Delivery of an executed counterpart of this Agreement by facsimile or electronic transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

14.15 Governing Law. This Agreement is governed by and shall be construed in accordance with the laws of the State of New York, exclusive of the conflicts of law provisions thereof (other than Section 5-1401 of the New York General Obligations Laws).

14.16 Interpretation. Titles or captions contained in this Agreement are inserted only as a matter of convenience and for reference, and in no way define, limit, extend, describe or otherwise affect the scope or meaning of this Agreement or the intent of any provision hereof. All exhibits and appendices attached hereto are considered a part hereof as though fully set forth herein. This Agreement was jointly drafted and negotiated by the Parties. In the event of a dispute, the Agreement shall not be construed against either Party based upon its drafting.

14.17 Severability. If any provision of this Agreement, or the application of any such provision to any Person or circumstance, is held invalid by any court or other forum of competent jurisdiction, the remainder of this Agreement, or the application of such provision to Persons or circumstances other than those as to which it is held invalid, shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in a manner materially adverse to a Party. Upon any such determination of invalidity, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order that this Agreement is consummated as originally contemplated to the greatest extent possible.

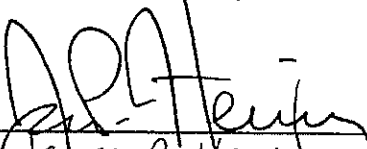
14.18 Cooperation in Financing, Sale, or Change of Control. Operator shall cooperate with Owner in the negotiation and execution of any reasonable amendment or addition to this Agreement required by Lender, and shall execute and deliver to Lender a consent to assignment or direct agreement in form and substance reasonably satisfactory to Lender. Operator shall promptly respond to requests by Owner and prospective Lenders for information regarding the qualification, experience, past performance and financial condition of Operator. Operator shall cooperate with Lender in connection with the resolution of any claim for indemnification asserted by Lender pursuant to Article X. Operator shall cooperate with Owner's reasonable requests in the event of a direct or indirect sale or transfer of the Facility or a change of control of Owner, whether by merger, sale of equity interests, or otherwise and shall promptly respond to requests by Owner for information regarding the qualification, experience, past performance and financial condition of Operator with respect to transfer or change in control.

14.19 Cooperation upon Shutdown of Units 7 and 8. During the Retirement Period, if the electric generating Unit 7 and Unit 8 located at the Miami Fort Station are permanently shutdown or retired and Operator will no longer (or will not) be providing services similar to the Retirement Period Services for such units, then Operator and Owner shall negotiate in good faith to coordinate retirement activities at the Miami Fort Station, including selection of appropriate parties (which may be one or more third parties) to manage such retirement activities. Owner and Operator shall execute any appropriate amendments to (or a termination of) this Agreement to reflect any mutual agreements resulting from such negotiations, subject to obtaining any required regulatory approvals. The pendency of such negotiations shall not alter the obligations of Owner and Operator under this Agreement except in accordance with any amendment or termination mutually agreed and executed by Owner and Operator, subject to obtaining any required regulatory approvals.

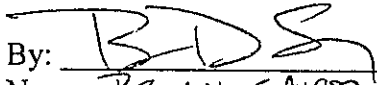
[signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement through their duly authorized officers as of the date set forth in the preamble to this Agreement.

DUKE ENERGY KENTUCKY, INC.

By:  (B)
Name: James P. Henning
Title: President, Duke Energy Kentucky

DUKE ENERGY MIAMI FORT, LLC

By: 
Name: BRIAN SAVOY
Title: SUP, CHIEF ACCOUNTING OFFICER

IN WITNESS WHEREOF, the Parties have executed this Agreement through their duly authorized officers as of the date set forth in the preamble to this Agreement.

DUKE ENERGY KENTUCKY, INC.

(12)

By: _____

Name: _____

Title: _____

James P. Hennings
President, Duke Energy Kentucky

DUKE ENERGY MIAMI FORT, LLC

By: _____

Name: _____

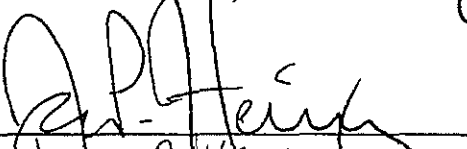
Title: _____

Brian Savvy
SVP, Chief Acct Officer

IN WITNESS WHEREOF, the Parties have executed this Agreement through their duly authorized officers as of the date set forth in the preamble to this Agreement.

DUKE ENERGY KENTUCKY, INC.

(10)

By: 
Name: James P. Hanning
Title: President, Duke Energy Kentucky

DUKE ENERGY MIAMI FORT, LLC

By: 
Name: BRIAN SAVOY
Title: SVP, CHIEF ACCT OFFICER

APPENDIX A – SCOPE OF SERVICES

OPERATIONAL PERIOD SERVICES

Task Name	Description
Routine Services	Provide continuous Facility Services 24 hours/day, 7 days/week, to optimize electrical power generation.
Detailed Programs	Implement Operator human resources program. Implement Operator-drafted, Owner-approved programs in safety, administration, maintenance, and training. Implement Facility’s existing programs in operating, maintenance, chemistry, NERC and environmental compliance (or, at Owner’s request, develop or enhance such programs at actual cost and implement).
Routine Maintenance	<p>Perform routine and preventive maintenance actions on all Facility systems and equipment in accordance with vendor instructions and the maintenance plan for the Facility. This program includes:</p> <p>Service Checks – Conduct frequent visual equipment inspections and log significant parameters such as pressures, temperatures, and flow rates. Trend and analyze this information as appropriate.</p> <p>Routine and Fixed Interval Maintenance – Based on the CMMS database, identify all preventive maintenance requirements. Schedule and assign routine maintenance during Facility operation, planned outages, and forced or unscheduled outages.</p>
Predictive Maintenance Program	As appropriate, conduct/oversee predictive maintenance within the cost-effective capability of the Facility Personnel. For those maintenance requirements that are not cost-effective for the Facility Personnel, oversee predictive maintenance services provided by vendors.
Major Maintenance and Repairs	In coordination with and support of the Facility Agreements and generation plan, arrange for scheduled inspections and overhauls on major equipment. Retain vendors on behalf of Owner for unscheduled major repairs as required and manage and oversee all repairs and modifications.
Facility Outages	<p>Manage all Facility outages (planned, unscheduled, forced) to minimize outage duration and impact on production:</p> <p>Task Assignment – Within the CMMS, identify all maintenance that requires a Facility outage or equipment to be taken out of service.</p>

Task Name	Description
	<p>Work Schedule – Develop and implement a detailed schedule to track all outage preparations, work and testing, including corrective maintenance actions, contractor work and scheduled preventive maintenance. Obtain Owner approval of the schedule. Conduct preparations to support this plan, including ordering and receiving all required spare parts.</p>
<p>Assistance to Owner</p>	<p>Provide assistance to Owner, as reasonably requested with the execution of Owner’s duties relative to operation of the Facility.</p>
<p>Facility Administration</p>	<p>Conduct administration to meet Operator requirements and Owner’s goals, including:</p> <p>Budgets – Prepare annual Budgets and submit them for Owner approval. Following approval, manage operations to comply with each Budget. Generate budget variance reports, as required.</p> <p>Payroll – Oversee the preparation and distribution of payroll and related tax payments. Ensure compliance with all United States federal and state labor and tax requirements.</p> <p>Procurement – Establish and implement an effective purchasing system. Procure, to the account of Owner, all materials, equipment, chemicals, supplies, services, parts, and other miscellaneous items required for the provision of the Services. Pay all invoices not directly paid by Owner in a timely manner. Minimize Owner costs as much as feasible.</p> <p>Inventory Control – Implement a cost-effective inventory control system designed to ensure that spare parts, materials, and supplies are properly stored and accounted for and that adequate supplies are available at all times to support the provision of the Services.</p> <p>Personnel Matters –In compliance with Operator programs and policies, manage all payroll and employee-relations issues. These tasks include: employment; compensation and benefits; initial training; and employee relations. Provide support to recruit, hire, transfer, or otherwise acquire and retain qualified Facility Personnel to maintain the staffing levels and skill mix required for successful long-term provision of the Services.</p> <p>Community Relations – In coordination with and with the approval of Owner, conduct a community relations program to establish the Facility and its employees as “good citizens” in the local community.</p>
<p>Work Assignment</p>	<p>Assign work to either Facility Personnel or vendors as cost-effective and appropriate based on guidance from Owner. Normally, Facility</p>

Task Name	Description
	Personnel conduct preventive maintenance and actions requiring a high degree of Facility knowledge and vendors perform tasks needing equipment or expertise that are not cost-effective to maintain at the Facility. Vendors also perform tasks that make sense to minimize outage time and costs.
Buildings and Grounds	Arrange for janitorial, garbage pickup and landscape services and maintain all access roads, office buildings, and other structures in good repair at all times.
Reports	Prepare and submit operation and maintenance service reports as requested relative to performance, including environmental compliance records, maintenance and repair status, Facility operating data, and any other information reasonably requested by Owner.
Security	Implement or arrange for implementation of security measures in accordance with the Owner-approved Facility security plan.
Information Systems	Manage the Facility's information technology infrastructure, including phone systems, internet connectivity, hardware and software.
Training Program	Implement a continuing program of training designed to orient new Facility Personnel, refresh/cross-train existing Facility Personnel, qualify/re-qualify Facility Personnel, and keep all Facility Personnel aware of Owner-approved Facility safety requirements and emergency procedures. This program includes specialty skills training.
Drawing/Manual Maintenance	Maintain the Facility library and update the Manuals and vendor service manuals. Update (or arrange for updating) Facility drawings to reflect changes to the as-built configuration. In addition to document management, maintain physical Facility configuration control.

Task Name	Description
Fuel Handling	<ul style="list-style-type: none"> • Receive coal and provide fuel handling • Administer and reconcile volumes of all fuel with suppliers • Administer and comply with the requirements set forth in the Facility’s fuel agreements, including quality testing and invoice review and approval • Administer and comply with the requirements set forth in the Facility’s coal ash and combustion byproduct disposal and sales agreements, including invoice review and approval

RETIREMENT PERIOD SERVICES

Task Name	Description
Facility Retirement	Manage and contract with vendors to implement a Facility and/or Site retirement plan as may be approved by Owner.
Assistance to Owner	Provide assistance to Owner, as reasonably requested with the execution of Owner’s duties relative to operation and retirement of the Facility.
Facility Administration	<p>Conduct administration to meet Operator requirements and Owner’s goals, including:</p> <p>Budgets – Prepare annual Budgets and submit them for Owner approval. Following approval, manage operations to comply with each Budget. Generate budget variance reports, as required.</p> <p>Payroll – Oversee the preparation and distribution of payroll and related tax payments. Ensure compliance with all United States federal and state labor and tax requirements.</p> <p>Procurement – Establish and implement an effective purchasing system. Procure, to the account of Owner, all materials, equipment, chemicals, supplies, services, parts, and other miscellaneous items required for the provision of the Services. Pay all invoices not directly paid by Owner in a timely manner. Minimize Owner costs as much as feasible.</p> <p>Inventory Control – Implement a cost-effective inventory control system designed to ensure that spare parts, materials, and supplies are properly stored and accounted for and that adequate supplies are available at all times to support the provision of the Services.</p>

Task Name	Description
	<p>Personnel Matters –In compliance with Operator programs and policies, manage all payroll and employee-relations issues. These tasks include: employment; compensation and benefits; initial training; and employee relations. Provide support to recruit, hire, transfer, or otherwise acquire and retain qualified Facility Personnel to maintain the staffing levels and skill mix required for successful long-term provision of the Services.</p> <p>Community Relations – In coordination with and with the approval of Owner, conduct a community relations program to establish the Facility and its employees as “good citizens” in the local community.</p>
Work Assignment	Assign work to either Facility Personnel or vendors as cost-effective and appropriate based on guidance from Owner.
Buildings and Grounds	Arrange for janitorial, garbage pickup and landscape services and maintain all access roads, office buildings, and other structures in good repair at all times.
Information Systems	Manage the Facility’s information technology infrastructure, including phone systems, internet connectivity, hardware and software.
Reports	Prepare and submit service reports as requested relative to performance, including environmental compliance records, maintenance and repair status, Facility operating data, and any other information reasonably requested by Owner.
Security	Implement or arrange for implementation of security measures in accordance with the Owner-approved Facility security plan.

APPENDIX B – FEE ESCALATION METHODOLOGY

Beginning on January 1 of the Year following the Effective Date, and on each succeeding January 1st throughout the Term of this Agreement, the Fee will be escalated by the Escalation Factor, if positive, as of such date of determination.

“Escalation Factor” shall mean the percentage change in the Consumer Price Index Series, Midwest Region, All Items, published by the Bureau of Labor Statistics, US Department of Labor for the 12-month period ending in September of the previous Year. CPI data is available at the U.S. Department of Labor, Bureau of Labor Statistics website: <http://www.bls.gov>. In the event the CPI is discontinued or superseded, a reasonable substitute or replacement datum will be proposed by Operator and agreed to in good faith by Owner.

APPENDIX C – INITIAL BUDGET AND PLAN

Oper Group	Unit 6		
Sum of 2015			
Labor/NonLabor	Process Group	RC Group	Total
<input type="checkbox"/> Labor	<input type="checkbox"/> Base	Production	561,352.35
		Maintenance	117,372.99
		Outside Center	44,783.93
	Base Total		723,509.27
Labor Total			723,509.27
<input type="checkbox"/> NonLabor	<input type="checkbox"/> Base	Production	255,228.00
		Maintenance	3,229,907.00
		Material Handling	16,100.00
		Outside Center	95,417.72
	Base Total		3,596,652.72
	<input type="checkbox"/> Force outage	Maintenance	167,000.00
	Force outage Total		167,000.00
	<input type="checkbox"/> NonBase	Maintenance	848,500.00
	NonBase Total		848,500.00
	<input type="checkbox"/> Reagents	Maintenance	11,000.00
	Reagents Total		11,000.00
NonLabor Total			4,623,152.72
Grand Total			5,346,661.99

Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

AG-DR-02-015

REQUEST:

Provide a history for each month from January 2012 through November 2017 and for each FERC electric plant account (and by power plant for the production plant accounts) of actual plant in service, actual retirements, actual accumulated depreciation (for depreciation excluding accumulated net salvage), actual regulatory liability (for accumulated net salvage separated into accumulated cost of removal and accumulated salvage income if available), actual cost of removal, and actual salvage income. For those accounts that are both electric and gas, provide an allocation to electric for purposes of this response. Provide this information in electronic spreadsheet format.

RESPONSE:

Please see AG-DR-02-015 Attachment being electronically uploaded and a copy provided on CD. Retirement Work-In-Process (RWIP) is not included as RWIP amounts are not broken out by FERC account until unitization. See note 2 within AG-DR-02-015 Attachment.

PERSON RESPONSIBLE: Cynthia S. Lee

AG-DR-02-015 Attachment

EXCEL

UPLOADED

ELECTRONICALLY

AND COPY

PROVIDED ON CD

Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

PUBLIC AG-DR-02-016

REQUEST:

Refer to the ordering paragraphs in the Commission's Order in Case No. 2015-00187 dated December 15, 2015.

- a. Provide a copy of all accounting entries and other filings made by the Company in compliance with these ordering paragraphs.
- b. Identify all rate base and expense amounts related to the ARO, including actual costs and the related regulatory assets, that are included in the Company's test year base and environmental surcharge revenue requirements. Provide the resulting test year base and environmental surcharge total revenue requirements and all workpapers and electronic calculations in live format with all formulas intact.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET
(As to Attachment (a)3 & 4 Only)

- a. According to the ordering paragraphs in Case No. 2015-00187, please note the following attachments:
 1. AG-DR-02-016(a) Attachment 1 - List of journal entries recorded to include (ordering paragraphs 1, 2 and 3); being uploaded electronically and provided on CD:

- a. Classify gains, depreciation and accretion expense related to the East Bend ash pond as regulatory assets
 - b. Classify actual CCR compliance costs related to the East Bend ash pond as a regulatory asset
 - c. Defer carrying charges on unamortized CCR compliance regulatory asset
2. AG-DR-02-016(a) Attachment 2 - Filing of the original accounting entries to effectuate the creation of the regulatory asset dated December 28, 2015 (ordering paragraph 5 and 8).
 3. AG-DR-02-016(a) Confidential Attachments 3 and 4, which are being filed under seal - Filings related to annual updates for ARO calculations and the annual CCR Compliance Regulatory Asset report for December 31, 2015 and December 31, 2016 (ordering paragraphs 6, 7 and 8).

Note that ordering paragraph 4 does not have associated journal entries nor filings to attach to this response.

- b. Please see the Excel file AG-DR-02-016(b) Attachment, being uploaded electronically and provided on CD, with formulas intact, to support Schedule CSL-1 "Recovery of Spend Related to Coal Ash Basin Closure" filed with Cynthia Lee's testimony.

PERSON RESPONSIBLE: Cynthia S. Lee

AG-DR-02-016(a)

Attachment 1

EXCEL

UPLOADED

ELECTRONICALLY

AND COPY

PROVIDED ON CD



139 East Fourth Street
PO Box 960
1303-Main
Cincinnati, Ohio 45201-0960

o 513-287-4320
f 513-287-4385

Rocco O D'Ascenzo@duke-energy.com
Rocco O. D'Ascenzo
Associate General Counsel

VIA OVERNIGHT DELIVERY

December 28, 2015

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

RECEIVED

DEC 29 2015

PUBLIC SERVICE
COMMISSION

Re: **Case No. 2015-00187**

In the Matter of the Application of Duke Energy Kentucky, Inc., for an Order Approving the Establishment for the Liabilities Associated with Ash Pond Asset Retirement Obligations

Dear Mr. Derouen:

Enclosed please find the accounting entries made by Duke Energy Kentucky, Inc. to effectuate the creation of a regulatory asset, per order by the Commission in the above-referenced case.

Please file stamp the two copies of this letter enclosed herein and return in the enclosed return-addressed envelope.

Very truly yours,

A handwritten signature in black ink, appearing to be "Rocco O. D'Ascenzo", written over a circular scribble.

Rocco O. D'Ascenzo
Associate General Counsel

Enclosure

cc: Jennifer B. Hans

Report ID: PPSFGL05	PeopleSoft Financials	Page No. 1
JOURNAL ENTRY DETAIL REPORT		Run Date: 12/22/2015
		Run Time: 04:55:48 PM

Unit: 75081	Ledger Group: ACTUALS	Foreign Currency: USD
Journal ID: DEKACCRDEP	Source: ONL	Rate Type: CRRNT
Date: 12/31/2015	Reversal: N	Effective Date: 12/31/2015
Description: To defer the YTD Depreciation and Accretion through November 2015 for DEK Coal Ash Ponds as a result of receipt of the Kentucky Deferral Order.	Reversal Date:	Exchange Rate: 1.00

Line #	Unit	Account	Res Type	Operat Unit	Resp Ctr	Location	Alloc Pool	Stat	Statistics Amt	Rate Type	Rate	Foreign Amount	Base Amount
Line #	Process	Product	Project	Analysis Type	Activity	Affiliate							

ACTUALS

1	75081	0182315	99810	EB02	9928					CRRNT	1.00000000	2,549,552.24 USD	2,549,552.24 USD
1													
	Description:	Reg Asset- Coal Ash Pond ARO				Reference:				Open Item Key:			
2	75081	0411051	99810	EB02	9928					CRRNT	1.00000000	-2,549,552.24 USD	-2,549,552.24 USD
2													
	Description:	Accretion Expense-ARO Ash Pond				Reference:				Open Item Key:			
3	75081	0182315	99889	EB02	9928					CRRNT	1.00000000	2,679,232.34 USD	2,679,232.34 USD
3													
	Description:	Reg Asset- Coal Ash Pond ARO				Reference:				Open Item Key:			
4	75081	0403151	99889	EB02	9928					CRRNT	1.00000000	-2,679,232.34 USD	-2,679,232.34 USD
4													
	Description:	Depreciation Expense - ARO Ash				Reference:				Open Item Key:			

Business Unit	Journal Status	Total Lines	Total Base Debits	Total Base Credits
75081	P	4	5,128,784.58	5,128,784.58

Report ID: PPSFGL05	PeopleSoft Financials	Page No.	2
JOURNAL ENTRY DETAIL REPORT		Run Date:	12/22/2015
		Run Time:	04:55:49 PM

Unit:	75081	Ledger Group:	ACTUALS	Foreign Currency:	USD
Journal ID:	DEKACCRDEP	Source:	ONL	Rate Type:	CRRNT
Date:	12/31/2015	Reversal:	N	Effective Date:	12/31/2015
Description:	To defer the YTD Depreciation and Accretion through November 2015 for DEK Coal Ash Ponds as a result of receipt of the Kentucky Deferral Order.		Reversal Date:	Exchange Rate:	1.00

Line #	Unit	Account	Res Type	Operat Unit	Resp Ctr	Location	Alloc Pool	Stat	Statistica Amt	Rate Type	Rate	Foreign Amount	Base Amount
Line #	Process	Product	Project	Analysis Type	Activity	Affiliate							

End of Report

Report ID: PPSFGL05	PeopleSoft Financials	Page No. 1
JOURNAL ENTRY DETAIL REPORT		Run Date: 12/22/2015
		Run Time: 04:58:03 PM

Unit: 75081	Ledger Group: ACTUALS	Foreign Currency: USD
Journal ID: DEKCORITD	Source: ONL	Rate Type: CRRNT
Date: 12/31/2015	Reversal: N	Effective Date: 12/31/2015
Description: To reclass the estimated Cost of Removal (COR) reserve related to ash pond closure depr exp as of 12/31/15. This entry will be repeated in subsequent periods for incremental exp	Reversal Date:	Exchange Rate: 1.00

Line #	Unit	Account	Res Type	Operat Unit	Resp Ctr	Location	Alloc Pool	Stat	Statistics Amt	Rate Type	Rate	Foreign Amount	Base Amount
Line #	Process	Product	Project	Analysis Type	Activity	Affiliate							

ACTUALS

1	75081	0106301	99999	EB02	9928					CRRNT	1.00000000	856,412.00 USD	856,412.00 USD
1													
	Description:	Accum Depreciation COR				Reference:				Open Item Key:			
2	75081	0182471	99999	EB02	9928					CRRNT	1.00000000	-856,412.00 USD	-856,412.00 USD
2													
	Description:	Coal Ash Pond - IN Retail				Reference:				Open Item Key:			

Business Unit	Journal Status	Total Lines	Total Base Debits	Total Base Credits
75081	P	2	856,412.00	856,412.00

End of Report

Report ID: PPSFGL05	PeopleSoft Financials	Page No.	1
JOURNAL ENTRY DETAIL REPORT		Run Date:	12/22/2015
		Run Time:	04:58:19 PM

Unit:	75081	Ledger Group:	ACTUALS	Foreign Currency:	USD
Journal ID:	YTDSPEND	Source:	ONL	Rate Type:	CRRNT
Date:	12/31/2015	Reversal:	N	Effective Date:	12/31/2015
Description:	Recognize Incremental CCR Compliance Costs as Incurred for YTD Nov 2015. Additional closure costs will be incurred in subsequent years.	Reversal Date:		Exchange Rate:	1.00

Line #	Unit	Account	Res Type	Operat Unit	Resp Ctr	Location	Alloc Pool	Slat	Statistics Amt	Rate Type	Rate	Foreign Amount	Base Amount
Line #	Process	Product	Project	Analysis Type	Activity	Activity	Affiliate						

ACTUALS

1	75081	0407355	99810	EB02	9928					CRRNT	1.00000000	2,924,884.03 USD	2,924,884.03 USD
1													
	Description:	Reg. Deferred Debit				Reference:				Open Item Key:			
2	75081	0182315	99810	EB02	9928					CRRNT	1.00000000	-2,924,884.03 USD	-2,924,884.03 USD
2													
	Description:	Reg Assst- Coal Ash Pond ARO				Reference:				Open Item Key:			
3	75091	0182471	99810	EB02	9928					CRRNT	1.00000000	856,412.00 USD	856,412.00 USD
3													
	Description:	Coal Ash Pond - Spend RA				Reference:				Open Item Key:			
4	75081	0407438	99810	EB02	9928					CRRNT	1.00000000	-856,412.00 USD	-856,412.00 USD
4													
	Description:	Reg. Deferred Credit				Reference:				Open Item Key:			
5	75081	0182471	99810	EB02	9928					CRRNT	1.00000000	2,068,472.03 USD	2,068,472.03 USD
5													
	Description:	Coal Ash Pond - Spend RA				Reference:				Open Item Key:			
6	75081	0407438	99810	EB02	9928					CRRNT	1.00000000	-2,068,472.03 USD	-2,068,472.03 USD
6													
	Description:	Reg. Deferred Credit				Reference:				Open Item Key:			

Report ID: PPSFGL05	PeopleSoft Financials	Page No.	2
JOURNAL ENTRY DETAIL REPORT		Run Date:	12/22/2015
		Run Time:	04:56:19 PM

Unit:	75081	Ledger Group:	ACTUALS	Foreign Currency:	USD
Journal ID:	YTDSPEND	Source:	ONL	Rate Type:	CRRNT
Date:	12/31/2015	Reversal:	N	Effective Date:	12/31/2015
Description:	Recognize incremental CCR Compliance Costs as incurred for YTD Nov 2015. Additional closure costs will be incurred in subsequent years.	Reversal Date:		Exchange Rate:	1.00

Line #	Unit	Account	Res Type	Operat Unit	Resp Ctr	Location	Alice Pool	Stat	Statistics Amt	Rate Type	Rate	Foreign Amount	Base Amount
Line #	Process	Product	Project	Analysis Type	Activity	Affiliate							

Business Unit	Journal Status	Total Lines	Total Base Debits	Total Base Credits
75081	P	6	5,849,768.06	5,849,788.06

End of Report

Report ID: PPSFGL05	PeopleSoft Financials	Page No.	1
JOURNAL ENTRY DETAIL REPORT		Run Date:	12/22/2015
		Run Time:	04:56:35 PM

Unit:	75081	Ledger Group:	ACTUALS	Foreign Currency:	USD
Journal ID:	CASPENDRET	Source:	ONL	Rate Type:	CRRNT
Date:	12/31/2015	Reversal:	N	Effective Date:	12/31/2015
Description:	To recognize the Debt & Equity return on Spend related to Coal Ash Ponds for the YTD 2015 and defer the Equity Return	Reversal Date:		Exchange Rate:	1.00

Line #	Unit	Account	Res Type	Operat Unit	Resp Ctr	Location	A/loc Pool	Stat	Statistics Amt	Rate Type	Rate	Foreign Amount	Base Amount
Line #	Process	Product	Project	Analysis Type	Activity	Affiliate							

ACTUALS

1	75081	0182471								CRRNT	1.00000000	14,003.63 USD	14,003.63 USD
1													
	Description:	Coal Ash Pond - IN Retail				Reference:				Open Item Key:			
2	75081	0431315								CRRNT	1.00000000	-4,384.75 USD	-4,384.75 USD
2													
	Description:	Coal Ash Spend - Debt Return				Reference:				Open Item Key:			
3	75081	0421315								CRRNT	1.00000000	-9,618.88 USD	-9,618.88 USD
3													
	Description:	Return on Equity - Coal Ash Sp				Reference:				Open Item Key:			
4	75081	0421315								CRRNT	1.00000000	9,618.88 USD	9,618.88 USD
4													
	Description:	Return on Equity - Coal Ash Sp				Reference:				Open Item Key:			
5	75081	0188251								CRRNT	1.00000000	-9,618.88 USD	-9,618.88 USD
5													
	Description:	Return on Equity - Coal Ash Sp				Reference:				Open Item Key:			

Report ID: PPSFGL05	PeopleSoft Financials	Page No.	2
JOURNAL ENTRY DETAIL REPORT		Run Date:	12/22/2015
		Run Time:	04:58:36 PM

Unit:	75081	Ledger Group:	ACTUALS	Foreign Currency:	USD
Journal ID:	CASPENDRET	Source:	ONL	Rate Type:	CRRNT
Date:	12/31/2015	Reversal:	N	Effective Date:	12/31/2015
Description:	To recognize the Debt & Equity return on Spend related to Coal Ash Ponds for the YTD 2015 and defer the Equity Return	Reversal Date:		Exchange Rate:	1.00

Line #	Unit	Account	Res Type	Operat Unit	Resp Ctr	Location	Assoc Pool	Stat	Statistics Amt	Rate Type	Rate	Foreign Amount	Base Amount
Line #	Process	Product	Project	Analysis Type	Activity	AMRate							
<u>Business Unit</u>		<u>Journal Status</u>		<u>Total Lines</u>		<u>Total Base Debits</u>		<u>Total Base Credits</u>					
75081		P				6	23,622.51	23,622.51					

End of Report

Duke Energy Kentucky

Summary of Coal Ash Journal Entries recognized per December 15, 2015 Order in Case No. 2015-00187

			<u>Journal ID</u>
(a)	<i>Defer depreciation expense of Asset Retirement Cost (ARC) in Account 101 through November 2015</i>		DEKACCRDEP
	Dr: 0182315	ARO Regulatory Asset 2,579,232.34	
	Cr: 0403151	ARC Depreciation Expense (2,579,232.34)	
(b)	<i>Defer accretion expense of Asset Retirement Obligation (ARO) liability until closure activities are complete through November 2015</i>		DEKACCRDEP
	Dr: 0182315	ARO Regulatory Asset 2,549,552.24	
	Cr: 0411051	Accretion Expense (2,549,552.24)	
(c)	<i>Reclass estimated Cost of Removal (COR) reserve related to ash pond closure depreciation expense through December 2015</i>		DEKCORTTD
	Dr: 0108301	Accumulated Depreciation - COR 856,412.00	
	Cr: 0182471	CCR Compliance Reg. Asset (856,412.00)	
(d)	<i>Recognize incremental CCR Compliance Costs incurred through November 2015</i>		YTDSPEND
	Dr: 0407355	Regulatory Debits 2,924,884.03	
	Cr: 0182315	ARO Regulatory Asset (2,924,884.03)	
(e)	<i>Use Cost of Removal (COR) reserve related to ash pond closure reclassified to Account 182.3 in entry (c) above</i>		YTDSPEND
	Dr: 0182471	CCR Compliance Reg. Asset 856,412.00	
	Cr: 0407438	Regulatory Credits (856,412.00)	
(f)	<i>Defer actual incremental CCR Compliance Costs incurred through November 2015 until recovered in rates</i>		YTDSPEND
	Dr: 0182471	CCR Compliance Reg. Asset 2,068,472.03	
	Cr: 0407438	Regulatory Credits (2,068,472.03)	
(g)	<i>Defer carrying costs on net CCR Compliance Costs incurred through November 2015; reserve against equity component per ASC 980.</i>		CASPEND
	Dr: 0182471	CCR Compliance Reg. Asset 14,003.63	
	Cr: 0431315	Return on Debt (4,384.75)	
	Cr: 0421315	Return on Equity (9,618.89)	
	Dr: 0421315	Return on Equity 9,618.89	
	Cr: 0186251	Contra Return on Equity (9,618.89)	



file copy

Mailing Address:
139 East Fourth Street
1212 Main / P.O. Box 960
Cincinnati, Ohio 45202
o: 513-287-4364
f: 513-287-4386

Rocco.D'Ascenzo@duke-energy.com
Rocco O. D'Ascenzo
Associate General Counsel

VIA OVERNIGHT DELIVERY

March 30, 2016

James W. Gardner
Acting Executive Director
Kentucky Public Service Commission
211 Sower Blvd
P.O. Box 615
Frankfort, KY 40602-0615

**Re: Case No. 2015-00187
In the Matter of the Application of Duke Energy Kentucky, Inc. for an Order
Approving the Establishment of a Regulatory Asset for the Liabilities
Associated with Ash Pond Asset Retirement Obligations**

Dear Chairman Gardner:

Pursuant to the December 15, 2015 Order, Paragraph 6 in the above captioned case, Duke Energy Kentucky, Inc. hereby submits its updated ARO calculations reflecting any studies, reports, or changes in other assumptions for the East Bend ARO balance as of December 31, 2015.

In addition, please find enclosed one copy of Duke Energy Kentucky, Inc.'s Petition for Confidential Treatment. Also enclosed in the white envelope is (1) one copy of the confidential documents being filed under seal.

Please date-stamp the extra two copies of this letter and return them to me in the enclosed self-addressed envelope.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'Rocco D'Ascenzo', written over a horizontal line.

Rocco D'Ascenzo
Associate General Counsel

Enclosures
cc: Larry Cook

598001

**COMMONWEALTH OF KENTUCKY
BEFORE THE
KENTUCKY PUBLIC SERVICE COMMISSION**

In The Matter of:

The Application of Duke Energy Kentucky, Inc.,)	
For an Order Approving the Establishment of a)	Case No. 2015-00187
Regulatory Asset for the Liabilities Associated)	
With Ash Pond Asset Retirement Obligations.)	

**PETITION OF DUKE ENERGY KENTUCKY, INC.
FOR CONFIDENTIAL TREATMENT OF INFORMATION
CONTAINED IN THE ATTACHMENT TO ITS ANNUAL REPORT**

Duke Energy Kentucky, Inc. (Duke Energy Kentucky or Company), pursuant to 807 KAR 5:001, Section 13, respectfully requests the Commission to classify and protect certain information provided by Duke Energy Kentucky in the attachment to its Annual Report as requested by Commission Staff (Staff) in this case on December 15, 2015. The information that Staff seeks through the Order and for which Duke Energy Kentucky now seeks confidential treatment (Confidential Information), shows confidential ARO calculations reflecting assumptions for projected ARO costs on an annual basis related to the East Bend ARO balance.¹

In support of this Petition, Duke Energy Kentucky states:

1. The Kentucky Open Records Act exempts from disclosure certain critical infrastructure information per KRS 61.878(1)(m). To qualify for this exemption and, therefore, maintain the confidentiality of the information, a party must establish that disclosure of the record would permit an unfair advantage to competitors. Public

¹ See Order, Paragraph 6 (December 15, 2015).

disclosure of the information identified herein would, in fact, prompt such a result for the reasons set forth below.

2. The information contained in the report shows projected costs for various closure and compliance costs related to coal combustion residuals act (CCR) compliance. Releasing this information publicly will provide potential vendors with detailed information regarding what Duke Energy Kentucky anticipates spending in future years to comply with CCR. Releasing this information will put Duke Energy Kentucky at a disadvantage in terms of its ability to negotiate contracts and attempt to manage and reduce costs because counterparties would know what Duke Energy Kentucky believes it would have to spend.

3. The information contained in the annual report was developed internally by Duke Energy Corporation and Duke Energy Kentucky personnel, is not on file with any public agency, and is not available from any commercial or other source outside Duke Energy Kentucky. The aforementioned information is distributed within Duke Energy Kentucky only to those employees who must have access for business reasons, and is generally recognized as confidential and proprietary in the energy industry.

4. The Confidential Information for which Duke Energy Kentucky is seeking confidential treatment is not known outside of Duke Energy Corporation.

5. Duke Energy Kentucky does not object to limited disclosure of the confidential information described herein, pursuant to an acceptable protective agreement, with the Attorney General or other intervenors with a legitimate interest in reviewing the same for the purpose of participating in this case.

6. This information was, and remains, integral to Duke Energy Kentucky's effective execution of business decisions. And such information is generally regarded as confidential or proprietary. Indeed, as the Kentucky Supreme Court has found, "information concerning the inner workings of a corporation is 'generally accepted as confidential or proprietary.'" *Hoy v. Kentucky Industrial Revitalization Authority*, 904 S.W.2d 766, 768 (Ky. 1995).

7. In accordance with the provisions of 807 KAR 5:001, Section 13(3), the Company is filing one copy of the Confidential Information separately under seal, and one copy without the confidential information included.

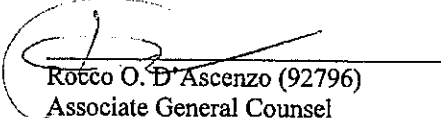
8. Duke Energy Kentucky respectfully requests that the Confidential Information be withheld from public disclosure for a period of ten years. This will assure that the Confidential Information – if disclosed after that time – will no longer be commercially sensitive so as to likely impair the interests of the Company or its customers if publicly disclosed.

9. To the extent the Confidential information becomes generally available to the public, whether through filings required by other agencies or otherwise, Duke Energy Kentucky will notify the Commission and have its confidential status removed, pursuant to 807 KAR 5:001 Section 13(10)(a).

WHEREFORE, Duke Energy Kentucky, Inc., respectfully requests that the Commission classify and protect as confidential the specific information described herein.

Respectfully submitted,

DUKE ENERGY KENTUCKY, INC.



Rocco O. D'Ascenzo (92796)
Associate General Counsel
Amy B. Spiller (85309)
Deputy General Counsel
Duke Energy Business Services, LLC
139 East Fourth Street, 1303 Main
Cincinnati, Ohio 45201-0960
Phone: (513) 287-4320
Fax: (513) 287-4385
e-mail: rocco.d'ascenzo@duke-energy.com

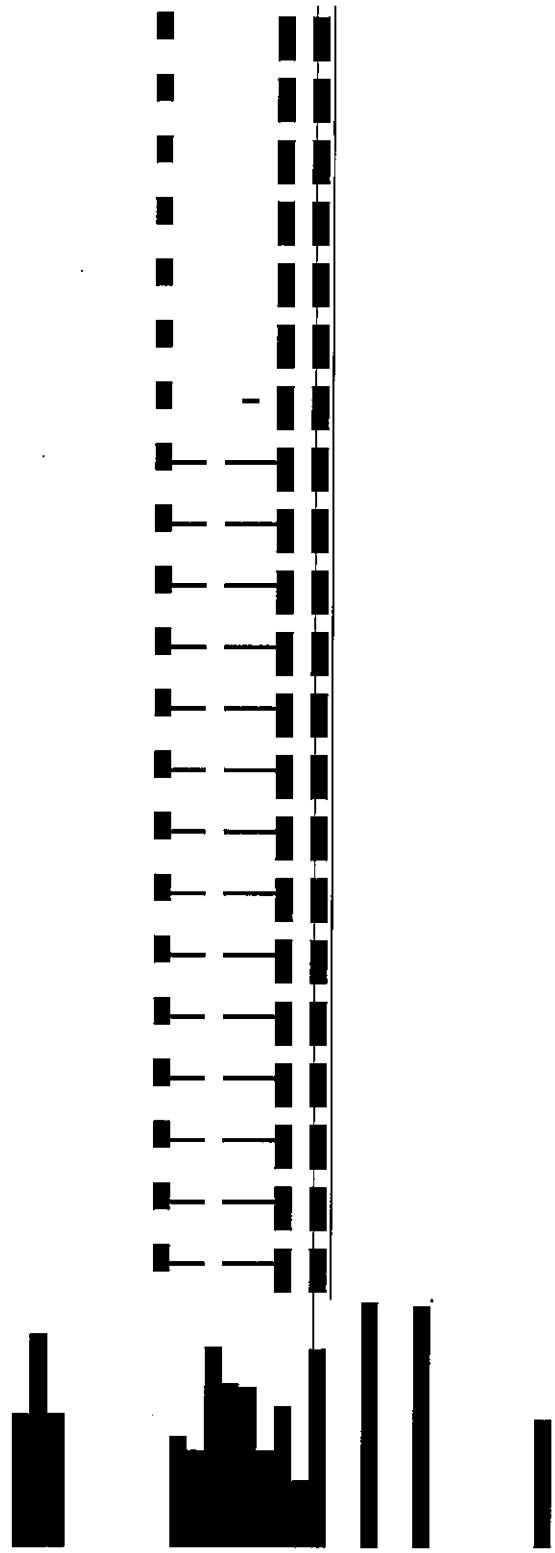
CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing has been served via overnight mail to the following party on this 30th day of March, 2016.



Rocco O. D'Ascenzo

Larry Cook
Office of the Attorney General
Utility Intervention and Rate Division
1024 Capital Center Drive
Frankfort, Kentucky 40601





file copy

Mailing Address:
139 East Fourth Street
1301 Main
Cincinnati, Ohio 45202
o: 513-287-4320
f: 513-287-4385

Rocco.D'Ascenzo@duke-energy.com
Rocco O. D'Ascenzo
Associate General Counsel

VIA OVERNIGHT DELIVERY

March 27, 2017

Talina Mathews
Executive Director
Kentucky Public Service Commission
211 Sower Blvd
Frankfort, KY 40602-0615

**Re: Case No. 2015-00187
In the Matter of the Application of Duke Energy Kentucky, Inc. for an Order
Approving the Establishment of a Regulatory Asset for the Liabilities
Associated with Ash Pond Asset Retirement Obligations**

Dear Dr. Mathews:

Pursuant to the December 15, 2015 Order, Paragraph 6 in the above captioned case, Duke Energy Kentucky, Inc. hereby submits its updated ARO calculations reflecting any studies, reports, or changes in other assumptions for the East Bend ARO balance as of December 31, 2016.

In addition, please find enclosed one copy of Duke Energy Kentucky, Inc.'s Petition for Confidential Treatment. Also enclosed in the white envelope is (1) one copy of the confidential documents being filed under seal.

Please date-stamp the extra two copies of this letter and return them to me in the enclosed self-addressed envelope.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'Rocco D'Ascenzo', written over a horizontal line.

Rocco D'Ascenzo
Associate General Counsel

Enclosures

cc: Rebecca Goodman (w/o enclosures)

**COMMONWEALTH OF KENTUCKY
BEFORE THE
KENTUCKY PUBLIC SERVICE COMMISSION**

In The Matter of:

The Application of Duke Energy Kentucky, Inc.,)	
For an Order Approving the Establishment of a)	Case No. 2015-00187
Regulatory Asset for the Liabilities Associated)	
With Ash Pond Asset Retirement Obligations.)	

**PETITION OF DUKE ENERGY KENTUCKY, INC.
FOR CONFIDENTIAL TREATMENT OF INFORMATION
CONTAINED IN THE ATTACHMENT TO ITS ANNUAL REPORT**

Duke Energy Kentucky, Inc. (Duke Energy Kentucky or Company), pursuant to 807 KAR 5:001, Section 13, respectfully requests the Commission to classify and protect certain information provided by Duke Energy Kentucky in the attachment to its Annual Report as requested by Commission Staff (Staff) in this case on December 15, 2015. The information that Staff seeks through the Order and for which Duke Energy Kentucky now seeks confidential treatment (Confidential Information), shows confidential ARO calculations reflecting assumptions for projected ARO costs on an annual basis related to the East Bend ARO balance.¹

In support of this Petition, Duke Energy Kentucky states:

1. The Kentucky Open Records Act exempts from disclosure certain critical infrastructure information per KRS 61.878(1)(m). To qualify for this exemption and, therefore, maintain the confidentiality of the information, a party must establish that disclosure of the record would permit an unfair advantage to competitors. Public

¹ See Order, Paragraph 6 (December 15, 2015).

disclosure of the information identified herein would, in fact, prompt such a result for the reasons set forth below.

2. The information contained in the report shows projected costs for various closure and compliance costs related to coal combustion residuals act (CCR) compliance. Releasing this information publicly will provide potential vendors with detailed information regarding what Duke Energy Kentucky anticipates spending in future years to comply with CCR. Releasing this information will put Duke Energy Kentucky at a disadvantage in terms of its ability to negotiate contracts and attempt to manage and reduce costs because counterparties would know what Duke Energy Kentucky believes it would have to spend.

3. The information contained in the annual report was developed internally by Duke Energy Corporation and Duke Energy Kentucky personnel, is not on file with any public agency, and is not available from any commercial or other source outside Duke Energy Kentucky. The aforementioned information is distributed within Duke Energy Kentucky only to those employees who must have access for business reasons, and is generally recognized as confidential and proprietary in the energy industry.

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6. This information was, and remains, integral to Duke Energy Kentucky's effective execution of business decisions. And such information is generally regarded as confidential or proprietary. Indeed, as the Kentucky Supreme Court has found, "information concerning the inner workings of a corporation is 'generally accepted as confidential or proprietary.'" *Hoy v. Kentucky Industrial Revitalization Authority*, 904 S.W.2d 766, 768 (Ky. 1995).

7. In accordance with the provisions of 807 KAR 5:001, Section 13(3), the Company is filing one copy of the Confidential Information separately under seal, and one copy without the confidential information included.

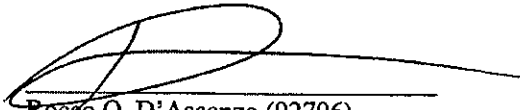
8. Duke Energy Kentucky respectfully requests that the Confidential Information be withheld from public disclosure for a period of ten years. This will assure that the Confidential Information – if disclosed after that time – will no longer be commercially sensitive so as to likely impair the interests of the Company or its customers if publicly disclosed.

9. To the extent the Confidential information becomes generally available to the public, whether through filings required by other agencies or otherwise, Duke Energy Kentucky will notify the Commission and have its confidential status removed, pursuant to 807 KAR 5:001 Section 13(10)(a).

WHEREFORE, Duke Energy Kentucky, Inc., respectfully requests that the Commission classify and protect as confidential the specific information described herein.

Respectfully submitted,

DUKE ENERGY KENTUCKY, INC.



Rocco O. D'Ascenzo (92796)
Associate General Counsel
Amy B. Spiller (85309)
Deputy General Counsel
Duke Energy Business Services, LLC
139 East Fourth Street, 1303 Main
Cincinnati, Ohio 45201-0960
Phone: (513) 287-4320
Fax: (513) 287-4385
e-mail: rocco.d'ascenzo@duke-energy.com

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing has been served via overnight mail to the following party on this 27th day of March, 2017.



Rocco O. D'Ascenzo

Rebecca W. Goodman
The Office of the Attorney General
Utility Intervention and Rate Division
700 Capital Avenue, Suite 20
Frankfort, Kentucky 40601

AG-DR-02-016(b) Attachment

EXCEL

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Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

AG-DR-02-017

REQUEST:

Provide a schedule showing the local franchise fee rider revenue and the local franchise fee expense for each month in the base period and the test year. If the revenue and expense amounts are not equivalent in the test year, please explain why they are not and provide a reconciliation of the two amounts for each month during the test year.

RESPONSE:

The Duke Energy Kentucky's tariff, Sheet No. 95, Local Franchise Fee, contains the following language:

"There shall be added to the customer's bill, listed as a separate item, an amount equal to the fee now or hereafter imposed by local legislative authorities, whether by ordinance, franchise or other means, which fee is based on the gross receipts collected by the Company from the sale of electricity to customers within the boundaries of the particular legislative authority. Such amount shall be added exclusively to bills of customers receiving service within the territorial limits of the authority imposing the fee."

The Company collects the franchise fees imposed by the various local legislative authorities from the customers and then remits the dollars collected to the legislative authorities. Since the Company is simply acting as a collection agency for the legislative authorities and there is no financial impact to the Company, franchise fee revenue and expense is not part of the budgeting process. As a result, neither the budgeted months of the base period nor the forecasted period contain franchise fee revenue or expense.

The franchise fees and structures themselves are determined by the municipality through ordinance and vary across the Company's footprint. The fee structures range from flat annual fees to percentages of gross receipts.

A schedule showing franchise fee revenue and franchise fee expense for the actual months of the base period is provided as AG-DR-02-017 Attachment being uploaded electronically and a copy provided on CD. The difference between the revenue, the amount collected from customers, and the expense, the amount paid to the local legislative authorities, is the result of the Company deducting bad debts and other minor adjustments.

PERSON RESPONSIBLE: Cooper Monroe

AG-DR-02-017 Attachment

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Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

AG-DR-02-018

REQUEST:

Refer to the response to AG 1-11. Explain why replacement power costs that are not recoverable through the FAC should be recoverable through base rates. Cite and provide copies of all authorities relied on. If none, then so state.

RESPONSE:

Objection. Overbroad and unduly burdensome. This request seeks a legal opinion and analysis that is protected by Attorney Work Product and Privilege. Objecting further, the documents requested are available through Orders of the Kentucky Public Service Commission that are publicly available on the Commission's website and that are easily accessible to the Attorney General. Without waiving said objections and to the extent discoverable, the Company relies upon Kentucky law, including but not limited to KRS 278.030, and precedent of the Kentucky Public Service Commission.

The Commission has previously stated that it "did not, and does not, declare that the cost of power purchases made above the limit for recovery through the FAC is not recoverable."¹ Further, the Commission has stated in multiple Orders that it:

... interprets Administrative Regulation 807 KAR 5:056 as permitting an electric utility to recovery through its FAC only the lower of the actual energy cost of the non-economy purchased energy or the fuel cost of its highest cost generating unit available to be dispatched to serve native load during the reporting expense month. Costs for non-economy energy

¹ *In the Matter of the Examination of the Application of the Fuel Adjustment Clause of Duke Energy Kentucky, Inc From November 1, 2013 Through April 20, 2014*, Case No. 2014-00229 (Ky.P.S.C. January 30, 2015).

purchases that are not recovered through an electric utility's FAC are considered "non-FAC expenses" and, if reasonably incurred, are otherwise eligible for recovery through base rates.²

See also e.g. the following Commission Orders:

- Order - Case No. 2000-00496-B, May 2, 2002;
- Order - Case No. 2014-00226, January 30, 2015;
- Order on Rehearing - Case No. 2014-00226, July 10, 2015; and
- Order - Case No. 2014-00229, January 22, 2015.

PERSON RESPONSIBLE: Legal

² *Id.*

Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

AG-DR-02-019

REQUEST:

Refer to the Excel filing schedules provided in response to Staff 1-71 and further to cell AA 98 in worksheet tab "Rate Base Ratios" which shows the adjustment amount of \$50,651,286 to reduce ADIT, increasing capitalization, for non-utility ADIT. Refer further to worksheet tab "WPB-6's" that shows the breakdown of this 13-month average amount by ADIT FERC account.

- a. Describe the source of the non-utility ADIT included in each FERC account.
- b. Identify the subaccount number(s) and ending balance(s) for all amounts on the books of DEK at December 31, 2016 and for the end of the test year that represents the temporary differences associated with the non-utility ADIT balances that produce the ADIT.
- c. Confirm that the Company did not reduce total Company capitalization in the filing for the temporary difference(s) associated with the non-utility ADIT. If confirmed, explain all reasons why it did not do so.

RESPONSE:

- a. The non-utility ADIT originated when the generating assets were transferred to Duke Energy Kentucky from Duke Energy Ohio (Case No. 2003-00252). They are treated as non-utility because the generating assets were non-regulated when they belonged to Duke Energy Ohio.

- b. The balances are listed below for December 31, 2016, and the end of the test year, March 31, 2019.

<u>Account</u>	<u>Subaccounts</u>	<u>December 31, 2016</u>	<u>March 31, 2019⁽¹⁾</u>
190			
	190001	\$ 1,748,620	\$ (92,644)
	190002	\$ 255,628	\$ (14,947)
Total Account 190		\$ 2,004,248	\$ (107,591)
282			
	282100	\$ (1,718,722)	\$ (2,590,821)
	282101	\$ (671,513)	\$ (418,014)
Account 282 - Other		\$ (2,390,235)	\$ (3,008,835)
282			
	282001	\$ (46,075,178)	\$ (39,857,780)
	282002	\$ (7,407,423)	\$ (6,430,820)
Liberalized Depreciation		\$ (53,482,601)	\$ (46,288,600)
283			
	283100	\$ 35,069	\$ -
	283101	\$ 5,658	\$ -
Total Account 283		\$ 40,727	\$ -
Total ADIT		\$ (53,827,861)	\$ (49,405,026)

(1) Per WPB-6b

- c. The Company excluded this amount from total Company capitalization as shown on WPA-1c Line 5.

PERSON RESPONSIBLE:

- a. Lisa Bellucci
- b. Lisa Bellucci
- c. Sarah E. Lawler

Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

AG-DR-02-020

REQUEST:

Refer to the present Rider PSM. Provide all calculation components for the test year under the present rider, assuming that it remains in effect with no changes. Provide all support for your calculations, including electronic spreadsheets in live format with all formulas intact and all support documents or other support for assumptions and/or other input amounts.

RESPONSE:

Please see AG-DR-02-020 Attachment being uploaded electronically and a copy provided on CD.

PERSON RESPONSIBLE: William Don Wathen Jr.

AG-DR-02-020 Attachment

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Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

AG-DR-02-021

REQUEST:

Refer to the proposed Rider PSM. Provide all calculation components for the test year under the proposed rider, assuming it is adopted with no modifications. Provide all support for your calculations, including electronic spreadsheets in live format with all formulas intact and all support documents or other support for assumptions and/or other input amounts.

RESPONSE:

Please see AG-DR-02-021 Attachment being uploaded electronically and a copy provided on CD.

PERSON RESPONSIBLE: William Don Wathen Jr.

AG-DR-02-021 Attachment

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Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

AG-DR-02-022

REQUEST:

Provide all calculation components for each month 2014 through 2016 and the months in 2017 for which actual information is available for the Rider PSM.

RESPONSE:

Please see the following Attachment files uploaded electronically and copies provided on CD. These files represent the Rider PSM filings for each of the periods specified.

Year	File Name
2014	AG-DR-02-022 Attachment 1
2015	AG-DR-02-022 Attachment 2
2016	AG-DR-02-022 Attachment 3
2017	AG-DR-02-022 Attachment 4

PERSON RESPONSIBLE: William Don Wathen Jr.

AG-DR-02-022 Attachment 1

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AG-DR-02-022 Attachment 2

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AG-DR-02-022 Attachment 3

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AG-DR-02-022 Attachment 4

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Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

AG-DR-02-023

REQUEST:

Provide the total Company off-system sales margins and the amount shared with customers through Rider PSM for each year 2012 through 2016, forecasted for 2017, 2018, and 2019, forecast for the test year, and the amount included in the calculation of the test year revenue requirement, if any. Provide the calculation of the amount included in the calculation of the test year revenue requirement, if any, including all electronic spreadsheets in live format and with all formulas intact, and identify the schedule, workpapers, and line items where this income is included.

RESPONSE:

See AG-DR-02-023 Attachment being uploaded electronically and a copy provided on CD. As noted in the attachment, none of the components of the off-system sales margin was included in the forecasted test period revenue requirement since it was eliminated on Schedule D-2.20.

PERSON RESPONSIBLE: William Don Wathen Jr.

AG-DR-02-023 Attachment

EXCEL

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REQUEST:

Refer to the definition of the term "C" in the present PSM rider.

- a. Did the Company recover any of the costs of the additional East Bend capacity acquired in 2015 through the PSM rider? If so, then please provide the costs (separated into individual costs, e.g., operating expense, depreciation expense, return on investment, etc.) included in the PSM rider for each month starting with the month in which the additional East Bend capacity was acquired through the most recent month for which actual information is available. Also provide the budgeted and/or forecasted costs that would be included in the PSM rider for each month through the end of the test year, assuming no changes are adopted to the present PSM rider.
- b. Reconcile the additional East Bend O&M expenses that were deferred into the regulatory asset authorized in Case No. 2014-00201 and the depreciation expenses that were deferred into the regulatory asset authorized in Case No. 2015-00120 to the costs that were recovered through the PSM rider, if any, addressed in part (a) of this question. Demonstrate that there was no double counting of the East Bend O&M expenses and depreciation recovered through the PSM rider and recorded as regulatory assets.

RESPONSE:

- a. No.
- b. Additional O&M expense and depreciation expenses are not included in Rider PSM.

PERSON RESPONSIBLE: William Don Wathen Jr.

Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

AG-DR-02-025

REQUEST:

Refer to the response to AG 1-7. The following table provides an excerpt of the Company's O&M expenses by FERC account incurred directly by DEK in 2015 through 2018, the first 3 months of 2019 and annualized for 2019.

DIRECTLY INCURRED DEK EXPENSES						
Account	2015	2016	2017	2018	Jan-Mar 2019	Annual 2019
502	10,992	10,797	11,234	17,166	5,275	21,100
506	1,246	1,171	1,033	1,334	180	720
512	8,772	9,464	5,906	13,807	4,366	17,464
513	1,196	1,436	1,147	6,567	2,515	10,060

- a. Provide the forecast for these accounts for calendar year 2019.
- b. Provide an explanation, including all quantitative support, for the substantial increases in the forecast expenses in 2018 compared to prior years, especially compared to 2017.
- c. Provide an explanation, including all quantitative support, for the substantial increases and reductions in the forecast expenses in 2019 (both forecast for calendar year 2019 provided in response to part (a) of this question and annualized 2019 shown on the table) compared to prior years, especially compared to 2018.

RESPONSE:

The 2018 budget provided in response to AG 1-7 was based on a subsequent version of the budget prepared after the original budget was finalized and filed in this proceeding. As a result, there were differences between the amounts by account in the data request and the filing. Below is a comparison of the 2018 filed budget versus the response to AG 1-7 for the accounts in question. As you can see, the differences are immaterial across the four accounts.

Account	2018 (as filed)	2018 (per AG 1-7)	Difference	Annual 2019
502	21,252	17,166	4,086	22,393
506	1,048	1,334	(286)	1,058
512	11,506	13,807	(2,301)	7,422
513	5,444	6,567	(1,123)	5,498

- a. See table above
- b. Account 502 – 2018 increase is due to the East Bend deferral ending and increased estimates for reagent costs
Account 506 – 2018 increase is due to estimated increase in Title V Air Permit Fee and additional training required for new systems.
Account 512 – 2018 increase is due to the outage cycle and the East Bend deferral ending.
Account 513 – 2018 increase is due to the outage cycle.
- c. Account 502 – 2019 increase is due to estimated reagent costs.
Account 506 – 2019 increase is due to 1% escalation of 2018 original budget.
Account 512 – 2019 decrease is due to the outage cycle.
Account 513 – 2019 increase is due to 1% escalation of 2018 original budget.

PERSON RESPONSIBLE: Robert H. Pratt

Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

AG-DR-02-026

REQUEST:

Refer to the response to AG 1-7. The following table provides an excerpt of the Company's O&M expenses by FERC account incurred through DEBS charges to DEK in 2015 through 2018, the first 3 months of 2019 and annualized for 2019.

DEBS CHARGES TO DEK						
Account	2015	2016	2017	2018	Jan-Mar 2019	Annual 2019
510	2,229	2,452	2,084	3,014	760	3,040
565	9,972	11,410	14,400	16,478	4,202	16,808
904	1,778	-14	556	1,912	379	1,516
928	681	700	703	3,025	179	716

- a. Provide the forecast for these accounts for calendar year 2019.
- b. Provide an explanation, including all quantitative support, for the substantial increases in the forecast expenses in 2018 compared to prior years, especially compared to 2017.
- c. Provide an explanation, including all quantitative support, for the substantial increases and reductions in the forecast expenses in 2019 (both forecast for calendar year 2019 provided in response to part (a) of this question and annualized 2019 shown on the table) compared to prior years, especially compared to 2018.

RESPONSE:

The 2018 budget provided in response to AG 1-7 was based on a subsequent version of the budget prepared after the original budget was finalized and filed in this proceeding. As a result, there were differences between the amounts by account in the data request and the filing. Below is a comparison of the 2018 filed budget versus the response to AG 1-7 for the accounts in question. As you can see, the subsequent budget for 2018 is higher across the accounts, and will be clarified below as needed.

Account	2018 (as filed)	2018 (per AG 1-7)	Difference	Annual 2019
510	2,174	3,014	(840)	3,044
565	14,951	16,478	(1,527)	17,411
904	1,909	1,912	(3)	1,521
928	711	3,025	(2,314)	718

- a. See table above
- b. **510** – Using the filed amount, there is no material difference from 2017 to 2018. Using the subsequent budget amount, the increase is due to additional corporate engineering services for compliance programs, support for the East Bend Planned Outage, and positions that were unfilled for portions of 2017.
565 – 2018 increase is due to PJM NITS fee and RTEP fee increases. This is true for both data sets.
904 - Late in 2016, a FERC audit had us reclass actuals for chargeoffs to account 426.5. Actuals for 2017 are also in 426.5, so the remaining 2017 amount is the October – December budget.
928 - Using the filed amount, there is no material difference from 2017 to 2018. Using the subsequent budget amount, the 2018 budget includes an expected reg

asset amortization. As this budget is still in development, we will be removing that item from O&M to a more appropriate account.

c. **510** - 2019 increase is due to 1% escalation of 2018 original budget.

565 – 2019 increase is due to increases in PJM NITS fees and RTEP fees

904 – 2019 decrease is due to change in intercompany portion of chargeoffs. As noted in the explanation for above, no actuals are expected to be booked to this account. The budget should be restated in the correct account in the next budget cycle.

928 - 2019 increase is due to 1% escalation of 2018 original budget.

PERSON RESPONSIBLE: Robert H. Pratt

Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

AG-DR-02-027

REQUEST:

Refer to the Duke Energy Business Services, Inc. ("DEBS") 2016 FERC Form 60 at pages 201, 301, and 302.

- a. Refer to the amount of net income after taxes reflected on page 302 at line 62 and the amount of income taxes on page 302 at lines 42-44. Explain how the service company reflected net income of approximately \$26.9 million after net income tax expense of approximately \$20.9 million in 2016 and net income of approximately \$21.3 million after net income tax expense of approximately \$18.3 million in 2015 as opposed to net income and income taxes at around zero if all costs were charged to affiliates at cost.
- b. Refer to page 201 at lines 14 and 15. The balance of Unappropriated Retained Earnings at the end of 2016 was approximately \$421.9 million and dividends paid during 2016 were approximately \$5.9 million. Confirm that the amount of Unappropriated Retained Earnings represents profits retained at DEBS, after annual dividends to stockholders, and that those profits represent billings to affiliates in excess of actual costs on a cumulative basis.

- c. Are any costs charged to affiliates, such as DEK, based on an equity return on investment component as opposed to just the return of component and interest charges? If so, explain and describe the basis for the equity return added to costs charged to affiliates as well as the actual return on equity percentage added during 2016 and the projected return on equity percentage for the test year.
- d. Provide a schedule showing the monthly forecasted net income for DEBS, before and after income taxes, for each month during 2018 and the first three months of 2019.
- e. Provide a schedule showing the monthly forecasted recovery of equity return for DEBS, including income taxes, charged to DEK, including charges directly to DEK from DEBS and all charges from other affiliates that include charges from DEBS. Provide all calculations, including electronic spreadsheets in live format with all formulas intact.

RESPONSE:

- a. The Service Company charges a return for the use of DEBS assets to the jurisdictions. This represents a cost of capital for assets on the Service Company that are used in the operations of Duke Energy and its subsidiary companies. For 2016 the return on DEBS assets was \$47.86 million, income tax expense was \$20.94, resulting in net income of \$26.9 million. For 2015 the return on DEBS assets was \$39.71, income tax expense was \$18.45, resulting in net income of \$21.3 million. The income statement for

DEBS would have been close to zero, except for the return on assets and income tax expense.

- b. The amount of Unappropriated Retained Earnings does represent billings in excess of costs recorded on DEBS ledger on a cumulative basis. The nature of these billings in excess of costs can be categorized into two categories. Prior to the Duke Cinergy merger, which brought Kentucky under Duke Energy Corporation, the legacy Duke Corporation utilized a tax strategy in which the Service Company charged a management fee for services provided. The cost to the utilities, primarily Duke Energy Carolinas, was recorded to a below the line non-utility account. The reorganization associated with the Duke Cinergy merger negated this strategy going forward. The second category is the return on DEBS assets. The Service Company to Utility Service Agreement states that the company shall cover all costs of doing business. Cost as defined in the agreement means “fully embedded costs, namely, the sum of (1) direct costs, (2) indirect costs and (3) **costs of capital.**” The return on DEBS assets is a charge to recover the cost of capital to the utilities for the use of these assets.
- c. A return on DEBS assets is recorded based on a monthly calculation of DEBS assets. These assets include PP&E, prepaid pension assets and inventory. The PP&E is determined based on NET PP&E less CWIP less associated deferred taxes. Prepaid pension assets are determined by taking the prepaid qualified pension, less the non-qualified pension and OPEB

liabilities and decreasing by a deferred tax amount. The inventory amount is the amount reflected on the inventory balance sheet for DEBS. The total allocated amount of assets assigned to the Regulated Utility is multiplied by a revenue requirement percentage to achieve the allowed rate of return in the jurisdiction. The amount allocated to the utility is based on a 3 factor allocation for PP&E and inventory assets. The pension assets are allocated based on DEBS labor usage. This process is applicable to 2016, 2017 and for the projected test year. The revenue requirement percentage used for Kentucky is based on the 2006 Kentucky Electric rate case for all actual and forecasted periods. Please see AG-DR-02-027(c) Attachment being uploaded electronically and a copy provided on CD.

d. See table below:

\$000s	Before taxes	After taxes
Jan-18	5,077	3,071
Feb-18	5,077	3,071
Mar-18	5,077	3,071
Apr-18	5,077	3,071
May-18	5,077	3,071
Jun-18	5,077	3,071
Jul-18	5,077	3,071
Aug-18	5,077	3,071
Sep-18	5,077	3,071
Oct-18	5,077	3,071

Nov-18	5,077	3,071
Dec-18	5,077	3,071
Jan-19	5,125	3,102
Feb-19	5,125	3,102
Mar-19	5,125	3,102

- e. Please see AG-DR-02-027(e) Attachment being uploaded electronically and a copy provided on CD. This file includes multiple worksheets. The first worksheet “DEK Return” shows the monthly values for the forecasted test period for each of the components of the return as well as the total and tax effects. The following 3 worksheets for both 2018 and 2019 are the worksheets used to calculate the monthly values. Each worksheet shows the detailed calculations for the DEK electric component of the DEBS return that are linked to the “DEK Return” worksheet.

PERSON RESPONSIBLE: Jeff Setser (a-c, e)
Beau Pratt (d)

AG-DR-02-027(c) Attachment

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AG-DR-02-027(e) Attachment

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Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

AG-DR-02-028

REQUEST:

Refer to the Company's CAM at page 13 that includes the following statement:

By the terms of the Service Company Utility Service Agreement, compensation for any service rendered by the Service Company to its utility affiliates is the fully embedded cost thereof (*i.e.*, the sum of: (i) direct costs; (ii) indirect costs; and (iii) costs of capital), except to the extent otherwise required by Section 482 of the Internal Revenue Code.

- a. Describe how the "(iii) costs of capital" is determined by DEBS each period and provide that determination for each month applicable to 2016, 2017, and projected for the test year.
- b. Describe the source of the return on equity percentage component utilized by DEBS for the "(iii) costs of capital" for each month applicable to 2016, 2017, and projected for the test year and cite all authorities, if any.

RESPONSE:

- a. The return on DEBS assets is based on a monthly calculation of DEBS assets. These assets include PP&E, prepaid pension assets and inventory. The PP&E is determined based on NET PP&E less CWIP less associated deferred taxes. Prepaid pension assets are determined by taking the prepaid qualified pension, less the non-qualified pension and OPEB

liabilities and decreasing by a deferred tax amount. The inventory amount is the amount reflected on the inventory balance sheet for DEBS. The total allocated amount of assets assigned to the Regulated Utility is multiplied by a revenue requirement percentage to achieve the allowed rate of return in the jurisdiction. The amount allocated to the utility is based on a 3 factor allocation for PP&E and inventory assets. The pension assets are allocated based on DEBS labor usage. This process is applicable to 2016, 2017 and for the projected test year.

- b. The source of the return on DEBS assets as it relates to Kentucky is the revenue requirement percentage based on the 2006 Kentucky Electric rate case. This is applicable for all actual and forecasted periods. See attached file AG-DR-02-027(c).xlsx used in response to DR-02-027c.

PERSON RESPONSIBLE: Jeff Setser

Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

AG-DR-02-029

REQUEST:

Refer to the Company's response to STAFF-DR-02-009, in which Staff requested details on the Budget Billing and Fixed Bill programs. The Company's response only provided details on the Budget Billing program. Provide relevant details on the Fixed Bill Program including, but not limited to:

- a. The process by which customers will be recruited, fixed bill amounts quoted, customer acceptance (or rejection) of the quote registered, and enrolled in the program;
- b. Any early exit fees associated with program participation;
- c. The process the Company will follow when calculating customers' Fixed Bill quotes, including all cost items, estimates, and assumptions employed in such calculations;
- d. Any advisements to which the Company is willing to commit regarding the incremental cost of the Fixed Bill program included in Customers' Fixed Bill amounts.

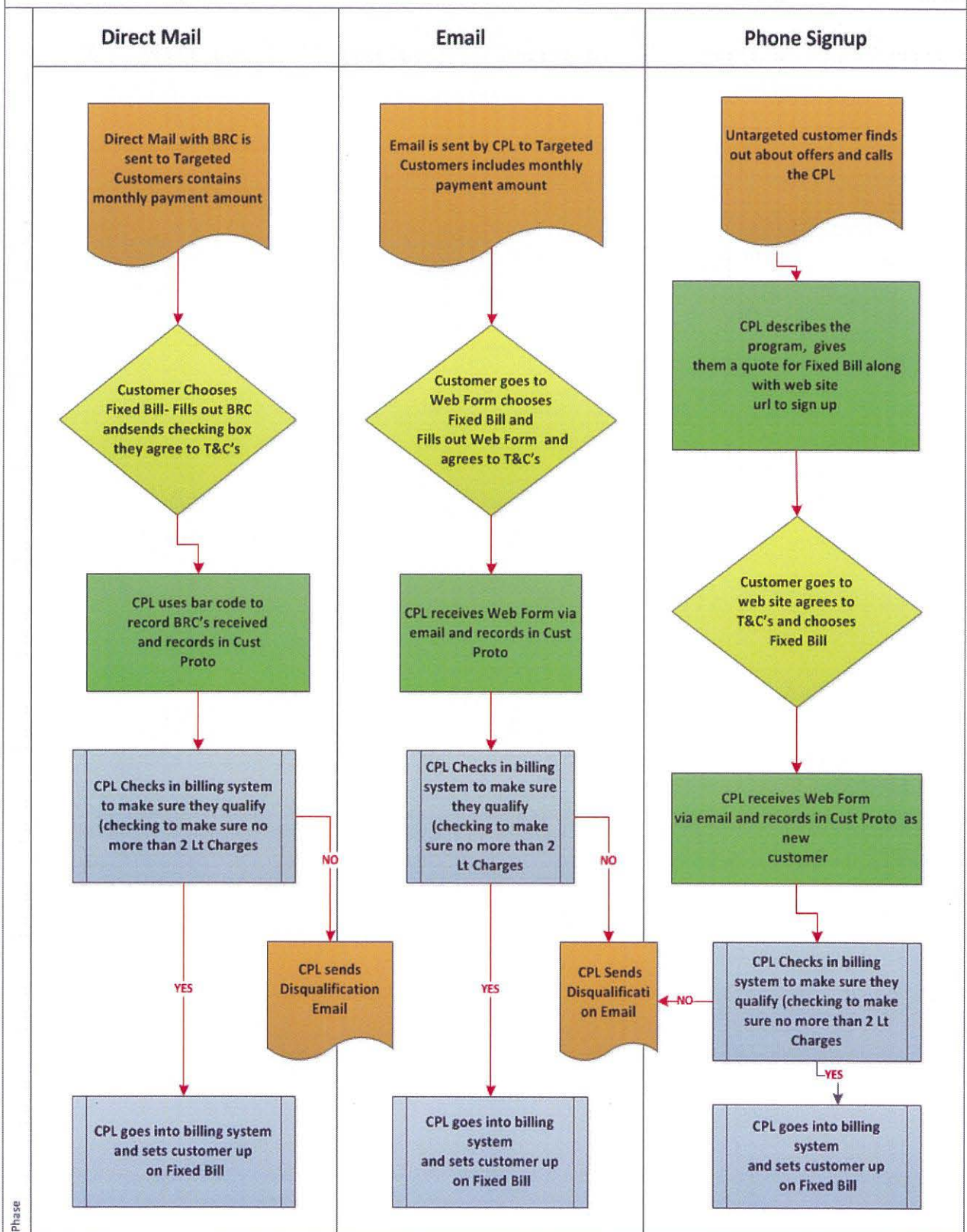
RESPONSE:

- a. See AG-DR-02-29(a) Attachment.
- b. No, there are no early exit fees, however customers would have to pay the balance due associated with actual usage at the time of termination.

- c. See AG-DR-02-29(c) Attachment.
- d. The premium or incremental cost associated that will be included in a customer's monthly Fixed Bill will be clearly explained in the compliance tariff for the program. Upon request customer representatives for the Company will also detail the specific premium calculation include in the inquiring customers Fixed Bill amount.

PERSON RESPONSIBLE: Sasha Weintraub/Tim Duff

Fixed Bill KY Acquisition Process Flow



Phase

FixedBill



Participant Requirements, Quote Generation and List Pull Process – Companion Document

During each campaign season, there are multiple distinct phases of work required to prepare customer quotes and deliver marketing materials to Duke Energy customers who are eligible to enroll in FixedBill:

Phase I: Derive & Load Forecasted Rates

Phase II: Customer Quote Generation Process

Phase III: Marketing Campaign Customer Pull Process

Phase IV: Marketing Material Generation and Delivery Process

Phase I: Derive & Load Forecasted Rates – Rates & Regulatory Strategy

Prior to Plan Calc, Rates & Regulatory Strategy (RRS) derives the forecasted rates and the Rates Department loads the forecasted rates into the billing system or each of the 12 months in the campaign period. For the Spring Campaign, forecasted rates have to be loaded into the billing system by January 31st at the latest. However, in order to allow for sufficient time to resolve any system processing errors, it is preferable if forecasted rates are loaded and validated the week of January 15th thru January 22nd. This will allow IT to run Fixed_Bill the weekend of January 27th and January 28th with a fallback of the next weekend. For the Fall Campaign, forecasted rates have to be loaded into the billing system by July 31st at the latest. Again, in order to allow sufficient time to resolve any processing errors, it is preferable that rates are loaded and validated the week of July 16th thru July 22nd. This will allow IT to run Fixed_Bill the next weekend with a fallback of the subsequent weekend. These dates provide ample time to calculate fixed payment amounts and to select accounts to solicit and mail offer letters.

Step 1: RRS derive and accumulate forecasted base, recovery clause, for each month in the campaign period. A campaign may include multiple base, clause, and effective dates depending on expected rate changes during the campaign period. RRS provide the forecasted rates table to the Rates department to load into the billing system.

Step 2: The Rates department uses the billing system upload and download process to load forecasted campaign rates into the billing system. This process may have to be done multiple times due to multiple rate changes during the campaign period. Once all rates for the 12 month campaign period are loaded into the billing system, the Rates Department will review the uploaded rates and effective dates for accuracy and completeness.

Step 3: Rates will notify Products & Services that rates have been loaded in the billing system for the campaign period have been validated. Products and Services will then request the IT Support Team to run the Fixed_Bill Eligibility and Plan Calc jobs. These processes should be run on the weekend when billing is not running.

Phase II: Customer Quote Generation Process

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FixedBill



Participant Requirements, Quote Generation and List Pull Process – Companion Document

This phase begins when the initial population of eligible customers have been identified and provided in a file created by the billing system and completes when the completed customer quotes are generated by the billing system.

Step 1: The billing system creates a file of eligible accounts based on the Fixed Bill criteria. This eligibility criteria includes:

- Customers taking electric service under the Company's Standard Residential Tariff Rate Schedules
- Have lived in their current residence for the previous 12 months
- Have had their electricity priced on the Company's Standard Residential Tariffs for the previous 12 months
- Exclude Net Metering customers, customers with multiple electric services on one account and customers on the do not solicit list.
- Are current on their electric service bill. Within the last 12 months, the customer may not have:
 - Defaulted on a payment arrangement;
 - Entered into a multi-month payment arrangement;
 - Had a payment that was not honored by a financial institution; or
 - Been disconnected for non-payment of electric service.

Step 2: The billing system includes the following data within the Eligibility File to be sent to Modeling & Analytics. The billing system uploads the Eligibility File to the designated FTP transfer point:

- Account #
- Current Budget Bill customer – Y / N
- Customer Type – Individual / Other
- Past Participant of Fixed Bill – Y / N
- Budget Bill Deferred Balance (\$)
- If an account participant cancelled immediate
- If an account participant elected to not automatically renew

Step 3: Modeling & Analytics extracts the customer data from the Eligibility File and pulls historical kWh usage for each account from the Hub (Data Warehouse). Modeling & Analytics provides this data to DSM & Retail Programs for regression analysis. Modeling & Analytics uploads the historical usage data to the FTP transfer site.

Step 4: DSM & Retail Programs uses an Integral Analytics (IA) model, a desktop application, to calculate 12 months of predicted weather-normalized usage (kWh) and a R² (R-squared) score for each account. The R² score reflects how well we can forecast the kWh usage from weather and other relevant data. DSM & Retail Programs passes the IA results back to CDS by

Deleted: Date: 12/6/2017

FixedBill



Participant Requirements, Quote Generation and List Pull Process – Companion Document

uploading the results to the FTP transfer site. The file contains 12 months of predicted kWh usage and an R^2 score for each account. If an R^2 score cannot be calculated, the score is set to zero.

Step 5: Modeling & Analytics checks DSM & Retail Program's results for bad or missing data, reviews R^2 results and selects accounts for FixedBill amount calculation based on the following criteria as designated by the business:

- Non-solicit customers (double check) will be zeroed out.
- Customers with R^2 of less than 0.7 are zeroed out. Product Management will decide the eligibility range based on R^2 score.

Step 6: Modeling & Analytics passes the Normalized Data File with 12-months of weather predicted kWh usage, usage adder and risk adder for selected accounts to the billing system. Modeling & Analytics uploads the file to the FTP transfer site. Columns within the file include:

- SOURCE_ACCOUNT_ID,
- WS_INP_OFR_USG_1 - WS_INP_OFR_USG_12,
- WS_INP_USG_ADDER,
- WS_INP_RISK_ADDER

Step 7: The billing system verifies that selected accounts from the Normalized Data File still meet Fixed_Bill tariff criteria eligibility. Those that qualify are run through Plan Calc which calculates a fixed monthly payment amount (Fixed_Bill payment amount) for each account. Those that do not qualify are tagged with a reason code and are not run through Plan Calc.

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FixedBill



Participant Requirements, Quote Generation and List Pull Process – Companion Document

Step 8: The billing system passes eligible accounts and Fixed_Bill amounts to CDS. The billing system also passes ineligible accounts and reason codes to CDS. The billing system uploads the file to the FTP transfer site. Columns within the file include:

- ACCOUNT NUMBER,
- PLAN AMOUNT,
- MAILING ADDRESS,
- CITY,
- STATE,
- ZIP CODE,
- REASON NOT CALCULATED

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FixedBill



Participant Requirements, Quote Generation and List Pull Process – Companion Document

Phase III: Marketing Campaign Customer Pull Process

Step 1: The CDS Team will extract and filter the results provided by the billing system so that the Marketing team can analyze and select the potential target market.

- CDS extracts customers from the billing system table including the FixedBill payment amount.
- CDS pulls the highest bill (\$) and lowest bill (\$) in last 12 months for selected accounts from the Hub. These high and low bills are based on electric service charges and align with how the FixedBill payment amount is calculated.

Step 2: CDS prepares the data extract with the following data elements based on the filters applied:

- Customer name
- Premise address
- Postal/mailling address
- Data Warehouse Account ID
- Billing Account ID
- Email address (if available)
- Phone # if (if available)
- Acxiom Segment
- Multi-family indicator
- Owner/Renter
- Account Holder Age Range:
 - 18-24
 - 25-34
 - 35-44
 - 45-54
 - 55-64
 - 65-74
 - 75+
- Current Budget Bill customer – Y / N
- Customer Type – Individual / Other
- Past Participant of FixedBill – Y / N
- Budget Bill Deferred Balance (\$)
- If an account participant cancelled immediate
- If an account participant elected to not automatically renew
- R² Score

Deleted: Date: 12/6/2017

FixedBill



Participant Requirements, Quote Generation and List Pull Process – Companion Document

Step 3: CDS creates the Marketing Pull Extract with the information above and includes the following dollar amounts for the offer

- FixedBill monthly payment amount
- Highest bill in the last 12 months
- Lowest bill in the last 12 months

Step 4: CDS sends the information to Customer Prototype Lab (CPL). The CPL will work with Marketing Communications to sort the information into desired customer groupings with appropriate appended data for the mail house:

- Include the above information for each customer entry, but deliver in separate groups.
- Separate tabs for each desired test group

Step 5: CDS passes to the billing system the selected mailed accounts and the dates the offer letters were sent. CDS uploads the file to the FTP transfer site: Columns in the file include:

- ACCOUNT NUMBER
- MAILED_DT

Step 6: The billing system records the mail date for each group.

FixedBill



Participant Requirements, Quote Generation and List Pull Process – Companion Document

Phase IV: Marketing Material Generation and Delivery Process

Key Drop Dates and Quantities

Process Test Groups		QTY
TBD	TBD	TBD

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Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

AG-DR-02-030

REQUEST:

Regarding the Company's proposed Fixed Bill program, provide:

- a. A description of the fuel cost price hedging strategies to be employed, including the instruments the Company plans to use.
- b. A description of the process to be used annually to determine the amount of instruments to be purchased given the electric volumes of enrolled participants.

RESPONSE:

- a. The Company is not planning to utilize any fuel price hedging strategies or practices associated with its proposed Fixed Bill program.
- b. N/A

PERSON RESPONSIBLE: Sasha Weintraub / Tim Duff

REQUEST:

Regarding the Company's proposed Fixed Bill program:

- a. Provide all program costs Fixed Bill program participants will bear, including marketing, recruiting, enrollment, administration, hedging strategy execution, and others.
- b. Provide an estimate of these costs for a typical program year for residential customers, using the annual kWh volume levels the Company employed in determining the typical bill impacts presented in the current rate case. Include all workpapers, calculations, estimates, and assumptions employed in calculating this estimate.
- c. For any Fixed Bill program costs not borne by participants, identify which party will bear such costs (i.e. company or non-participating customers).
- d. Describe what assurances and reports the Company will provide to the Commission annually to ensure that non-participating customers have not borne these costs.

RESPONSE:

- a. Duke Energy anticipates incurring the following types of program costs associated with offering participants Fixed Bill:

- Marketing/Acquisition
 - o *Printing*
 - o *Creative Design*
 - o *Postage*
- Program Administration
 - o *Direct Labor (Program Management)*
 - o *Indirect Labor/Overhead*
- Usage Risk Premium (Associated with Weather and Moral Hazard)

All cost associated with running the program will be included in the Fixed Bill Premium included in participating customers' monthly Fixed Bill amount.

- b. See AG-DR-02-31(b) Attachment being uploaded electronically and a copy provided on CD.
- c. Any cost not directly borne by participating customers will be borne by Duke Energy.
- d. The Company will maintain detailed accounting records associated with all costs and revenues associated with the Kentucky Fixed Bill Program and provide them to the Commission upon request.

PERSON RESPONSIBLE: Sasha Weintraub/Tim Duff

AG-DR-02-031(b) Attachment

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Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

AG-DR-02-032

REQUEST:

Regarding the Company's proposed Fixed Bill program, describe all activities the Company will take to ensure all associated risks will be borne by shareholders and/or participating customers, and not non-participating customers, including:

- a. The risk of an imperfect hedge, i.e., the difference between the volume of hedging instruments purchased and the fuel required to serve Fixed Bill customers;
- b. The hedge timing risk, i.e., the difference in hedging instrument prices between the date the quotes are calculated/issued and the date by which customer enrollment ends;
- c. Reports and/or fuel commodity adjustment calculation modifications the Company will provide to the Commission to ensure that non-participating customers have not borne these risks;
- d. Any commitment the Company is willing to make that it will not self-insure the commodity price risk inherent in the Fixed Bill program;
- e. If the Company is unwilling to make a commitment not to self-insure the commodity price risk inherent in the Fixed Bill program, describe how the Company will ensure that non-participating customers avoid incremental commodity prices over and above the commodity prices assumed in Fixed

Bill quote calculations in years in which the Company's Fixed Bill program is "out of the money".

RESPONSE:

Duke Energy shareholders will bear all financial risks associated any costs incurred associated with customer's participating in the Fixed Bill program. All costs and revenues associated with the Fixed Bill program will be tacked and accounted separately from any costs associated with Duke Energy Kentucky utility operations.

- a. Duke Energy will not be employing any hedgings strategies or practices associated with the offering of its Fixed Bill program.
- b. Duke Energy will not be employing any hedgings strategies or practices associated with the offering of its Fixed Bill program.
- c. Duke Energy will maintain strict accounting of any fuel adjustment modifications performed that are associated with that Fixed Bill program that will be made available upon Commision request.
- d. Duke Energy has no plans to self-insure the commodity price risk inherent in the Fixed Bill program and is willing to condition its authorization on a commitment not to self-insure.
- e. N/A

PERSON RESPONSIBLE: Sasha Weintraub / Tim Duff

Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

AG-DR-02-033

REQUEST:

Provide the marketing materials the Company plans to use to promote the Fixed Bill program. If these marketing materials have not yet been developed, provide the marketing materials currently used to promote the Fixed Bill program in other Duke Energy jurisdictions.

RESPONSE:

The Company has not yet developed the Fixed Bill marketing materials for Kentucky, but has included materials used in Indiana (Please note that the Fixed Bill Kentucky will not be exactly the same as Fixed Bill Indiana). See AG-DR-02-33 Attachments 1 and 2.

PERSON RESPONSIBLE: Sasha Weintraub/Tim Duff

DUKE ENERGY BUSINESS
ENERGY FEDERAL INC
SCOTTSDALE, NC 28132-9008

BUSINESS REPLY MAIL
FIRST CLASS PERMIT NO. 2000
SCOTTSDALE, NC

POSTAGE WILL BE PAID BY ADDRESSEE

DUKE ENERGY BUSINESS
ENERGY FEDERAL INC
SCOTTSDALE, NC 28132-9008

DUKE ENERGY BUSINESS
ENERGY FEDERAL INC
SCOTTSDALE, NC 28132-9008

How we determine Your FixedBill.

- Expected usage.**
We start by analyzing your past monthly energy usage patterns.
- Expected weather.**
Then, we apply usage against average monthly weather temperatures.
- Fixed bill amount.**
The amount is calculated using weather and usage data, plus a program fee not to exceed 7.5% of expected usage.

Your FixedBill isn't designed to give you the lowest annual price or save you money. Rather, it's a simple way Duke Energy can help you manage your budgeting and finances.

NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES

DUKE ENERGY
512441 400 South Iron Street
Charlotte, NC 28202

Your convenience.
Your peace of mind.
Your FixedBill.

Get equal monthly payments on your energy bill with Your FixedBill.



Pay the same amount **each month.** Guaranteed.

Enjoy the predictability of a fixed energy bill for 12 months, with no fluctuations or settle-ups. You pay the same amount each month for your electricity, with no fluctuation or settle-up. No matter what weather extremes, your utility bill is not always so crazy to predict. No settlement. With your FixedBill, you pay the same amount each month regardless of weather extremes. Easy Settlement. No uncertainty.

It's easy to sign up for **Your FixedBill.**

- 1 Complete and return the attached enrollment card. *
- 2 Give us a call at **888.638.3738.**

We need to hear from you by **enrollment** or **enroll** to join the program.

Your Prices

Program	Previous 12 Months (Estimate)	Fixed 12 Month Monthly Price	Annual Price
Regular rate (no settlement)	~\$20.00	~\$20.00	~\$200.00
Regular rate (no settlement) - FixedBill	~\$20.00	~\$20.00	~\$200.00
Your FixedBill		~\$20.00	~\$200.00

*With the Fixed Bill program, you pay the same amount each month for your electricity, with no fluctuation or settle-up. No matter what weather extremes, your utility bill is not always so crazy to predict. No settlement. With your FixedBill, you pay the same amount each month regardless of weather extremes. Easy Settlement. No uncertainty.

For a copy of the program terms, and conditions visit www.kyenergy.com/yourfixedbill/terms.

YES, I'd like to enroll in the **Your FixedBill** payment plan.

How much do you want to pay each month?

Signature (required)

Email

I would like to sign up to receive future communications by email or direct mail.

My total bill for 12 months is **\$00.00**

John Consumer
123 Maple St.
Terre Haute IN 47784



ELIGIBILITY REQUIREMENTS

Applicable to a limited number of residential customers who have made their primary residence for at least 12 months. New to KY, renters, and those who have moved to KY within the last 12 months are not eligible for the program. The program is not available to customers who are not on the Duke Energy service territory for the FixedBill program.

TERMS AND CONDITIONS

- 1 The customer shall execute a Service Agreement with the program that shall contain the FixedBill program terms and conditions.
- 2 The term of the FixedBill program shall be 12 months. Customers who are not on the FixedBill program at the end of the 12-month term will be placed on the regular rate. After the 12-month term, customers will be placed on the regular rate. The program shall automatically renew for the next 12-month term unless the customer notifies the program manager in writing.
- 3 The customer shall execute a Service Agreement with the program that shall contain the FixedBill program terms and conditions. Customers who are not on the FixedBill program at the end of the 12-month term will be placed on the regular rate. After the 12-month term, customers will be placed on the regular rate. The program shall automatically renew for the next 12-month term unless the customer notifies the program manager in writing.
- 4 The customer shall execute a Service Agreement with the program that shall contain the FixedBill program terms and conditions. Customers who are not on the FixedBill program at the end of the 12-month term will be placed on the regular rate. After the 12-month term, customers will be placed on the regular rate. The program shall automatically renew for the next 12-month term unless the customer notifies the program manager in writing.
- 5 The customer shall execute a Service Agreement with the program that shall contain the FixedBill program terms and conditions. Customers who are not on the FixedBill program at the end of the 12-month term will be placed on the regular rate. After the 12-month term, customers will be placed on the regular rate. The program shall automatically renew for the next 12-month term unless the customer notifies the program manager in writing.
- 6 The customer shall execute a Service Agreement with the program that shall contain the FixedBill program terms and conditions. Customers who are not on the FixedBill program at the end of the 12-month term will be placed on the regular rate. After the 12-month term, customers will be placed on the regular rate. The program shall automatically renew for the next 12-month term unless the customer notifies the program manager in writing.
- 7 The customer shall execute a Service Agreement with the program that shall contain the FixedBill program terms and conditions. Customers who are not on the FixedBill program at the end of the 12-month term will be placed on the regular rate. After the 12-month term, customers will be placed on the regular rate. The program shall automatically renew for the next 12-month term unless the customer notifies the program manager in writing.
- 8 The customer shall execute a Service Agreement with the program that shall contain the FixedBill program terms and conditions. Customers who are not on the FixedBill program at the end of the 12-month term will be placed on the regular rate. After the 12-month term, customers will be placed on the regular rate. The program shall automatically renew for the next 12-month term unless the customer notifies the program manager in writing.



Your convenience. Your peace of mind. Your FixedBill.

With Your FixedBill, you pay exactly the **same amount each month** for a full year. Guaranteed.

Enjoy the predictability of a fixed monthly electric bill with no fluctuation or financial adjustments.

You pay virtually the same amount each month for your cellphone, cable and car payment. Yet because of weather extremes, your energy bill is not always so easy to predict. Not anymore. Now, with Your FixedBill, pay the same amount each month for your Duke Energy bill regardless of weather extremes or usage. Easy. Convenient. No uncertainty.

How we determine Your FixedBill.

Your FixedBill monthly bill is calculated by applying your expected usage and prices with a program fee not to exceed 7.5%. Expected usage is calculated by analyzing your past usage patterns and applying them to average weather for each month. Your FixedBill isn't designed to give you the lowest annual price or save you money. Rather, it's a simple way Duke Energy can help you manage your budgeting and finances.

It's easy to sign up for Your FixedBill. Simply complete and return the attached enrollment card, or give us a call at **888.949.1802**. We need to hear from you by <<date>> in order for you to be eligible to participate in this program.

Your Estimated Prices

Prices for the Next 12 Months	Monthly Price	Annual Price
Your FixedBill	<\$00.00>	<\$000.00>
Regular electric rate	<\$00.00>	<\$000.00>
Budget Billing program*	<\$00.00>	<\$000.00>

Prices for the Previous 12 Months

Previous 12 Months	Monthly Price
Regular electric rate	<\$00.00>
Budget Billing program*	<\$00.00>

* With the Budget Billing program, payments are spread over 11 months with a settle-up amount in the 12th month or monthly payments are recalculated on a quarterly basis. Whereas with Your FixedBill, there is no adjustments and no settle ups. **PRICES DO NOT INCLUDE TAXES OR OTHER SERVICES PROVIDED BY DUKE ENERGY.**

To learn more about Your FixedBill, visit duke-energy.com/Fixed

SIGN UP AND TAKE ADVANTAGE OF YOUR FIXEDBILL TODAY

YES, I'd like to enroll in
Your FixedBill payment plan.

Your FixedBill price for 12 months:
\$00.00

I have read the terms and conditions. I understand that after 12 months, I can return to my previous rate with no penalty.

Signature (required)

(A confirmation letter will be sent to your home verifying you have been enrolled in Your FixedBill.)

Email

Please supply your email address so we can send you periodic updates about Your FixedBill. By providing my email address, I acknowledge that I'm signing up to receive email messages from Duke Energy.

I would like to sign up to receive future communications by email or direct mail.

Joe Consumer
123 Maple St.
Terre Haute IN 47804

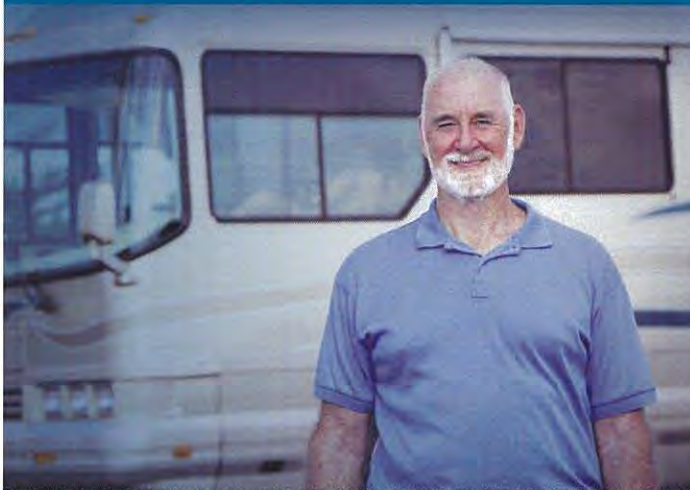




Your
convenience.

Your
peace of mind.

Your
FixedBill.



SIGN UP AND TAKE ADVANTAGE OF YOUR FIXEDBILL TODAY

With Your FixedBill, you pay exactly the **same amount each month** for a full year. Guaranteed.

Enjoy the predictability of a fixed monthly electric bill with no fluctuation or financial adjustments.

You pay virtually the same amount each month for your cellphone, cable and car payment. Yet because of weather extremes, your energy bill is not always so easy to predict. Not anymore. Now, with Your FixedBill, pay the same amount each month for your Duke Energy bill regardless of weather extremes or usage. Easy. Convenient. No uncertainty.

How we determine Your FixedBill.

Your FixedBill monthly bill is calculated by applying your expected usage and prices with a program fee not to exceed 7.5%. Expected usage is calculated by analyzing your past usage patterns and applying them to average weather for each month. Your FixedBill isn't designed to give you the lowest annual price or save you money. Rather, it's a simple way Duke Energy can help you manage your budgeting and finances.

It's easy to sign up for Your FixedBill. Simply complete and return the attached enrollment card, or give us a call at **888.949.1802**. We need to hear from you by <<date>> in order for you to be eligible to participate in this program.

Your Estimated Prices

Prices for the Next 12 Months	Monthly Price	Annual Price
Your FixedBill	<\$00.00>	<\$000.00>
Regular electric rate	<\$00.00>	<\$000.00>
Budget Billing program*	<\$00.00>	<\$000.00>

Prices for the Previous 12 Months

Monthly Price	
Regular electric rate	<\$00.00>
Budget Billing program*	<\$00.00>

* With the Budget Billing program, payments are spread over 11 months with a settle-up amount in the 12th month or monthly payments are recalculated on a quarterly basis. Whereas with Your FixedBill, there is no adjustments and no settle ups. **PRICES DO NOT INCLUDE TAXES OR OTHER SERVICES PROVIDED BY DUKE ENERGY.**

To learn more about Your FixedBill, visit duke-energy.com/Fixed

YES, I'd like to enroll in Your FixedBill payment plan.

Your FixedBill price for 12 months:
\$00.00

I have read the terms and conditions. I understand that after 12 months, I can return to my previous rate with no penalty.

Signature (required)

(A confirmation letter will be sent to your home verifying you have been enrolled in Your FixedBill.)

Email

Please supply your email address so we can send you periodic updates about Your FixedBill. By providing my email address, I acknowledge that I'm signing up to receive email messages from Duke Energy.

I would like to sign up to receive future communications by email or direct mail.

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Terre Haute IN 47804





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SIGN UP AND TAKE ADVANTAGE OF YOUR FIXEDBILL TODAY

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You pay virtually the same amount each month for your cellphone, cable and car payment. Yet because of weather extremes, your energy bill is not always so easy to predict. Not anymore. Now, with Your FixedBill, pay the same amount each month for your Duke Energy bill regardless of weather extremes or usage. Easy. Convenient. No uncertainty.

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It's easy to sign up for Your FixedBill. Simply complete and return the attached enrollment card, or give us a call at **888.949.1802**. We need to hear from you by <<date>> in order for you to be eligible to participate in this program.

Your Estimated Prices

Prices for the Next 12 Months	Monthly Price	Annual Price
Your FixedBill	<\$00.00>	<\$000.00>
Regular electric rate	<\$00.00>	<\$000.00>
Budget Billing program*	<\$00.00>	<\$000.00>

Prices for the Previous 12 Months	Monthly Price
Regular electric rate	<\$00.00>
Budget Billing program*	<\$00.00>

* With the Budget Billing program, payments are spread over 11 months with a settle-up amount in the 12th month or monthly payments are recalculated on a quarterly basis. Whereas with Your FixedBill, there is no adjustments and no settle ups. **PRICES DO NOT INCLUDE TAXES OR OTHER SERVICES PROVIDED BY DUKE ENERGY.**

To learn more about Your FixedBill, visit duke-energy.com/Fixed

YES, I'd like to enroll in Your FixedBill payment plan.

Your FixedBill price for 12 months:
\$00.00

I have read the terms and conditions. I understand that after 12 months, I can return to my previous rate with no penalty.

Joe Consumer
123 Maple St.
Terre Haute IN 47804

Signature (required)

(A confirmation letter will be sent to your home verifying you have been enrolled in Your FixedBill.)

Email

Please supply your email address so we can send you periodic updates about Your FixedBill. By providing my email address, I acknowledge that I'm signing up to receive email messages from Duke Energy.

I would like to sign up to receive future communications by email or direct mail.



DUKE ENERGY YOUR FIXEDBILL

ELIGIBILITY REQUIREMENTS

Applicable to a limited number of residential customers who have lived in their current residence for at least the previous 12 months, have 12 months of actual meter reads (i.e., not estimated meter reads), have a load profile that can be modeled with reasonable predictability, and are current on their Duke Energy Indiana electric service bill. Your FixedBill price is not transferable.

TERMS AND CONDITIONS

1. The customer shall enter into a Service Agreement with the Company that shall specify the monthly FixedBill amount that the customer will be required to pay.
2. The term of the Service Agreement will be for twelve (12) months. Each year, before the 12-month FixedBill period is over, a new FixedBill amount for the following year will be calculated and the customer will be notified of the new contractual amount. After the customer has completed the first year in the program, Service Agreements will automatically renew at the new FixedBill amount for the following year, unless the customer notifies the Company otherwise.
3. Removal from the program:
 - A. Move from Current Residence. If customer has moved from his or her current residence so that there is a tenant change before the 12-month Service Agreement period expires, Company will calculate what the customer would have paid under Standard Residential Tariff, including applicable riders during the FixedBill Service Agreement period. If the customer has paid less than Standard Residential Tariff, the customer will be charged the difference. If the customer has paid more than Standard Residential Tariff, the customer will not be credited with the difference. There will be no Administration Fee applied to these customers.
 - B. Delinquent FixedBill Payments. If a customer becomes delinquent in the FixedBill payments, Company will follow standard procedures for Standard Residential Tariff customers. If customer enters into a payment arrangement plan or is disconnected for nonpayment, customer will be removed from the FixedBill Program, and Applicable Removal Charges will apply.
 - C. Increased Actual Usage Over Expected Usage. If customer has actual usage for any month that is 15 percent greater than expected usage, then Company has the right to re-price the FixedBill amount for the customer based on the updated usage information. If the customer does not accept the new FixedBill amount, then customer will be removed from the FixedBill program, and Applicable Removal Charges will apply.
 - D. Customer Voluntary Removal. If customer chooses to leave the FixedBill program prior to the end of the 12-month Service Agreement period, customer will be removed from the FixedBill program, and Applicable Removal Charges will apply. After the end of the Service Agreement period, eligible customers may choose to enter into another 12-month FixedBill Service Agreement, or return to Standard Residential Tariff. In either event, no Applicable Removal Charges will apply.
 - E. Estimated Meter Reads. If customer has two or more estimated meter reads during the FixedBill Service Agreement period where the meter reader was unable to gain access to the meter, then the customer may be removed from the FixedBill program, where Applicable Removal Charges will apply.
 - F. Other Reason. If customer leaves or is removed from the FixedBill program before the end of the Service Agreement period for any other reason, Applicable Removal Charges will apply.
4. Applicable Removal Charges. In items B through F above, Company will calculate what customer would have paid under Standard Residential Tariff, including applicable riders during the FixedBill Service Agreement period. A customer who has paid less than Standard Residential Tariff will be charged the difference. If the customer paid more than Standard Residential Tariff, the difference will not be credited. In either case, the customer may be charged an Administration Fee of \$50 and will be returned to the previous Standard Residential Tariff.

Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

PUBLIC AG-DR-02-034

REQUEST:

Regarding the Company's proposed Fixed Bill program, please provide any market research the Company has completed which indicates:

- a. Dissatisfaction with the Company's current Budget Billing program in general and its true-up feature in particular;
- b. Customer interest in a Budget Billing program without the true-up feature;
- c. "Willingness to Pay" a premium to participate in a Budget Billing program without the true-up feature.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET (As to Attachment Only)

Please see AG-DR-02-34 Confidential Attachment which is being filed under seal. This file contains market research performed for Duke Energy Florida regarding Fixed Bill.

PERSON RESPONSIBLE: Sasha Weintraub / Tim Duff

AG-DR-02-034

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TREATMENT**

Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

PUBLIC AG-DR-02-035

REQUEST:

Refer to the Company's response to AG-DR-01-072, in which the Company describes a reduction in the forecasted test period expenses to reflect assumed savings of \$2,321,137 from the AMI deployment. As specified in the Stipulation in Case No. 2016-00152¹, this number is intended to reflect several types of economic savings found in Conf. Exh. DLS-4 obtained in discovery in that case, including:

- a. Increased Revenues
- b. Forecasts for certain types of savings in the test year;
- c. Projected ongoing operational savings.

Provide all workpapers, reconciliations, etc. (in electronic format if available, i.e. excel) which explain how the Company arrived at the \$2,321,137 adjustment from the several types of economic savings listed above and their amounts as found in Conf Exh. DLS-4 in Case No. 2016-00152. Further, provide Conf. Exh. DLS-4 and any accompanying or related workpapers in excel format if those documents have not otherwise been provided in the record.

¹ Stipulation filed December 6, 2016 in Case No. 2016-00152, page 4.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET (As to Attachments Only)

Conf. Exh. DLS-4 was provided in this case as AG-DR-01-074(a) Confidential Attachment. Conf. Exh. DLS-4 was prepared using benefit details from AG-DR-02-035(a) Confidential Attachment and AG-DR-02-035(b) Confidential Attachment, which was provided through discovery in Case No. 2016-00152; are being provided on CD under seal of a petition for confidential treatment. Duke Energy Kentucky developed a pro forma adjustment template derived from Conf. Exh. DLS-4, which was provided through post-hearing discovery in Case No. 2016-00152 and is provided in response to this discovery request as AG-DR-02-035(c) Confidential Attachment, is being provided on CD under seal of a petition for confidential treatment. Subsequent to approval of the Company's CPCN application in Case No. 2016-00152, Duke Energy Kentucky adjusted its benefit projections as demonstrated in AG-DR-01-074(c) Confidential Attachment to reflect the revised deployment schedule based upon timing of CPCN approval. The revised benefit projection and original pro forma adjustment template served as the basis for WPD2.26a and, therefore, adjustment D-2.26.

PERSON RESPONSIBLE:

Don Schneider: AG-DR-01-074(a), AG-DR-01-074(c), AG-DR-02-035(a), AG-DR-02-035(b), AG-DR-02-035(c)

Sarah Lawler: WPD2.26a and proforma adjustment D-2.26

AG-DR-02-035(a)

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AG-DR-02-035(b)

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AG-DR-02-035(c)

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Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

PUBLIC AG-DR-02-036

REQUEST:

Refer to the Company's response to AG-DR-01-073, in which the Company states that \$62,551 in expenses related to the AMI deployment are included in the test year in FERC Account 588.

- a. Describe the types of spending included in this figure and include details and amounts for each type. In these descriptions, categorize each type of spending as either "ongoing" (or "recurring") vs. a "deployment cost" (or "non-recurring").
- b. Relate each type of spending included in this figure to an amount and type of spending found in Conf. Exh. DLS-4 in Case No. 2016-00152. For example, it's possible these types of expenses are in the category labeled "O&M – Recurring Costs" in Conf. Exh. DLS-4.
- c. Explain the difference between the \$62,551 and types of spending with the corresponding amount and type of sending to which it relates in Conf. Exh. DLS-4.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET (As to Attachment Only)

- a. These are non-recurring O&M costs associated with the AMI deployment project, referred to as "O&M - Program Costs Non-Recurring O&M" in

Conf. Exh. DLS-4. Ongoing O&M costs associated with AMI have been provided in response to AG-DR-02-037.

- b. See AG-DR-02-036 Confidential Attachment being provided on CD under seal of a petition for confidential treatment; for a breakdown of the \$62,551 in test year expenses related to the AMI deployment into the categories included in “O&M - Program Costs Non-Recurring O&M” from Conf. Exh. DLS-4.
- c. The \$62,551 is lower than the projected costs in Conf. Exh. DLS-4 for calendar years 2018 and 2019. That is due in part to the fact that the projected test year of April 2018 through March 2019 does not align with the calendar years 2018 or 2019 projected in Conf. Exh. DLS-4, and the current projected costs reflect a later deployment start date than expected at the time Conf. Exh. DLS-4 was developed. Also, the costs TWACS decommissioning are actually costs of removal. Since the TWACS meters and systems were in service and operating correctly, the replacement of that equipment with the AMI rollout should be recorded as cost of removal. Any scrap value of the TWACS equipment would offset the cost of removal and be recognized as salvage. Thus, those costs were not budgeted in the test year under O&M.

PERSON RESPONSIBLE: Don Schneider

AG-DR-02-036

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Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

PUBLIC AG-DR-02-037

REQUEST:

Refer to the Company's response to AG-DR-01-074.b, in which the Company describes an increase in test year operating expenses of \$490,478 due to "ongoing cost of operations" related to the AMI deployment.

- a. Describe the types of spending included in this figure and include details and amounts for each type. In these descriptions, categorize each type of spending as either "ongoing" (or "recurring") vs. a "deployment cost" (or "non-recurring").
- b. Relate each types of spending included in this figure to an amount and type of spending found in Conf. Exh. DLS-4 in Case No. 2016-00152. For example, it's possible these types of expenses are in the category labeled "O&M – Non-Recurring Costs" in Conf. Exh. DLS-4.
- c. Explain the difference between the \$490,478 and types of spending with the corresponding amount and type of spending to which it relates in Conf. Exh. DLS-4.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET (As to Attachment Only)

- a. These are recurring O&M costs associated with ongoing operations, referred to as "O&M - Recurring Costs" in Conf. Exh. DLS-4.

- b. See AG-DR-02-037 Confidential Attachment being provided on CD under seal of a petition for confidential treatment; for a breakdown of the \$490,478 of the test year operating expenses into the categories included in “O&M – Recurring Costs” from Conf. Exh. DLS-4.
- c. The \$490,478 is between the projected costs in Conf. Exh. DLS-4 for calendar years 2018 and 2019. That is due in part to the fact that the projected test year of April 2018 through March 2019 does not align with the calendar years 2018 or 2019 projected in Conf. Exh. DLS-4, and the current projected costs reflect a later deployment start date than expected at the time Conf. Exh. DLS-4 was developed. Also, WAN costs are higher in the test year to reflect a correction in the allocation of Duke Energy Enterprise “WAN costs” between electric and gas. The Company did not budget for an increase in “Duke operational labor (head-end system)”, since that work will instead be performed by existing employees in their typical job functions.

PERSON RESPONSIBLE: Sarah E. Lawler

AG-DR-02-037

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Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

AG-DR-02-038

REQUEST:

Refer to the Company's response to AG-DR-01-079, which states "Once Duke Energy Kentucky customers have a certified AMI meter, they can view and download their hourly interval usage data through the Company's web portal." This response does not answer the AG's question, which was "Provide an update of the development of the interval usage data download capability." In providing an update on the interval usage data download capability, include in the Company's revised response:

- a. What software the Company has purchased to enable this capability, if any;
- b. Descriptions of any development efforts the Company has underway related to this capability, if any;
- c. Descriptions of any testing of this capability the Company has completed;
- d. Descriptions of the current use of this capability in other jurisdictions in which the Company's sister business units (DEO, DEC, DEP, etc.) operate;
- e. Other updates on the development of this capability which the Company believes would provide confidence to the AG that the capability will be available to customers once their AMI meters become certified.

RESPONSE:

- a. The interval usage data download capability referenced in response to AG-DR-01-079 has been in place for the Duke Energy Enterprise for several years and

was in use in other jurisdictions (Ohio, Indiana, North Carolina and South Carolina). Duke Energy Kentucky did not need to purchase any software to enable that existing capability for its customers in Kentucky. The Company just needed the metering capability to capture the data.

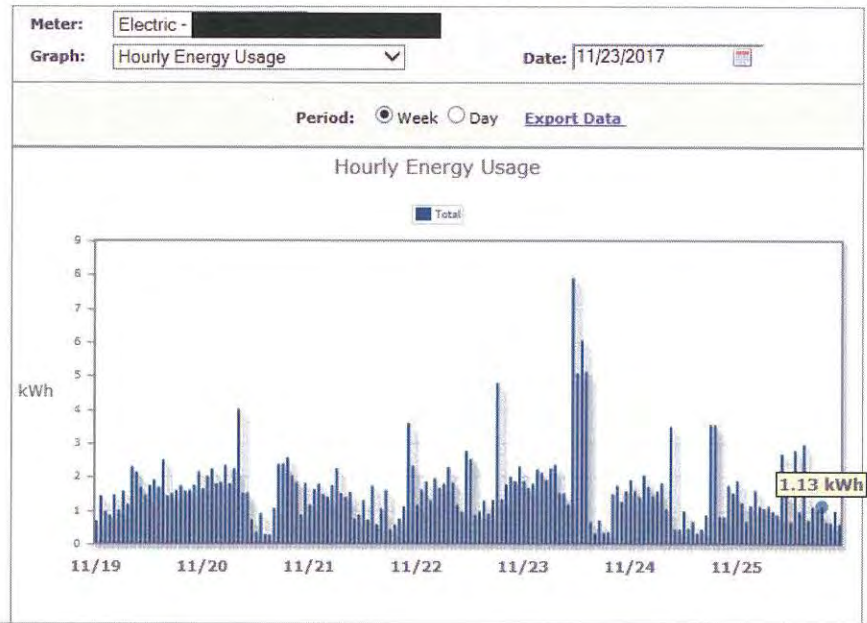
- b. See response to part a.
- c. See response to part a.
- d. See response to part a.
- e. Screenshots presented in AG-DR-02-038(e)(1) Attachment demonstrate how a Duke Energy Kentucky customer with a certified AMI meter can view their hourly interval usage data on the customer portal. If a customer clicks the “Export Data” link to download their hourly interval usage data, AG-DR-02-038(e)(2) Attachment being uploaded electronically and a copy provided on CD demonstrates how that downloaded interval usage data appears in CSV format. Personal information was redacted from both attachments to protect customer privacy.

PERSON RESPONSIBLE: Donald Schneider

- [+ Billing & Payment](#)
- [+ Manage Account Information](#)
- [+ My Bill Preferences](#)
- [- Energy Analysis](#)
- [Your Energy Usage & Cost Details >](#)
- [Your Daily Energy Usage >](#)
- [Home Energy Center >](#)
- [Savings Calculators >](#)
- [Learn about Energy >](#)
- [> My Products & Services](#)
- [> Meter Reading](#)
- [+ Outages](#)
- [+ Customer Service](#)

Daily Energy Usage

To change Meter, Graph, or Date, make new selections from the options below.

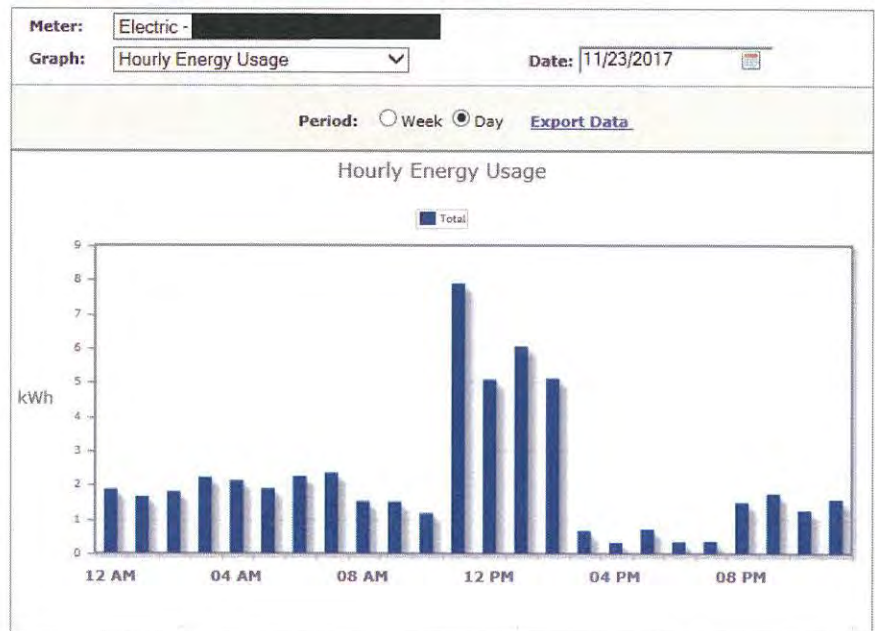


- [+ Billing & Payment](#)
- [+ Manage Account Information](#)
- [+ My Bill Preferences](#)
- [- Energy Analysis](#)
- [Your Energy Usage & Cost Details >](#)
- [Your Daily Energy Usage >](#)
- [Home Energy Center >](#)
- [Savings Calculators >](#)
- [Learn about Energy >](#)
- [> My Products & Services](#)
- [> Meter Reading](#)
- [+ Outages](#)
- [+ Customer Service](#)

[Print](#)

Daily Energy Usage

To change Meter, Graph, or Date, make new selections from the options below.



AG-DR-02-038(e)

Attachment 2

EXCEL

UPLOADED

ELECTRONICALLY

AND COPY

PROVIDED ON CD

Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

AG-DR-02-039

REQUEST:

Refer to the Company's responses to AG-DR-01-081, which states that 874 customers are currently enrolled in the usage alert program.

- a. Provide an example of a usage alert a customer has received (anonymized so as to remove any customer-specific identification).
- b. What was the effective date (or "as of" date) of the count of 874 customers enrolled?
- c. What was the count of customers with certified AMI meters on that date?
- d. Describe the marketing efforts the Company is using to promote the usage alert program currently and provide examples customers receive.
- e. Describe, in detail, the marketing efforts the Company plans to implement to promote the usage alert program once the AMI meter deployment is complete.

RESPONSE:

- a. See Attachment AG-DR-02-039(a).
- b. November 1, 2017 was the effective date associated with the customer count of 874.
- c. On November 1, 2017, there were 8,673 certified AMI meters.

- d. The Usage Alert program is an Opt-Out program for Customers if they meet the eligibility criteria. The Company makes customers aware of the program via the certification process where a customer receives an update that they now have a certified AMI meter and they are made aware of the options they can now utilize. Certification email and print material is included in Attachment AG-DR-02-039(d).
- e. Future marketing efforts are still being discussed and are not yet finalized. It is possible the Company may leverage some social media, email, or print material to build awareness of this program for customers. The feature sets may also be marketed, this would include making the customer aware that they can set a threshold amount and receive applicable alerts as well as a campaign to make customers aware that they can set-up a home profile or change their delivery channel (SMS Text or Email). The Company is looking to include a reference to the Usage Alerts program in an upcoming Residential Newsletter. See Attachment AG-DR-02-039(e).

PERSON RESPONSIBLE: Sasha Weintraub



Welcome to Usage Alerts, a new service from Duke Energy!

You can now view your estimated electricity costs and breakdown of usage by appliance in your home. Click on the "Edit your home profile" link below for more options.

Your Projected Electricity Cost

10/27 to 11/25 Billing Cycle*



Stay informed. Set your budget to receive personalized alerts!
Receive alerts as you approach and meet your monthly budget.

[MANAGE MY USAGE ALERTS](#)

\$127

Spent as of 11/11**
10/27/17 to 11/11/17

Estimated Electricity Breakdown by Appliance

Heating	\$29
Laundry	\$10
Lighting	\$9
Entertainment	\$7
Refrigeration	\$5
Cooking	\$4
Always On	\$2
Other	\$61

[Edit your home profile](#)

Electricity breakdown amounts are approximate and rounded to the nearest dollar.

[See how electricity breakdown works](#)



Get the resources you need to save energy and money.

Heat Pump Water Heater



Water heaters typically account for about 15 to 25% of your monthly energy bill. Upgrade to an ENERGY STAR qualified heat pump water heater and start saving today.

[LEARN MORE](#)

Prefer text messages?

Sign up to receive text alerts now!

[MANAGE MY USAGE ALERTS](#)

Was this email useful?



Duke Energy
650 S. Tryon St., Charlotte, NC 28202

Privacy Policy
EAGL

Manage Preferences
Stop or Opt Out of Email Alerts

* Billing cycle dates may vary

Subject Lines:
 1. You have new options!

Preheader Text:
 1. Discover your new service options.

Desktop:

Mobile:

Alt tags:
 Hero Image:
 Image 2:
 Image 3:
 Image 4:
 Image 5:

Links:
 1: PICK YOUR DUE DATE: <https://www.duke-energy.com/home/billing/pick-your-due-date>
 2: LEARN MORE: <https://www.duke-energy.com/our-company/about-us/smart-grid/smart-meter/smart-services>

Subject Lines:
1. You have new options!

Preheader Text:
1. Discover your new service options.

Desktop:

Discover your new service options. "You're smart!" [Click to discover](#)

DUKE ENERGY

The electric meter has been updated at **95%Premise Address 1%**

Your smart meter unlocks smart options.

Since you have a new smart meter, you now have access to a variety of great service options designed to make managing your energy usage and billing more convenient!

[LEARN MORE](#)



PICK YOUR DUE DATE

You now have a new billing option that allows you to pick the day your bill is due. [Email now!](#)



DUKE ENERGY PREPAID ADVANTAGE

Break apart your monthly bill and make smaller payments throughout the month. [Email today!](#) to prepay any dollar amount anytime and save gasoline to monthly bills.*



SEE YOUR DAILY USAGE

Monitor your daily usage to better manage costs and take control of your energy use. Data is available through your online account the next day.



USAGE ALERTS

Experience enhanced alerts based on your daily electricity usage and have customization options with budget alerts and low message delivery.

*Now, our due date may be two billing cycles. **All eligibility requirements available at [duke-energy.com/DR-Prepaid](#).

Note: The smart meter installation is complete and we have tested and certified the meter. It will not be available until your service date since the new meter was not able to sync above those dates with actual readings. This may result in a change in metering and billing.

BUILDING A SMARTER ENERGY FUTURE™

[f](#) [t](#) [in](#) [v](#) [e](#)

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Duke Energy | 550 South Tryon Street | Charlotte, NC 28202

Mobile:

Discover your new service options. "You're smart!" [Click to discover](#)

DUKE ENERGY

The electric meter has been updated at **95%Premise Address 1%**

Your smart meter unlocks smart options.

Since you have a new smart meter, you now have access to a variety of great service options designed to make managing your energy usage and billing more convenient!

[LEARN MORE](#)



PICK YOUR DUE DATE

Now you have a new billing option that allows you to pick the day your bill is due. [Email now!](#)



DUKE ENERGY PREPAID ADVANTAGE

Break apart your monthly bill and make smaller payments throughout the month. [Email today!](#) to prepay any dollar amount anytime and save gasoline to monthly bills.**



SEE YOUR DAILY USAGE

Monitor your daily usage to better manage costs and take control of your energy use. Data is available through your online account the next day.



USAGE ALERTS

Experience enhanced alerts based on your daily electricity usage and have customization options with budget alerts and low message delivery.

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Note: The smart meter installation is complete and we have tested and certified the meter. It will not be available until your service date since the new meter was not able to sync above those dates with actual readings. This may result in a change in metering and billing.

BUILDING A SMARTER ENERGY FUTURE™

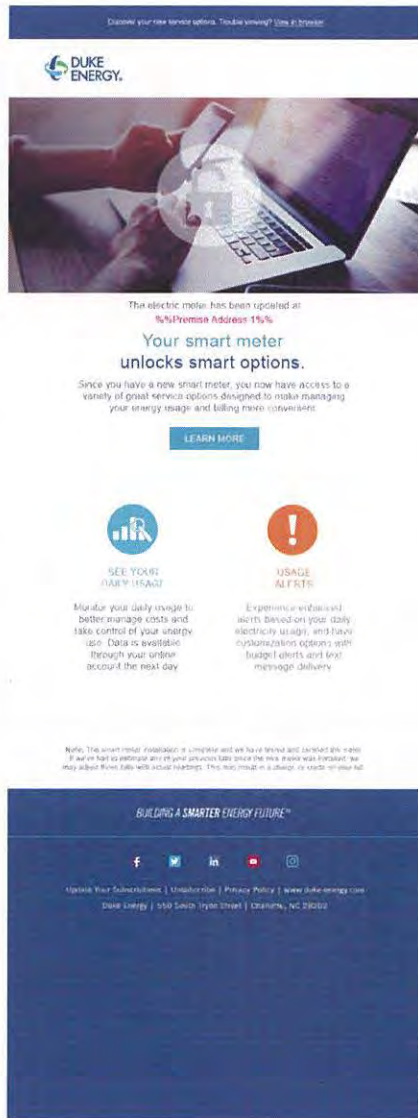
Alt tags:
Hero Image:
Image 2:
Image 3:
Image 4:
Image 5:

Links:
1: PICK YOUR DUE DATE: <https://www.duke-energy.com/home/billing/pick-your-due-date>
2: DUKE ENERGY PREPAID ADVANTAGE: <https://www.duke-energy.com/home/billing/prepaid-advantage>
3: LEARN MORE: <https://www.duke-energy.com/our-company/about-us/smart-grid/smart-meter/smart-services>

Subject Lines:
1. You have new options!

Preheader Text:
1. Discover your new service options.

Desktop:



Mobile:



Alt tags:
Hero Image:
Image 2:
Image 3:
Image 4:
Image 5:

Links:
LEARN MORE: <https://www.duke-energy.com/our-company/about-us/smart-grid/smart-meter/smart-services>

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Subject Lines:
1. You have new options!

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1. Discover your new service options.

Desktop:

Discover your new service options. You're viewing: [View all options](#)

DUKE ENERGY

The electric meter has been updated at **%Premise Address 1%**.

Your smart meter unlocks smart options.

Since you have a new smart meter, you now have access to a variety of great service options designed to make managing your energy usage and billing more convenient.

[LEARN MORE](#)

- DUKE ENERGY PREPAID ADVANTAGE**
House apart your monthly bill and make smaller payments throughout the month. It's all today. No prepay, no debit amount anyone and pay yourself. In monthly bills.
- SEE YOUR DAILY USAGE**
Monitor your daily usage to better manage costs and take control of your energy use. Data is available through your online account the next day.
- USAGE ALERTS**
Experience enhanced alerts based on your daily electricity usage and have custom alerts with budget alerts and text message delivery.

*Full eligibility requirements available at [duke-energy.com/DEI/prepaid](#).

Note: This smart meter installation is complete and we have locked and turned the meter. If we're not able to install your smart meter, we'll email you the next day. We'll email you the next day with actual metering. This may result in a change of meter on your bill.

BUILDING A SMARTER ENERGY FUTURE™

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Update Your Subscriptions | Accessibility | Privacy Policy | [www.duke-energy.com](#)
Duke Energy | 500 South Tryon Street | Charlotte, NC 28202

Mobile:

Discover your new service options. You're viewing: [View all options](#)

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Smart meters unlock smart options. Explore them at duke-energy.com/UnlockOptions.



PRESORT
STANDARD
U.S. POSTAGE
PAID
BOCA RATON, FL
PERMIT NO. 1229



Smart meters open up a world of smart services.

In regards to the smart meter at
<<Premise Address>>

<<FirstName LastName>>
<<Street address>>
<<City, State ZIP>>

T/TT/T

Now that you have a smart meter, a new world of service options awaits you.

These smart services are designed to better manage your energy usage and provide more convenient billing options.



PICK YOUR DUE DATE

You now have a new billing option that allows you to pick the day your bill is due. Enroll now.*



USAGE ALERTS

With the new smart meter at your location and by providing us your email address, you'll experience enhanced alerts based on your daily electricity usage and have customization options with budget alerts and text message delivery.



SEE YOUR DAILY USAGE

You can now monitor your daily usage through your online account. Hourly usage data is available to view from the previous day.

Learn more about your new options at
duke-energy.com/UnlockOptions

*New due date may take up to two billing cycles.

Note: The smart meter installation is complete and we have tested and certified the meter. If we've had to estimate any of your previous bills since the new meter was installed, we may adjust those bills with actual readings. This may result in a charge or credit on your bill. If you have any questions about your billing or energy usage charges, please contact our customer service department at 800.777.9898.



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PRESORT
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BOCA RATON, FL
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Smart meters open up a world of smart services.

In regards to the smart meter at
<<Premise Address>>

<<FirstName LastName>>
<<Street address>>
<<City, State ZIP>>

2/11/17

Now that you have a smart meter, a new world of service options awaits you.

These smart services are designed to better manage your energy usage and provide more convenient billing options.



PICK YOUR DUE DATE

You now have a new billing option that allows you to pick the day your bill is due. Enroll now.*



DUKE ENERGY PREPAID ADVANTAGE

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#/TT/T



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SEE YOUR DAILY USAGE

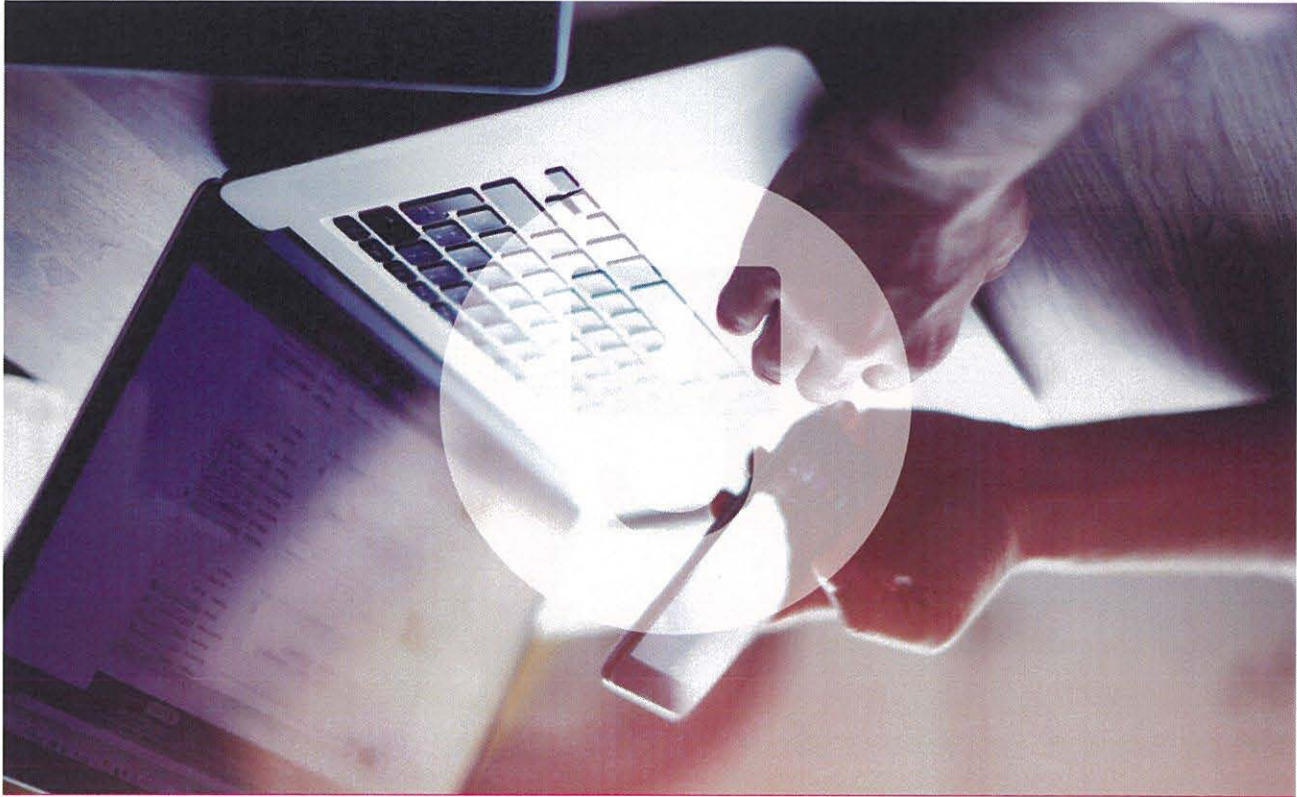
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Smart meters unlock smart options. Explore them at duke-energy.com/UnlockOptions.



PRESORT
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PAID
BOCA RATON, FL
PERMIT NO. 1229



Smart meters open up a world of smart services.

In regards to the smart meter at
<<Premise Address>>

<<FirstName LastName>>
<<Street address>>
<<City, State ZIP>>

9/27/17

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Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

AG-DR-02-040

REQUEST:

Refer to the Company's responses to AG-DR-01-082, which does not propose a remedy to the fact that the Company's proposed clean tariff sheet includes no reduced reconnection fee for customers with smart meters as required in the Stipulation to which the Company agreed in Case No. 2016-00152. The Company explains that including a reduced reconnection fee for customers with smart meters in its proposed clean tariff sheet "creates a corresponding need to adjust the Company's other assumed test year revenues as a result of the reduction in reconnection revenues." This does not appear to be a proposed resolution as requested by the AG in AG-DR-01-082. Furthermore this justification appears to be a Company problem and not a customer problem. In addition, the Company appears to have calculated what the smart meter reconnection fee should be (\$25 rather than \$75 for non-AMI customers) in its response to AG-DR-01-083. Describe any commitment the Company is willing to make to correct this deficiency in the proposed clean tariff sheet per the Stipulation to which the Company agreed in Case No. 2016-00152.

RESPONSE:

In the stipulation in Case No. 2016-00152, the Company agreed to revise remote reconnection charges to reflect *actual cost*; not necessarily to provide a reduced remote reconnection charge. The Company's proposed remote reconnection charge of \$25 uses

an actual cost value as described in AG-DR-01-082 and is consistent with costs used in other jurisdictions that have remote disconnection service capability. In addition, in the Company's response to AG-DR-01-082, the Company states it is amenable to using a different labor cost value for remote reconnection charge calculation. The Company honors its commitments and provides AG-DR-02-040 Attachment 1 which uses the alternative labor rate noted in AG-DR-01-082. The Company proposes this revised sheet No. 91 as a remedy to the issue raised above subject to an appropriate revenue adjustment. AG-DR-02-040 Attachment 2; being uploaded electronically and a copy provided on CD; provides supporting calculations for the revised remote reconnection charge.

PERSON RESPONSIBLE: Bruce L. Sailors

Duke Energy Kentucky, Inc.
4580 Olympic Blvd.
Erlanger, Kentucky 41018

KY.P.S.C. Electric No. 2
Third Revised Sheet No. 91 (T)
Cancels and Supersedes
Second Revised Sheet No. 91 (T)
Page 1 of 1

CHARGE FOR RECONNECTION OF SERVICE

APPLICABILITY

Applicable to all customers in the Company's entire service area who are in violation of Section 1, Rule 3, Company's Right to Cancel Service Agreement or to Suspend Service, of the Company's Electric Service Regulations.

CHARGE

The Company may charge and collect in advance the following:

- A. The reconnection charge for service which has been disconnected due to enforcement of Rule 3 shall be three dollars forty-five cents (\$3.45) for reconnections that can be accomplished remotely or seventy-five dollars (\$75.00) for reconnections that cannot be accomplished remotely. (N) (I)
- B. The reconnection charge for service which has been disconnected within the preceding twelve months at the request of the customer shall be three dollars forty-five cents (\$3.45) for reconnections that can be accomplished remotely or seventy-five dollars (\$75.00) for reconnections that cannot be accomplished remotely. (N) (I) (T)
- C. If service is discontinued because of fraudulent use thereof, the Company may charge and collect in addition to the reconnection charge of three dollars forty-five cents (\$3.45) for reconnections that can be accomplished remotely or seventy-five dollars (\$75.00) for reconnections that cannot be accomplished remotely, the expense incurred by the Company by reason of such fraudulent use, plus an estimated bill for electricity used, prior to the reconnection of service. (N) (I) (T)
- D. If both the gas and electric services are reconnected (non-remotely) at one time, the total charge shall not exceed eighty-eight dollars (\$88.00). (T) (I)
- E. Where electric service was disconnected at the pole because the Company was unable to gain access to the meter, the reconnection charge shall be one hundred twenty-five dollars (\$125.00). If the gas service is also reconnected the charge shall be one hundred fifty (\$150.00). (I) (I)
- F. If the Company receives notice after 2:30 p.m. of a customer's desire for same day reinstatement of service and if the reconnection cannot be performed during normal business hours, and the reconnection cannot be performed remotely, the after hour reconnection charge for connection shall be an additional twenty-five dollars (\$25.00). Customers will be notified of the additional \$25.00 charge for reconnection at the meter or at the pole at the time they request same day service. (T) (T)
- G. If a Company employee, whose original purpose was to disconnect the service, has provided the customer a means to avoid disconnection, service which otherwise would have been disconnected shall remain intact, and no reconnection charge shall be assessed. However, a collection charge of fifty dollars (\$50.00) may be assessed, but only if a Company employee actually makes a field visit to the customer's premises. (I)

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to the Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

Issued by authority of an Order of the Kentucky Public Service Commission, dated __, 2017 in Case No. 2017-00321. (T) (T)

Issued: September 1, 2017

Effective: October 1, 2017 (T)

Issued by James P. Henning, President (T)

AG-DR-02-040 Attachment 2

EXCEL

UPLOADED

ELECTRONICALLY

AND COPY

PROVIDED ON CD

Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

AG-DR-02-041

REQUEST:

Refer to the Company's responses to AG-DR-01-089.

- a. Provide attachments AG-DR-01-089 b(1) and AG-DR-01-089 b(2) in Excel spreadsheets with all numeric values and calculations intact.
- b. Of the approximately 180 circuits/sections which are candidates for undergrounding over the next 3 years as shown in attachment AG-DR-01-089 b(1), estimate the number which would be undergrounded if the Company's \$15 million request for undergrounding over the next 3 years is approved.
- c. Estimate the number of customers served by the estimated number of circuits/sections which would be undergrounded if the Company's \$15 million request for undergrounding over the next 3 years is approved.
- d. Of the circuits/sections which are candidates for undergrounding over the next 10 years as shown in attachment AG-DR-01-089 b(2), estimate the number which would be undergrounded if the Company's \$66 million request for undergrounding over the next 10 years is approved.
- e. Estimate the number of customers served by the estimated number of circuits/sections which would be undergrounded if the Company's \$66 million request for undergrounding over the next 10 years is approved.

RESPONSE:

- a. See AG-DR-02-41 Attachments 1 and 2, which are being uploaded electronically and a copy provided on CD.
- b. The total number of segments to be undergrounded over the next three years will equal 33 line miles. The exact segments and number of segments involved cannot be determined until the detailed engineering process is complete. Through the detailed engineering process, Duke Energy Kentucky may find compelling reasons not to move certain segments underground, such as:
 - Topography related challenges that may make undergrounding difficult;
 - Other solutions may better address the problem than undergrounding; or
 - The Company may be unable to obtain a customer easement.
- c. Duke Energy Kentucky estimates that roughly 1,320 customers would be undergrounded in the next three years, using the assumption that there are 12 customers per every 0.3 line miles ($33 \text{ line miles} \times 12 \text{ customers} / 0.3 \text{ line miles} = 1,320 \text{ customers}$).
- d. The total number of segments to be undergrounded over the next 10 years will equal 140 line miles. The exact segments involved cannot be determined until the detailed engineering process is complete, as explained in response to AG-DR-02-041(a).

- e. Duke Energy Kentucky estimates that roughly 5,600 customers would be undergrounded in the next three years, using the assumption that there are 12 customers per every 0.3 line miles (140 line miles x 12 customers / 0.3 line miles = 5,600 customers).

PERSON RESPONSIBLE: Tony Platz

AG-DR-02-041

Attachment 1

EXCEL

UPLOADED

ELECTRONICALLY

AND COPY

PROVIDED ON CD

AG-DR-02-041

Attachment 2

EXCEL

UPLOADED

ELECTRONICALLY

AND COPY

PROVIDED ON CD

Duke Energy Kentucky
Case No. 2017-00321
Attorney General's Second Set Data Requests
Date Received: November 29, 2017

AG-DR-02-042

REQUEST:

Reference the Public Utilities Commission of Ohio ["PUCO"] Case no. 15-298-GE-CSS regarding Duke Energy of Ohio, Inc. ["DEO"], regarding the unfortunate events involving the Easterling family.

- a. Confirm that DEO is DEK's immediate parent affiliate.
- b. Confirm that DEK and DEO share many of the same employees between them.
- c. Confirm the public report in *The Columbus Dispatch* dated October 11, 2017¹ that PUCO has opened a new investigation into DEO's disconnection practices.
- d. State what measures DEK follows to insure that it adheres to 807 KAR 5:006 § 14 (1)(d)(3), 807 KAR 5:006 § 16 and the Cabinet for Health and Family Services certificate of need provisions identified in 807 KAR 5:006 §16.
- e. Identify any and all measures DEK implemented following the issuance of PUCO's above-referenced order regarding winter disconnections.

¹ Accessible at: <http://www.dispatch.com/news/20171011/puco-orders-new-probe-of-duke-energys-disconnection-practices>

RESPONSE:

- a. Confirmed
- b. Objection. This question is vague, ambiguous and confusing with respect to the term “many of the same employees. Without waiving said objection and to the extent discoverable, Duke Energy Kentucky has its own employees. Duke Energy Business Services, an affiliate service company, employs personnel who can provide services common to both Duke Energy Kentucky and Duke Energy Ohio. Likewise, Duke Energy Ohio has employees that perform services for Duke Energy Kentucky pursuant to Commission-approved service agreements.
- c. Objection. Irrelevant, misstates facts, and assumes facts not in evidence. Moreover, this request is not likely to lead to the discovery of admissible or relevant evidence. The actions of the Public Utilities Commission of Ohio with respect to Duke Energy Ohio, and its compliance with Ohio regulations are not the subject of this proceeding, nor is it relevant to this proceeding, which, is the reasonableness of Duke Energy Kentucky’s proposal for an increase in its base electric rates. Moreover, the PUCO has opened an audit proceeding, not an investigation. Without waiving said objection and to the extent discoverable, the PUCO has opened docket number 17-2089-GE-COI for the audit.
- d. Duke Energy Kentucky provides annual training prior to November 1. It also provides the Commission with a signed roster of all employees that receive the training. Accounts Receivable does a follow up Q/A with Team Leads to ensure clear understanding.

e. Objection. This request is vague, overbroad, and misstates the law and assumes facts not in evidence. Ohio regulations differ with respect to compliance requirements that impact required utility disconnection actions that occur during the winter heating season versus under Ohio's winter rule disconnection/reconnection process. Notwithstanding said objections and to the extent discoverable, Duke Energy Kentucky does not serve customers in Ohio, is not a party to the PUCO audit, and is not subject to the jurisdiction of the PUCO.

PERSON RESPONSIBLE: Legal- as to objections
Mitch Carmosino (c)