

**Duke Energy Kentucky
Case No. 2017-00321
Staff First Set Data Requests
Date Received: August 25, 2017**

STAFF-DR-01-041

REQUEST:

Provide detailed descriptions of all early retirement plans or other staff reduction programs the utility has offered or intends to offer its employees during either the base period or the forecasted test period. Include all cost-benefit analyses associated with these programs.

RESPONSE:

There are no new early retirement programs or staff reduction programs planned for the forecasted test year. As businesses need to meet O&M targets, there are some tools under which employees have left or are leaving under during the base period, however none of those employees leaving were in the Duke Energy Kentucky payroll company. Those tools which have been applied to employees in other jurisdictions are described in STAFF-DR-01-041a through c.

PERSON RESPONSIBLE: Thomas Silinski

Management Toolkit

Performance Transition Plan (PTP)

November 2015

IMPORTANT: This document contains selected highlights of Duke Energy's employee benefits plans. If any statement herein, or any other communication, conflicts with applicable plan documents, the plan documents shall govern. Duke Energy retains the right to amend, modify or terminate its benefits plans in any respect and at any time, and neither its benefits plans, nor your plan participation, shall be considered a contract for future employment.

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Performance Transition Program (PTP) Overview

As part of our workforce planning and performance management efforts, the Company is now offering a program designed to address poor performers and provide an option to exit a poorly performing employee in lieu of placing the employee on a formal Performance Improvement Plan (PIP).

This Management Toolkit provides an overview of the process to help facilitate the potential application of the PTP, understand the appropriate use of the PTP and determine employee eligibility.

With approval by the responsible Executive Leadership Team member and the business unit HR Business Partner Director, management may offer a choice to an employee with documented poor performance to either exit the Company under the PTP or to pursue a PIP, under the following conditions:

1. The employee has documented poor performance, including but not limited to: an overall rating of Partially Meets Expectations/Needs Improvement or lower on his or her most recent mid-year or annual performance appraisal; or
2. The employee has not yet had a performance appraisal and has demonstrated serious performance deficiencies; or
3. The employee has met expectations on his or her most recent performance appraisal but whose performance has deteriorated rapidly, or successfully completed a PIP in the past but demonstrated a subsequent decline in performance; AND
4. Management has concerns that the employee may not be successful on a Performance Improvement Plan or has identified other factors supporting a decision to offer the employee an alternative to a PIP.

Employees generally will not be offered a choice when they are subject to termination for misconduct, including but not limited to, theft, harassment, violations of Company policy, or other similar misconduct, or when they have failed to successfully complete a PIP within the previous twelve months.

Employees who choose to separate under the PTP in lieu of a PIP will be eligible for a transition payment, health care supplement, and outplacement services as described below, if they meet certain requirements, including separating from employment when designated by management, and signing and not revoking a waiver and release of claims acceptable to the Company. Those benefits are:

1. Transition payment provided as a lump sum payment equivalent to the amount of 12 weeks of the employee's regular base pay, and
2. Health care supplement provided as a lump sum payment equivalent to the premium cost of three months of COBRA continuation coverage under the Duke Energy sponsored medical, dental and/or vision coverage, if any, in which the employee and his or her eligible dependents are enrolled as of the last day of the Transition Period, plus a tax gross up based on applicable rates as determined by the Company in its sole discretion.
3. Six (6) months of outplacement services through a vendor selected by the Company in accordance with the Company's policies in effect from time to time as of his or her separation from Duke Energy.

When management has obtained appropriate approvals to offer this alternative, the employee should be provided with the "PIP With PTP Option" template included in this Toolkit instead of the PIP standard template.

PTP Process

The following describes the process to pursue this option:

Steps	Description	Objectives
1	Gather Information	<ul style="list-style-type: none"> • Identify employees that are not performing in accordance with previously communicated expectations • Gather and review documentation relating to the employee's poor performance, including prior performance appraisals.
2	Decide whether to offer PIP with PTP Option and seek approvals.	<ul style="list-style-type: none"> • Determine (i) the likelihood of success on a PIP and (ii) risk to the Company if the PTP is not offered. • Decide whether to seek approval to offer the PTP Option. • Obtain required approvals.
3	Meet with employee to offer the Performance Transition Program	<ul style="list-style-type: none"> • Offer the PTP Option to the employee using the standard script provided below.
4	Implement the PIP (if chosen by employee) or separate under PTP	<ul style="list-style-type: none"> • Employee selects between PIP or PTP Option • If PIP selected, employee continues under terms of the PIP • If a PTP is selected, the employee terminates under the PTP provisions

Manager Script for 1-on-1 Meeting w/ Employee to Offer Proposed PIP with PTP Option

This script should be used to offer poor performers the choice between continuing their employment under the terms of a PIP, or separating from employment under the PTP Option. The completed form should be returned to your HR Business Partner.

Employee ID: _____ Employee Name: _____

Date: _____ Employee Job Title: _____ Department: _____

- Thank you for taking the time to meet with me today.
- Over the past several months, there has been a decline in your performance and I'd like to discuss with you how we can address this. *(Add specific examples of poor performance here.)*
- When there are performance concerns, the Company typically offers the employee a Performance Improvement plan or PIP. The PIP is a tool to assist an employee with improving and sustaining personal performance to a satisfactory level in areas that are critical to meeting the demands of his/her position.
- A PIP is a joint effort involving a written understanding between an employee and a supervisor/manager regarding specific ways to improve less than satisfactory performance in a specific time period.
- In this case, we would place you on a PIP for 90 days.
- The PIP is not corrective action; however, your failure to adhere to the expectations outlined in the PIP may result in corrective action up to and including discharge.
- Upon successful completion of a PIP, you are expected to sustain a level of satisfactory performance for 12 months or you could be removed from your position pending an investigation.
- **At times, the Company also may offer a second option** to consider if you do not feel that you will be successful in the PIP program. The second option would involve your separation from the Company under a Performance Transition Program in lieu of a PIP.
- The PTP Program offers an opportunity for a transition payment, health care supplement, and outplacement services if all program requirements are met.
 - The Transition payment would be provided as a lump sum payment equivalent to the amount of 12 weeks of your regular base pay, and
 - The health care supplement would be a second payment equivalent to (ii) three (3) months of the cost of medical/dental/vision coverage under COBRA for you and your covered dependents, based on your existing coverage as of your release date which amount will be grossed up for taxes based on applicable rates as determined by the Company in its sole discretion.
 - The PTP Program also offers six (6) months of outplacement services through a vendor selected by the Company in accordance with the Company's policies in effect from time to time.

- To participate in the PTP Program in lieu of a PIP, you would be required to separate from your employment when released, and sign and not revoke a Waiver and Release of Claims against the Company.
- *(Provide the employee with a copy of the completed PIP document and PTP Program Overview here).*
- This is an important decision, and I understand if you need more time to think it over. Let's plan to reconvene in a few days so that we can agree on a decision and discuss next steps.
- *Manager/Supervisor to take the action item to schedule the follow up discussion.*

Performance Improvement Plan with PTP Option - EXAMPLE

Employee Name: _____ Employee Job Title: _____

Date: _____ Supervisor Name: _____

As previously discussed on **<insert date/s>**, there are a number of performance areas you need to immediately improve in order to meet the requirements of your role of **<Title>**. You have not met the expectations of a **<Title>** role in the following areas including, but not limited to:

<include explanation of how the employee has not met the requirements; for example.:

- Work Execution
- Communication
- Interpersonal Skills

In order to meet the requirements of the position you currently hold, you are being placed on a Performance Improvement Plan (PIP) and you are expected to achieve the following performance standards:

Improvement Area	Performance Standard	Improvement Measure	Deadline
<i>Work Execution</i>	Work activities will be efficiently performed in a quality manner, demonstrating commitment and effective follow-through.	<ul style="list-style-type: none"> • Produce quality work by ensuring that the schedule is accurately and adequately developed to 80% loaded prior to weekly commitment meeting. • Use priority work list, such as 1s, 2s, and 3s and/or the ranked list of work from the scheduling application. • Make note of those items discussed in the daily and weekly meetings and include them in the schedule. • Reduce time spent on personal activities, such as phone calls and internet usage, in order to focus more time on work-related responsibilities. • Keep supervision informed on a weekly basis of work activities/situations 	
<i>Communication</i>	Verbal communications will improve to an effective level.	<ul style="list-style-type: none"> • Communicate schedule to all team members in a timely and on-going manner. Team members include: <u>(list titles)</u> • Ensure that schedule has been communicated to Operations between <u>(specify times)</u> on a daily basis. • Encourage <u>(titles)</u> to complete their assigned tasks based on the schedule and in a timely and positive manner. • Improve the weekend schedules for all 	

		groups in order to reflect productive work.	
<i>Interpersonal Skills</i>	Establish positive relationships with team members.	<ul style="list-style-type: none"> • Be receptive to feedback by actively listening with the intent to understand. • Increase interaction with <u>(titles)</u> in order to improve relationships. 	

It is your responsibility to successfully manage your job performance in order to meet the expectations of your PIP. To support your efforts, I will continue to meet with you on a regular basis to provide feedback regarding your performance against these performance standards. Unless prevented by business circumstances, our meetings will be held _____ <insert: weekly or bi-weekly >. The goal of these meetings is to monitor your PIP progress and ensure your continued understanding of Duke Energy's expectations for your performance as a _____ <Title>.

You will also be required to complete the following formal training as part of the PIP: _____ <insert training>. During the period of time that you are on a PIP, you are generally not permitted to transfer to another position, subject to any local law requirements.

If you have any questions or are not clear regarding these expectations, please do not hesitate to ask for clarification. Significant progress against these performance standards is expected on an immediate and sustained basis with full correction of the deficiencies noted above by the end of the PIP's 90 day duration, on _____ <PIP end date>.

If at any time it appears that you are not making significant progress, further action, up to and including the termination of your employment, will follow in accordance with applicable law. It is expected that once satisfactory performance is achieved, it will be maintained during the course of your employment. Please be aware that notwithstanding the PIP, your employment with Duke Energy continues to be terminable in accordance with applicable law and the terms and conditions of your employment.

You are encouraged to contact the Company's Employee Assistance Program provider, at _____ (name) _____, at _____ (phone number) for assistance with any personal issues that may be impacting work.

Employee Acknowledgement

I have discussed this plan with my supervisor and manager and I understand the expectations as described. I understand that the intent of this plan is to assist me with being successful in my current position; however, if my performance does not improve and does not result in sustained acceptable performance, management will determine the appropriate corrective action, up to and including termination at any time during or following the performance improvement plan.

 (Employee's signature) (Date)

 (Supervisor's signature) (Date)

Performance Transition Program Option. In the event that you do not believe you will complete this PIP successfully or otherwise do not desire to pursue a PIP, you are eligible for an alternate option called the Performance Transition Program (PTP). Accordingly, you may elect to separate from your employment in lieu of a PIP with a transition payment and outplacement services, as described below, if you meet certain requirements, including separating from employment when designated by management, and signing and not revoking a waiver and release of claims acceptable to the Company. The PTP benefits are fully described in the attached Letter Agreement. As a brief overview, those benefits include the following:

1. Transition payment in the amount of 12 weeks of the employee's regular base pay, and
2. A health care supplement equivalent to the premium cost of 3 months of COBRA continuation coverage under the Duke Energy sponsored medical, dental and/or vision coverage, if any, in which the employee and his or her eligible dependents are enrolled as of the last day of the Transition Period, plus a tax gross up based on applicable rates as determined by the Company in its sole discretion.
3. Six (6) months of outplacement services through a vendor selected by the Company in accordance with the Company's policies in effect from time to time (including the Duke Energy Corporation 409A Policy).

Please complete the attached "Letter Agreement" form to communicate your decision whether to pursue a PIP or to separate from employment under the PTP.

PTP LETTER AGREEMENT TEMPLATE

(place on Company letterhead)

[INSERT DATE]

Dear _____ **[INSERT EMPLOYEE NAME]** Empid _____

As an alternative to acknowledging the terms of the Performance Improvement Plan "PIP" provided to you on _____ **[INSERT DATE]**, **[INSERT APPLICABLE PAYROLL COMPANY]** (the "Company") is offering you the opportunity to separate from employment with the Company and its affiliates (collectively, "Duke Energy") on _____ **[INSERT DATE]** (the "Separation Date") under the Performance Transition Program (PTP) and receive the following benefits if you agree to the terms of this Letter Agreement, separate under the PTP on your Separation Date in accordance with this Letter Agreement and sign and do not revoke a waiver of claims against the Company and certain other entities and individuals substantially in the form attached hereto as Attachment I (the "Waiver");

1. Separation Pay. In addition to the amounts set forth below, if you separate under the PTP in accordance with the terms of this Letter Agreement, the Company agrees to pay you:
 - a. A transition payment provided as a lump sum cash payment equal to \$ _____ **[INSERT TRANSITION PAYMENT AMOUNT]** (the "Transition Payment"); and
 - b. A health care supplement payment provided as a lump sum cash payment equal to \$ _____ **[INSERT HEALTH CARE SUPPLEMENT AMOUNT]**, which amount will be grossed up for taxes based on applicable rates as determined by the Company in its sole discretion.

Payment will be made within 60 days after the Separation Date, provided that you have first executed, returned and not revoked the attached Waiver. You will not be eligible to receive the payment described above if you fail to complete these actions regarding the Waiver within the stated 60-day period. The Company will have the right to deduct from any payment made to you pursuant to this Letter Agreement such taxes as are, in the reasonable opinion of the Company, required to be withheld with respect to such payment, as well as any other deductions required by law, such as those made in order to comply with any court or administratively ordered wage garnishments. No amounts paid to you pursuant to this Letter Agreement will be considered when determining your benefits under the Company's other benefit plans (e.g., 401(k) plan, defined benefit pension plan, etc.).

2. Outplacement Services. If you separate under the PTP in accordance with the terms of this Letter Agreement, the Company will make outplacement services available to you for a period of up to six months through a vendor selected by the Company, in accordance with its policies in effect from time to time (including the Duke Energy Corporation Section 409A Payment Policy).
3. Benefits after Separation. Following your Separation Date, you will not be entitled to any other benefits or compensation from the Company, any of its affiliates or any of their respective benefit plans or arrangements, other than as expressly set forth below:
 - a. Base Salary and Vacation Pay. Within 30 days of your Separation Date, the Company agrees to pay you your base salary for services through the Separation Date and for all of your unused, accrued vacation for the calendar year in which your Separation Date occurs.

- b. Retirement Benefits. Your rights with respect to retirement benefits will be determined pursuant to the terms of the Duke Energy Retirement Savings Plan and/or the Duke Energy Retirement Cash Balance Plan, each as amended from time to time.
- c. Welfare Benefits. Your rights with respect to welfare benefits (e.g., COBRA and/or retiree healthcare coverage) will be determined pursuant to the terms of the Duke Energy Active Health & Welfare Benefit (Financed) Plans, the Duke Energy Active Health & Welfare Benefit Plans, the Duke Energy Retiree Health & Welfare Benefit (Financed) Plans and the Duke Energy Retiree Health & Welfare Benefit Plans, each as amended from time to time.

Nothing herein shall modify or otherwise affect such benefit plans or arrangements.

i. Election

Please select from the following:

- I would like to proceed with the PIP. I have discussed the PIP with my management and I understand the expectations as described in the PIP. I understand that the intent of the PIP is to assist me with being successful in my current position; however, if my performance does not improve and does not result in sustained acceptable performance, management will determine the appropriate corrective action, up to and including termination of my employment at any time during or following the PIP. I also acknowledge that I will not be eligible for a transition payment if I am not successful on the PIP.
- I would like to separate under the PTP. I understand this will result in my separation from employment with **[INSERT APPLICABLE PAYROLL COMPANY]** and its affiliates on the Separation Date specified above and that this election is irrevocable. This election is entirely voluntary.

(Employee's signature) _____ (Date)

(Supervisor's signature) _____ (Date)

Note: Please return completed forms to the HRBP

SAMPLE WAIVER AND RELEASE OF CLAIMS

UNDER THE DUKE ENERGY PERFORMANCE TRANSITION PROGRAM

This Waiver and Release of Claims (the "Release"), delivered on _____, is entered into by and between Duke Energy Corporation and its subsidiaries and affiliates and any predecessors and successors thereto (individually and collectively referred to as the "Company"), and _____ ("Employee") pursuant to the Performance Transition Program (the "Program") with the mutual exchange of promises as consideration.

WHEREAS, Employee is eligible to separate from employment on _____ (the "Separation Date") and receive severance benefits described below provided Employee enters into and does not revoke this Release; and

WHEREAS, the Company is willing to provide the Employee the severance benefits described below, provided Employee enters into and does not revoke this Release.

THEREFORE, the Company and Employee agree as follows:

1. Program Benefits. In exchange for Employee separating from employment with the Company on his or her Separation Date in accordance with the Program and entering into and not revoking this Release, the Company agrees to provide the Employee the following:
 - a. Transition Payment. A lump sum cash payment equal to \$_____ less applicable taxes and withholdings, with such amount being payable as soon as administratively practicable (not more than 60 days) following his or her Separation Date subject to Employee executing and not revoking this Release.
 - b. Health Care Supplement. A lump sum cash payment equal to \$_____, which amount will be grossed up for taxes based on applicable rates as determined by the Company in its sole discretion, less applicable taxes and withholdings, with such amount being payable as soon as administratively practicable (not more than 60 days) following his or her Separation Date subject to Employee executing and not revoking this Release.
 - c. Outplacement Services. Outplacement services for a period of up to six months through a vendor selected by the Company, in accordance with its policies in effect as from time to time (including the Duke Energy Corporation Section 409A Payment Policy).
2. Basis for Entitlement. Employee acknowledges and agrees that Employee would not be entitled to the benefits described in Paragraph 1 absent Employee's separation from employment on his or her Separation Date and execution and non-revocation of this Release in accordance with the Program. Employee further acknowledges that he or she is not entitled to a pension enhancement under the Program.
3. Adequate Consideration. Employee acknowledges and agrees that this Release provides good, valuable and sufficient consideration for Employee's obligations under this Release.
4. Release by Employee. Employee, of the Employee's own free will, voluntarily waives and releases the Company, its employee benefit, pension, welfare, and other plans or programs (including any and all fiduciaries thereof), and any of the Company's respective current or former officers, directors, agents, employees, attorneys, insurers, plan administrators, predecessors, successors or assigns from any and all rights or claims that Employee has, or may have, as of the date of the execution of this Release, based on or arising out of the

employment relationship or the termination of the employment relationship, other than those rights or claims set forth below in Paragraph 5. The rights and claims so waived and released shall include, but not be limited to:

- a. Those arising under any federal, state or local statute, ordinance, common law (including, but not limited to, claims of breach of promise, breach of contract, promissory estoppel, intentional or negligent infliction of emotional distress, defamation, tortious interference with a business relationship or contract and wrongful discharge), or claims in equity or public policy; and
- b. Those arising under any law based on any protected status or employment, including but not limited to, sex, age, race, color, religion, handicap or disability, national origin, pregnancy, discrimination, retaliation, or whistleblower (including, but not limited to, any rights or claims arising under Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Americans with Disabilities Act, the Rehabilitation Act, the Older Workers Benefits Protection Act of 1990, the Equal Pay Act of 1963, the Employee Retirement Income Security Act of 1974, the Age Discrimination in Employment Act of 1967, the Family and Medical Leave Act, the Genetic Information Nondiscrimination Act, the Equal Pay Act of 1963, the National Labor Relations Act, the Worker Adjustment and Retraining Notification Act, the Indiana Discrimination on Account of Age Act, the Indiana Civil Rights Statute, the Kentucky Civil Rights Statute, the Ohio Civil Rights Statute, the North Carolina Equal Employment Practices Act, the North Carolina Persons with Disabilities Protection Act, the North Carolina Retaliatory Employment Discrimination Act, the South Carolina Human Affairs Law, the Florida Civil Rights Act, the Florida Whistleblower Act, the Texas Labor Code Chapter 21, and every other local, state, or federal law, regulation, or other legal authority concerning employment rights or claims); and
- c. Those arising under the civil rights laws of any state or municipality; and
- d. Any claim for compensatory damages, punitive damages, attorneys' fees, expenses and litigation costs; and
- e. Any grievance, charge or other claim arising under the applicable collective bargaining agreement, National Labor Relations Act, or other similar labor laws, regulations, and authority.

Employee acknowledges that he or she has been paid for all hours worked during his or her employment with the Company and has received all other payments owed to him or her by the Company as of his or her Separation Date. In addition, Employee acknowledges that he or she has received all leave to which he or she may have been entitled to under the Family and Medical Leave Act or applicable state law during his or her employment with the Company.

5. Claims Not Waived. Notwithstanding the provisions of Paragraph 4 above, this Release does not waive and release any workers' compensation or unemployment compensation claims filed prior to the date of execution of this Release, or claims against the Company arising out of possible exposure to asbestos during Employee's employment with the Company at a facility or facilities owned by the Company. Further notwithstanding the provisions of Paragraph 4 above, this Release does not waive and release Employee's rights or claims to accrued or vested benefits under an employee benefit plan or program maintained by the Company. Further notwithstanding the provisions of Paragraph 4 above, this Release does not waive and release claims that may arise after the date of execution of this Release, including, but not limited to, claims that may arise under an employee benefit plan or program maintained by the Company.

6. Acknowledgement of No Interference with Reporting and Compliance Rights. Employee acknowledges and agrees that it is the policy of the Company to comply with all applicable federal, state and local laws and regulations. Employee affirms that he or she has reported all compliance issues and violations of federal, state and local law or regulation or Company policy of which he or she had knowledge during the term of his or her employment, if any. Employee represents and acknowledges that he or she has no further or additional knowledge or information regarding compliance issues or possible violations of federal, state or local law or regulations or Company policy other than what Employee may have previously reported, if any, including, but not limited to, any and all outstanding nuclear safety concerns Employee has involving any nuclear power plant owned or operated by the Company. Nothing in this Release shall be construed to prohibit, restrict or otherwise discourage Employee from participating in "protected activity" as defined in 10 CFR 50.7 and Section 211 of the Energy Reorganization Act of 1974, including, but not limited to reporting any suspected instance of illegal activity of any nature, any nuclear safety concern, any workplace safety concern, any public safety concern, or any other matter within the United States Nuclear Regulatory Commission's ("NRC") regulatory responsibilities to the NRC, the United States Department of Labor, or any other federal or state governmental agency. This Agreement further does not prohibit Employee from participating in any way in any state or federal administrative, judicial, or legislative proceeding or investigation. Further, nothing in this Agreement prevents Employee from filing a charge or complaint, with or from participating in an investigation or proceeding conducted by the Equal Opportunity Commission ("EEOC"), National Labor Relations Board ("NLRB"), Securities and Exchange Commission ("SEC"), or any other federal, state or local agency charged with the enforcement of any laws, or from exercising rights under Section 7 of the NLRA to engage in joint activity with other employees, although by signing this Agreement, Employee acknowledges that the Release waives Employee's right to individual relief based on claims asserted in a such a charge or complaint, regardless if such claim is brought individually or as part of a class or collective action, except where such waiver of individual relief is otherwise legally prohibited.
7. Promise Not to Sue. Employee agrees not to institute a lawsuit against the Company asserting any of the claims that are released in Paragraph 4 of this Release. **Employee acknowledges that signing this Release means that Employee has waived not only his or her right to recover in a lawsuit, claim or other action brought by him or her as described herein, but also in any claim, lawsuit or other action brought on his or her behalf (including any claim of age discrimination) against the Company based on or arising out of the employment relationship or the termination of the employment relationship up to the date this Agreement is signed. This does not mean that Employee is precluded from filing a charge of discrimination with EEOC, or other state commission or otherwise participating in proceedings before the EEOC or those commissions; however, if Employee does file such a charge, he or she shall be entitled to no monies, pay, compensation or relief of any type from the Company as a result of the charge.**
8. Confidentiality. Employee shall not, at any time, directly or indirectly, use any trade secrets or confidential information of the Company for Employee's benefit or the benefit of any other person or, directly or indirectly, disclose any such trade secrets or confidential information of the Company to any other person. The Company and Employee agree to keep the terms and conditions of this Agreement confidential except to the extent the terms and conditions are required to be disclosed by any judicial or administrative federal, state or local agency. Employee may also disclose the terms and conditions of this Agreement to Employee's spouse, attorney and financial advisor, provided they first agree to be bound by this same pledge of confidentiality. Employee may also disclose the terms and conditions of this Agreement to Employee's spouse, attorney and financial advisor, provided they first agree to

be bound by this same pledge of confidentiality. Notwithstanding any provisions of this Agreement to the contrary the Employee may be entitled to immunity and protection from retaliation under the Defend Trade Secrets Act of 2016 for disclosing a trade secret under limited circumstances, as set forth in the Company's Innovations and Intellectual Properties Policy.

9. Cooperation with Litigation. Upon the Company's request, Employee agrees to render reasonable assistance to the Company in connection with any litigation or investigation relating to the Company's business. Such assistance shall include, but not be limited to, providing information, attending meetings, assisting with discovery, giving depositions and making court appearances. Employee agrees to promptly notify the Chief Legal Officer of the Company of any requests for information or testimony that Employee receives in connection with any litigation or investigation relating to the Company's business; provided however, that this reporting requirement will not apply in the context of "protected activity", as defined in Paragraph 6 of this Release.
10. Consultation with Attorney Advised. **Employee is advised to consult with an attorney prior to executing this Agreement.** Employee acknowledges being given that advice. Employee represents that he or she has read and fully understands all of the provisions of this Agreement. Employee represents that he or she is voluntarily signing this Agreement.
11. Due Care - Time Frame for Acceptance. **Employee acknowledges that he or she has received a copy of this Release and has been given a period of twenty-one (21) days from his or her Separation Date within which to freely and voluntarily consider and sign this Release.**
 - a. To enter into this Agreement, Employee must execute it by signing, dating and returning it to the **Employee Relations Control Center, Attn: Cathy Edwards, DEC37B, 550 South Tryon, Charlotte, North Carolina 28202.**
 - b. Employee acknowledges that if Employee has signed this Agreement it is because Employee freely chose to do so.
 - c. Employee has **seven (7) calendar days** after he or she signs this Agreement within which to revoke it. To be effective, a revocation must be communicated in writing to the **Employee Relations Control Center, Attn: Cathy Edwards, DEC37B, 550 South Tryon, Charlotte, North Carolina 28202,** and delivered no later than 5:00 p.m. Eastern Time on the final day of the seven (7) day period.
12. Governing Law. This Agreement shall be interpreted, enforced and governed under the laws of the State of North Carolina.
13. No Admission of Liability. This Agreement shall not in any way be construed as evidence or as an admission of any liability or wrongdoing by the Company.
14. Binding Effect of Agreement. This Agreement will be binding upon and shall operate for the benefit of the heirs, executors, administrators, assigns, and successors in interest of Employee and the Company.
15. Severability. If any portion of this Agreement should be unenforceable for any reason, the parties agree that the remaining portions will continue in effect.

16. Effective Date. This Agreement shall become effective and enforceable upon the expiration of the revocation period established in Paragraph 11 (the "Effective Date").

AGREED TO BY:

Employee

Date

THE COMPANY

By: _____
Stan Sherrill
Vice President, Employee Relations
and Labor Relations

Date

**DUKE ENERGY
SEVERANCE PLAN
(Plan No. 587)**

SUMMARY PLAN DESCRIPTION

Effective November 1, 2016

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I. INTRODUCTION

The purpose of the Duke Energy Severance Plan (the "DESP") is to provide severance benefits to Eligible Employees of Duke Energy Corporation and its participating affiliates, including Piedmont Natural Gas Company, Inc. ("Piedmont Natural Gas") (individually and collectively, the "Company"). The DESP provides a lump sum severance payment, certain continued health benefits and outplacement assistance (collectively, "DESP Benefits") to Eligible Employees who separate under the DESP.

This document is a Summary Plan Description for the DESP as in effect on November 1, 2016 that describes the eligibility criteria and DESP Benefits available to Eligible Employees who are separated from employment with the Company and its affiliates under circumstances in which the provision of severance benefits is appropriate, as determined by the Company, in its sole discretion. The eligibility criteria for any voluntary window offered under the DESP, as well as the DESP Benefits available to Eligible Employees who request and are approved for separation under any such voluntary window, will be described in a separate Summary Plan Description.

You must read each provision of this Summary Plan Description as a part of the whole summary. A single statement, read out of context, may be misleading. The DESP is intended to be a "welfare plan" subject to the Employee Retirement Income Security Act of 1974, as amended (ERISA), and is effective as of November 1, 2016.

II. ELIGIBILITY

A. Eligibility Criteria

You are an Eligible Employee for purposes of the DESP only if you are an active employee of the Company and the Company, in its sole discretion, designates you as an Eligible Employee. The Company may designate you as an Eligible Employee in such circumstances as the Company, in its sole discretion, determines make the provision of severance benefits appropriate.

You will not be an Eligible Employee if any of the following applies to you: (i) you are employed in a position governed by a collective bargaining agreement; (ii) you are in temporary, seasonal or fixed-term employment status; (iii) you are an executive officer of the Company; (iv) you are eligible for severance protection under another active severance plan or agreement sponsored by Duke Energy Corporation ("Duke Energy") or a Duke Energy affiliate including, but not limited to, the Piedmont Natural Gas Company, Inc. Severance Plan; (v) you are not designated as an Eligible Employee by the Company or (vi) you are selected for and accept a position with the Company after being designated as an Eligible Employee, but prior to your Release Date, as determined by the Company, in its sole discretion.

B. Requirements for Receiving DESP Benefits

If you are designated as an Eligible Employee you will be eligible to receive DESP Benefits only if each of the following applies to you:

- you separate from employment in accordance with the terms of the DESP on the Release Date (as defined below) established by the Company for you;
- you sign and do not revoke a waiver of claims against the Company and certain others which becomes effective and irrevocable no later than 53 days following the date you receive such waiver; and
- you meet all other requirements of the DESP.

You will not be eligible to receive DESP Benefits if (i) you voluntarily separate from employment prior to your Release Date, as determined by the Company, in its sole discretion; (ii) your employment is terminated for cause, as determined by the Company, in its sole discretion, prior to your Release Date;

(iii) you are removed from service prior to your Release Date and subsequently terminated for cause, as determined by the Company, in its sole discretion; (iv) you separate and become entitled to severance benefits pursuant to another severance plan or agreement sponsored by Duke Energy or its affiliates, as determined by the Company, in its sole discretion; or (v) you are selected for and accept a position with the Company after being designated as an Eligible Employee, but prior to your Release Date, as determined by the Company, in its sole discretion.

C. Release Date

Your "Release Date" is the date on which you must separate from employment with Duke Energy and its affiliates in order to receive DESP Benefits. Release Dates will be designated by the Company, in its sole discretion, and generally will be no later than 12 months following the date of the notification informing you that you have been designated as an Eligible Employee under the Plan.

III. DESP BENEFITS

As described in more detail below, DESP Benefits include a lump sum severance payment, certain continued health benefits and outplacement assistance.

A. Severance Payment

If you are designated as an Eligible Employee and separate under the DESP in accordance with the terms of the DESP, you will receive a Severance Payment ("Severance Payment") as described below.

1. Formula

The Severance Payment is calculated as of your Release Date in accordance with the following formula:

- two weeks of your Annual Base Pay for each Year of Service (including partial Years of Service).

Your Severance Payment will not be less than 12 weeks of your Annual Base Pay and will not be more than 52 weeks of your Annual Base Pay.

2. Payment

If you separate under the DESP in accordance with the terms of the DESP, you will receive the Severance Payment in the form of a lump sum via check following your Release Date as follows:

- if your Release Date occurs on or before October 31 of a calendar year, you will receive the lump sum payment within 21 calendar days after your waiver becomes effective and irrevocable; and
- if your Release Date occurs after October 31 of a calendar year, you will receive the lump sum payment within 21 calendar days after the later of (i) January 1 of the immediately following calendar year, or (ii) the date that your waiver becomes effective and irrevocable (but no later than 53 days following the date you receive such waiver).

Your Severance Payment is subject to all applicable state and Federal tax withholdings, as well as any other deductions required by law, such as those made in order to comply with any court or administratively ordered wage garnishments.

3. Definitions

For purposes of calculating the amount of the Severance Payment,

“Annual Base Pay” means the following:

- if you are an Eligible Employee paid on a salaried basis, your annual base pay as in effect on your Release Date, excluding any allowances, premiums, bonuses, overtime, benefits or other forms or types of compensation; and
- if you are an Eligible Employee paid on an hourly basis, your hourly base rate of pay as in effect on your Release Date, excluding any allowances, premiums, bonuses, overtime, benefits or other forms of types of compensation, multiplied by (A) 2080 if you are a full-time employee as of your Release Date, as determined by the Company, in its sole discretion or (B) if you are a part-time employee as of your Release Date, as determined by the Company, in its sole discretion, the number of hours you were scheduled to work during the 12-month period ending on your Release Date (which number of hours will be annualized if such period of employment is less than 12 months).

“Year of Service” means the following:

- if you were employed by Duke Energy and its affiliates immediately prior to the merger of Duke Energy and Piedmont Natural Gas contemplated by the Agreement and Plan of Merger dated as of October 24, 2015 (the “Merger”), or you were hired following the Merger by a Company that was affiliated with Duke Energy immediately prior to the Merger, your period of employment with Duke Energy and its affiliates (including the Company) beginning on your most recent date of hire with the Company, or adjusted service date, if earlier, and ending on your Release Date, calculated to the nearest number of full months, divided by 12 and rounded up to the nearest full year (i.e., partial Years of Service are recognized for purposes of the DESP), all as determined in accordance with uniform procedures prescribed by the Company, in its sole discretion, which procedures will be interpreted to avoid duplicative counting of service and will exclude any service with Piedmont Natural Gas and its affiliates before the Merger; and
- if you were employed by Piedmont Natural Gas and its affiliates immediately prior to the Merger, or you were hired following the Merger by a Company that was affiliated with Piedmont Natural Gas immediately prior to the Merger, your period of employment with Piedmont Natural Gas and its affiliates prior to the Merger and with Duke Energy and its affiliates (including the Company) on and after the Merger, beginning on your most recent date of hire with Piedmont Natural Gas and its affiliates, or adjusted service date, if earlier, and ending on your Release Date, calculated to the nearest number of full months, divided by 12 and rounded up to the nearest full year (i.e., partial Years of Service are recognized for purposes of the DESP), all as determined in accordance with uniform procedures prescribed by the Company, in its sole discretion, which procedures will be interpreted to avoid duplicative counting of service and will exclude any service with Duke Energy and its affiliates before the Merger.

If you previously received severance benefits under another severance benefits plan of Duke Energy or any of its affiliates, you will have your “Years of Service” determined beginning with your most recent date of rehire with the Company.

4. An Example – Severance Payment

Here is a closer look at how the Severance Payment will be calculated. Assume you are an Eligible Employee, your Annual Base Pay is \$70,000 and you have 22 Years of Service.

1.	Annual Base Pay	\$70,000
2.	One week of Annual Base Pay (\$70,000/52 weeks)	\$1,346.15
3.	Formula benefit for Years of Service $22 \times 2 = 44$ weeks \times \$1,346.15	\$59,230.60
4.	Minimum Severance Payment ($\$1,346.15 \times 12$)	\$16,153.80
5.	Final Severance Payment (greater of lines 3 or 4, but not higher than 52 weeks of Annual Base Pay)	\$59,230.60

In this example, your Severance Payment is \$59,230.60. You would receive a lump sum payment equal to \$59,230.60 (less taxes and other withholdings) following your Release Date as described above.

B. Medical, Dental and Vision Benefits

If you are designated as an Eligible Employee and you separate under the DESP in accordance with the terms of the DESP, continued medical, dental and/or vision coverage under the Company-sponsored medical, dental and/or vision plan in which you are enrolled on your Release Date, as applicable, will be provided during the 6-month period following the termination of your active coverage (the "COBRA Subsidy Period") pursuant to the Federal law known as COBRA for you and your eligible dependents covered on your Release Date at no premium cost to you if you satisfy the following requirements:

you are enrolled in the medical, dental and/or vision plan coverage, as applicable, on your Release Date; and

you elect to continue such coverage following the termination of your active coverage in accordance with COBRA.

For these purposes, your eligible dependents are determined in accordance with the terms and provisions of the medical, dental and/or vision plan in which you are enrolled, as applicable. You and your eligible dependents are eligible for COBRA coverage only under the health care plans in which you and your eligible dependents are enrolled on your Release Date.

If you make any changes to your COBRA coverage during the COBRA Subsidy Period during annual enrollment or as a result of a work/life event for which changes are permitted, modified COBRA coverage will be provided at no premium cost to you for the remainder of the COBRA Subsidy Period.

If you are designated as an Eligible Employee and you die before your Release Date, and your eligible dependents enrolled in Company-sponsored medical dental and/or vision coverage at the time of your death elect to continue such coverage following your death under COBRA, COBRA coverage will be provided at no premium cost to your eligible dependents for the COBRA Subsidy Period. If you are receiving Company-provided COBRA coverage under the DESP and you die prior to the expiration of the COBRA Subsidy Period, COBRA coverage will be provided to your eligible dependents covered at the time of your death at no premium cost for the remainder of the COBRA Subsidy Period. You or your eligible dependents will be responsible for paying the applicable premium or portion thereof for any COBRA coverage continued after the expiration of the COBRA Subsidy Period, as the Company will not pay any portion of the premium cost for such period.

C. Outplacement Assistance

If you are designated as an Eligible Employee and you separate under the DESP in accordance with the terms of the DESP, the Company will provide you with up to 6 months of outplacement assistance through a vendor selected by Duke Energy, in accordance with its policies in effect from time to time.

D. Special Rehire Severance Payment

If you previously separated and received severance benefits under a severance plan or agreement sponsored by Duke Energy, Piedmont Natural Gas or their affiliates, but you were later rehired by Duke Energy, Piedmont Natural Gas or their affiliates and repaid all or a portion of those severance benefits, and you separate under the DESP in accordance with the terms of the DESP, you may be eligible to receive an additional rehire severance payment (the "Rehire Severance Payment"). The Rehire Severance Payment is in addition to the Severance Payment provided for under the DESP. If you believe that you are eligible for a Rehire Severance Payment, you may contact the Plan Administrator for additional information, including details regarding the amount and payment of the Rehire Severance Payment.

E. Maximums

The sum of your Severance Payment and any Rehire Severance Payment will not be more than 2 times the amount set forth in Box 5 of your Form W-2 for the year immediately preceding the year in which your Release Date occurs (which amount will be annualized if you did not work a full year in the prior year).

IV. OTHER CONSIDERATIONS

A. Other Plans

If you separate under the DESP in accordance with the terms of the DESP, you will be treated as having been involuntarily terminated without cause solely for purposes of determining your rights to a payment under any annual incentive plan sponsored by the Company or its affiliates in which you are participating during the year in which your Release Date occurs.

B. Reemployment and Contingent Worker Assignments

Separation from employment and receipt of benefits under the DESP does not preclude your subsequent rehire. However, Duke Energy, the Company and their affiliates generally will not rehire anyone who separates under the DESP for 12 months after their Release Date. You do not have any right to reemployment or any preferential rights for rehire. Employees who separate under a Company-sponsored severance program, including the DESP, generally are not eligible for staff augmentation contingent worker assignments to the Company for 12 months following their separation from employment.

C. Tax Information

Your Severance Payment and any Rehire Severance Payment are taxable to you as ordinary income. This document is only a summary. It is not intended to be a complete description of the tax consequences of the DESP. You are urged to consult with your personal tax advisor before making any decisions. The Company will withhold from any payment of DESP Benefits such Federal and state tax withholdings and other deductions reasonably determined to be required by law, such as those made in order to comply with any court or administratively ordered garnishments from certain DESP Benefits. A limited number of executives could be subject to a 6-month delay in the payment of their Severance Payment and any Rehire Severance Payment to comply with the Internal Revenue Code.

D. Employment Issues

The DESP does not constitute inducement or consideration for the employment of any employee, nor is it a contract between any employee and Duke Energy, the Company or their affiliates. The DESP does not give any employee the right to continued employment. Duke Energy, the Company and their affiliates have the right to hire and terminate any employee at any time, with or without cause, as if the DESP had never been established. The DESP does not provide Eligible Employees with any right not expressly granted by its provisions, and does not provide any benefit without the execution of the waiver and release(s) required in Section II(B).

APPENDIX A

This Appendix A includes important information that is required by Federal regulations to be included in the Summary Plan Description for the DESP.

Inquiries and Claims

To file a claim, follow the procedures described here.

Inquiries and questions about the DESP may be addressed to the Plan Administrator at the address provided below under the "DESP Administration" section. If you disagree with your benefits under the DESP, you must file a claim within 12 months of the date your first payment would have been due under the DESP. Any legal action for benefits under the DESP must be brought within 1 year following a final denial of an appeal brought in accordance with the DESP's claims procedures.

Situations That Can Affect Your DESP Benefits

Some situations could cause a loss or delay of your DESP Benefits.

The DESP is designed to provide DESP Benefits to Eligible Employees. Some situations could affect DESP Benefits. These situations include the following:

- Eligibility for the DESP is limited to those Eligible Employees designated by the Company. You may be in a position such that you are not designated as eligible for the DESP. If you are not designated as an Eligible Employee, you will not be eligible for DESP Benefits.
- Eligibility for the Rehire Severance Payment described in Section III(D) is conditioned on your satisfying the eligibility requirements for the Rehire Severance Payment described in that Section. If you do not satisfy the eligibility requirements, you will not be eligible for the Rehire Severance Payment.
- Eligibility for DESP Benefits is subject to strict deadlines. If you do not meet the deadlines, you will not be eligible for DESP Benefits.
- Eligibility for DESP Benefits is conditioned on your signing and not revoking a valid waiver and separating from employment on a specified date (i.e., your Release Date) in the manner determined by the Company. If you do not comply with these requirements, you will not be eligible for DESP Benefits.
- If you voluntarily separate from employment prior to your Release Date, you will not be eligible for DESP Benefits.
- If you are designated as an Eligible Employee under the DESP but are terminated for cause prior to your Release Date, as determined by the Company in its sole discretion, you will not be eligible for DESP Benefits.
- If you are designated as an Eligible Employee under the DESP but are removed from service prior to your Release Date and subsequently terminated for cause, as determined by the Company in its sole discretion, you will not be eligible for DESP Benefits.
- If you separate and become entitled to severance benefits pursuant to another severance plan or agreement sponsored or agreed to by the Company or its affiliates, as determined by the Company, in its sole discretion, you will not be eligible to receive DESP Benefits.
- If you are selected for and accept a position with the Company after being designated as an Eligible Employee, but prior to your Release Date, as determined by the Company, in its sole discretion, you will not be eligible to receive DESP Benefits.

Other Important Information About the DESP

- Your DESP Benefits are paid from the general assets of Duke Energy and the Company.
- Your DESP Benefits may not be sold, assigned, transferred or pledged under most circumstances.
- The DESP is intended to be a welfare plan for purposes of ERISA. Your DESP Benefits may be limited to retain the DESP's status as a welfare plan.
- Your DESP Benefits may be limited so as to not be subject to taxation under Section 409A of the Internal Revenue Code.
- If you die before any Severance Payment and/or Rehire Severance Payment under the DESP is paid, such payment(s) will be paid to your estate upon the execution of an effective waiver and release by your estate's representative.
- The DESP may be amended or terminated at any time.
- Any overpayments from the DESP may be recouped from future payments or by other means permitted by law.
- Nothing in the DESP is a commitment of continued employment. Your employment is at-will. Duke Energy's, the Company's and their affiliates' right to terminate or change the terms of your employment remains the same as if the DESP had not been adopted.
- DESP Benefits are paid only if the Plan Administrator or its delegate determines, in its sole discretion, that you are entitled to benefits under the provisions of the DESP.
- As a participant in the DESP, you have certain rights under ERISA. Information about your rights and other important information can be found in the DESP Administration section.
- If you disagree with your DESP Benefits, you must file a claim and provide any required information with the claim before DESP Benefits can be paid. See "Claim Review Process" in the DESP Administration section for information on claim submissions and the review process.
- Any claim for benefits under the DESP must be filed within 12 months of the date your first payment would have been due under the DESP.
- Any legal action for benefits under the DESP must be brought within 1 year following the denial of an appeal brought in accordance with the DESP's claims procedures.

Changes to the DESP

Duke Energy does not expect to continue the DESP indefinitely. Further, Duke Energy reserves the right to amend, modify, eliminate, suspend, or terminate all or part of the DESP (and/or any of its other plans) at any time in its sole discretion.

DESP Administration

Here are details about how the DESP is administered:

Plan Name

The DESP's name is the Duke Energy Severance Plan.

DESP Sponsor

Duke Energy Corporation is the sole sponsor of the DESP. The company address, telephone number and employer identification number (EIN) are:

Duke Energy Corporation
550 South Tryon Street
Charlotte, North Carolina 28202
980-373-8649
EIN: 20-2777218

Plan Number

The plan number assigned to the DESP is 587.

Funding

The DESP is not funded and no contributions are made to the DESP. Benefits under the DESP are paid from the general assets of Duke Energy and the Company.

Administrator and Administration

The Plan Administrator for the DESP is the Duke Energy Benefits Committee (the "Benefits Committee"). The Benefits Committee has responsibility and authority to control and manage the operation and administration of the DESP, except to the extent delegated or assigned to others.

The Benefits Committee may assign or delegate any of its authority or duties to others. Duke Energy Human Resources is appointed to serve as the Benefits Committee's delegate with respect to the review of initial claims for DESP Benefits. The Benefits Committee has appointed the Duke Energy Claims Committee (the "Claims Committee") to serve as Denied Claim Reviewer for DESP Benefits. The Benefits Committee and the Claims Committee may be contacted as follows:

Duke Energy Benefits Committee
Duke Energy Corporation
550 South Tryon Street, DEC38D
Charlotte, North Carolina 28202
(704) 382-4703

Duke Energy Claims Committee
Duke Energy Corporation
550 South Tryon Street, DEC38D
Charlotte, North Carolina 28202
(704) 382-4703

The Benefits Committee (and any delegate thereof) and the Claims Committee, each within its area of authority and responsibility, have the power and discretion to construe and interpret the DESP and to make factual determinations. Benefits under the DESP are paid only if the Benefits Committee or its delegate decides in its sole discretion that the applicant is entitled to benefits under the provisions of the DESP.

Plan Year

The DESP is operated on a calendar-year basis, beginning January 1 and ending December 31.

Agent for Service of Legal Process

The person designated for service of legal process upon the DESP is:

Corporate Secretary
Duke Energy Corporation
550 South Tryon Street
Charlotte, North Carolina 28202

Legal process may also be served upon the Benefits Committee as Plan Administrator.

Affiliated Employers of Duke Energy That Have Adopted the DESP

Contact the Plan Administrator for information regarding affiliates of Duke Energy that have adopted and are participating in the DESP.

Type of Plan

The DESP is a welfare plan for purposes of ERISA. The DESP provides severance benefits.

Claim Review Process

The DESP has a claim review process that is followed whenever you submit a claim for DESP Benefits.

Initial Decision

When you file a claim, Duke Energy Human Resources reviews the claim and makes a decision to either approve or deny the claim (in whole or in part). You will receive a written notice of the claim decision within a reasonable period of time - generally not later than 90 days after receipt of your claim. In some situations, Duke Energy Human Resources may need an extension of time to make a decision (for example, if it needs additional information). If special circumstances require an extension, the period to make a decision may be extended for an additional 90 days. You'll be notified of the extension within the initial 90-day period following receipt of your claim.

If Your Claim is Denied

If your request or claim is denied, in whole or in part, you will receive a written notice that explains:

- the specific reasons for the denial;
- the DESP provisions on which the denial is based;
- a description of any additional material or information needed and an explanation of why it is necessary; and
- an explanation of the DESP's claim review procedures, applicable time limits and your rights to bring a civil action under Section 502(a) of ERISA following a denial on review.

Request for Review if Your Claim is Denied

After receiving the notice, you, your beneficiary, or your legal representative may ask for a full and fair review of the decision by writing to the Claims Committee. You must make this request within 60 days of the date you receive notice of the denied claim. During the 60-day period, you or your authorized representative will be given reasonable access to all documents and information related to the claim, and you may request copies free of charge. You also can submit written comments, documents, records, and other information to the Claims Committee.

Final Decision

The Claims Committee or its delegate then will review the claim and make a decision based on all comments, documents, records, and other information you've submitted. You'll receive the Claims Committee's final decision within a reasonable period of time - generally not later than 60 days after the Claims Committee receives your request for review. If necessary, the period may be extended for an additional 60 days.

If your request on review is denied, in whole or in part, you will receive a written notice that explains:

- the specific reasons for the denial;
- the DESP provisions on which the denial is based;
- a statement that you are entitled to receive, upon request and free of charge, reasonable access to, and copies of, documents, records, and other information relating to your claim; and
- a statement of your right to bring a civil action under Section 502(a) of ERISA.

Legal Action

You have the right to bring a civil action under Section 502(a) of ERISA if you are not satisfied with the outcome of the claims review process. You may not initiate a legal action against the DESP, Duke Energy, the Company, affiliates of Duke Energy or the Company, the Benefits Committee or the Claims Committee until you have completed the claims review process. No legal action may be brought more than 1 year following a denial of an appeal brought in accordance with the DESP's claims procedures. If a civil action is not filed within this period, your claim will be deemed permanently waived and abandoned, and you will be precluded from reasserting it.

Discretionary Authority

Authority to decide initial claims under the DESP and denied claims on review under the DESP includes the full power and discretion to interpret DESP provisions and to make factual determinations, with the decisions, interpretations and factual determinations made by the Claims Committee controlling. Requests for information regarding individual claims, or review of a denied claim, are to be directed in writing and properly addressed to the particular entity identified as having the authority to decide the initial claim or to decide the denied claim on review, as applicable.

Your Rights Under ERISA

As a participant in the DESP, you are entitled to certain rights and protections under ERISA, which are listed below:

Receive Information About Your Plan and Benefits

As a participant in the DESP, you have the right to:

- Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites, all documents governing the DESP and a copy of the latest annual report (Form 5500 Series) filed by the DESP with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- Obtain, upon written request to the Plan Administrator, copies of documents governing the DESP and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The Plan Administrator may make a reasonable charge for the copies.

Prudent Actions By Plan Fiduciaries

In addition to creating rights for DESP participants, ERISA imposes duties upon the people who are responsible for the operation of the DESP. The people who operate the DESP, called "fiduciaries" of the DESP, have a duty to do so prudently and in the interest of you and other DESP participants and beneficiaries. No one, including Duke Energy, the Company or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit or exercising your rights under ERISA.

Claim Review

If your claim for DESP Benefits is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial -- all within certain time schedules. For more information on claim review, see the "Claim Review Process" section above.

Enforce Your Rights

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of DESP documents or the latest annual report from the DESP and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for DESP Benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court once you have completed the claims review process.

If you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court.

The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees -- for example, if it finds your claim is frivolous.

Assistance With Your Questions

If you have any questions about the DESP, you should contact the Plan Administrator.

If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210.

You also may obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

Legal Documents as Final Authority

Although this summary plan description describes the principal features of the DESP that are generally applicable, it is only a summary. The complete provisions of the DESP are set forth in the legal plan document, which is available upon request by contacting the Duke HR Control Center during regular office hours. Descriptions of DESP Benefits should not be taken out of context. Inquiries about specific situations should be directed in writing to Duke Energy Human Resources. In the event of a conflict between this summary plan description or any other communication regarding the DESP and the plan document, the plan document controls. Remember, the DESP may be amended only by proper corporate action and not by oral or written communications about benefits under the DESP.

Management Toolkit

Duke Energy Retirement Transition Program (RTP)

Nov. 2015, Rev. Feb. 2016, Oct. 2016

This document contains selected highlights of Duke Energy's employee benefits plans. If any statement herein, or any other communication, conflicts with the applicable plan documents, the plan documents will govern. Duke Energy retains the right to amend, modify or terminate its benefits plans in any respect and at any time, and neither its benefits plans nor your plan participation will be considered a contract for future employment.

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RETIREMENT TRANSITION PROGRAM (RTP)

Purpose and Overview

As part of our workforce planning efforts, the Company is seeking to identify employees with critical skills or knowledge who are eligible to retire (i.e., more than 55 years old with at least 10 years of service) to address the potential risk of losing their critical skills or knowledge. In many instances, knowledge transfer plan(s) are incomplete or clear successors may not be identified or known for those employees.

The Retirement Transition Program (RTP) is an optional retention program designed to retain, for a specified period of time, certain employees with critical skills to ensure knowledge transfer in an orderly manner before retirement. It also provides the Company with the ability to have clarity around an employee's retirement date for planning purposes. The RTP is not a severance program, but is designed to be management-initiated, although participation in the RTP is based on mutual agreement between management and the employee.

This Management Toolkit provides an overview of the process to help facilitate the identification and review of employees with critical skills or knowledge and also help managers with planning for the future. "Retirement-eligible" refers to an employee who is at least 55 years old with 10 years of service. "Critical skills" generally refers to those skills essential for continued operations and not replaceable without significant notice or transition time. Additional detail is provided on the "Definitions" page of this Toolkit.

Program Phases

Phase	Description	Objective
1	Identify risk of losing retirement-eligible employees with critical skills via manager script for a 1-on-1 meeting or through use of a survey.	Determine critical skilled employees' intent and timing for retirement. The same information is designed to be obtained regardless of whether the employee takes the survey or the manager meets with them one-on-one.
2	Gather additional information from employees identified in Phase 1 performing a critical role using a manager script.	Gather more specific information from employees performing critical roles who have shared an intent to retire, and begin discussing a knowledge transfer plan. Determine if knowledge transfer plan can be implemented through business-as-usual or if employee's retirement plans creates a business risk.
3	Obtain approvals and conduct a follow-up meeting with the employee to present options if knowledge transfer plan is not yet developed and/or no clear successor is identified (e.g.,	Obtain approvals (<i>by the business unit Senior Management Committee member and HRBP Director</i>), and meet with employee to present options for retaining the employee.

<i>cannot transition business-as-usual).</i>
--

It is important to note that although there are three potential phases in the RTP process, situations may vary and it may not be necessary to go through all three phases. For example, if the business decides not to do the survey in Phase 1, and they have already identified their retirement eligible employees performing critical roles, then they may go straight to Phase 2 to gather more detailed information before determining whether to utilize the RTP for certain employees.

Phase 1 and 2 are only for gathering information to help in management discussion with the HR Business Partner to determine next steps. This will ensure consistent administration of the RTP and allow time for necessary approvals prior to presenting any RTP options as described in Phase 3.

Prior to embarking on Phase 3 of the RTP process, managers should work with their HR Business Partner to determine if their employee would be eligible for possible transition benefits or reduced schedule with premium pay. Eligibility for the RTP must be approved by the business unit Senior Management Committee member and HRBP Director.

In situations where the RTP option is presented to a designated employee, the HRBP should provide the relevant information to the ER Control Center (Cathy Edwards or her designee) for purposes of tracking and administration. Updated information should be provided to the ER Control Center once the employee declines or accepts the RTP option. This will permit us to track and report RTP letter agreements and signed waivers, and ensure timely administration of payments and other benefits.

Program Options

There are two options within the RTP. Eligible employees who meet all program requirements have the opportunity to either receive transition benefits upon retirement, or to participate in a reduced work schedule with premium pay and a separation bonus, as described below.

Option 1: Transition Benefits

1. **Transition Payments.** The Transition Payments will consist of the following:
 - a. **Transition Bonus.** The amount of the Transition Bonus depends on the length of time the employee remains employed with the Company (called the "Transition Period") under the terms of the RTP Program. The Transition Bonus will be (i) equal the sum of two weeks of regular base pay for each full month of the Transition Period, but never less than 6 weeks, or more than 48 weeks, of the employee's final rate of regular base pay, and (ii) provided as a lump sum payment.
 - b. **Health Care Supplement.** The Health Care Supplement will be (i) equal to the premium cost of six months of COBRA continuation coverage under the Duke Energy sponsored medical, dental and/or vision coverage, if any, in which the employee and his or her eligible dependents are enrolled as of the last day of the Transition Period, plus a tax gross up based on applicable rates, as determined by the Company, in its sole discretion, and (ii) provided as a lump sum payment.

2. Outplacement. The Company will make outplacement services available to eligible employees for a period of up to six months through a vendor selected by the Company, in accordance with our policies in effect from time to time (including the Duke Energy Corporation Section 409A Payment Policy).

3. Conditions to Payment. To earn the RTP Program benefits, eligible employees must remain employed and in good standing with us through the end of the Transition Period, and sign and not revoke a valid Waiver and Release of Claims as required by the Company.

Option 2: Reduced Work Schedule

1. Premium Pay: During the time an eligible employee remains employed in a reduced work schedule under the RTP, the employee will receive his or her regular base wages/ salary reduced proportionately based on their reduced hours, plus a "Salary Premium" equivalent to 50% of their newly calculated regular base wages/ salary.

The work schedule will be determined by mutual agreement between the eligible employee and his or her manager. Hours worked on a weekly basis will be tracked by the employee and monitored by the manager to ensure the work schedule is consistent with the reduced schedule. For example, the employee and manager may agree that in certain weeks the employee may work more hours than the schedule provides, as long as the employee reduces hours worked in a subsequent week.

2. Separation Bonus. In addition, eligible employees on a reduced work schedule who meet all program requirements will receive a Separation Bonus, in the form of a lump cash payment equal to the premium cost of six months of COBRA continuation coverage under the Duke Energy sponsored medical, dental and/or vision coverage, if any, in which the employee and his or her eligible dependents are enrolled as of the last day of the Transition Period, plus a tax gross up based on applicable rates, as determined by the Company, in its sole discretion, provided as a lump sum payment

3. Outplacement. In addition to the opportunity to earn the Separation Bonus, the Company will make outplacement services available to eligible employees for a period of up to six months through a vendor selected by the Company, in accordance with our policies in effect as from time to time (including the Duke Energy Corporation Section 409A Payment Policy).

4. Conditions to Payment. To earn the RTP Program benefits, eligible employees must remain employed and in good standing with us through the end of the Transition Period, and sign and not revoke a valid Waiver and Release of Claims as required by the Company.

General Provisions

1. Approvals Required. Eligibility must be approved by the Senior Management Committee member and business unit HRBP Director. The RTP is management initiated, but based on mutual agreement regarding the employee's participation in the program, the transition period and the retirement date.

2. Relationship to other Benefits. The benefits of RTP participants will be determined based on their compensation and work schedule as in effect from time to time under the terms of the applicable plans. For example, employees participating in the reduced schedule option under the RTP will be treated as part-time employees. The annual base salary of an employee on a reduced work schedule will be his or her regular base wages/salary in effect immediately prior to the commencement of the reduced work schedule, reduced proportionately based on his or her reduced hours (i.e., if his or her hours are reduced by 50%, his or her regular base wages/salary will be reduced by 50%) for purposes of determining his or her benefits under the Company's benefit plans and programs, including, but not limited to, the Company's life, accidental death & dismemberment, business travel accident and long-term disability insurance plans. Any unused, accrued vacation provided to a RTP participant who participated in the reduced schedule option under the RTP upon separation in accordance with the RTP will be based on the RTP participant's annual base salary in effect immediately prior to the commencement of the Transition Period.

The 401(k) and pension benefits of RTP participants will be determined pursuant to the applicable plan documents based on the amount of compensation the RTP participants actually receive, and neither the Transition Payments, Salary Premium nor Separation Bonus, as applicable, will be considered eligible or credited compensation, and, therefore, these items will not be taken into consideration when determining benefits under the 401(k) and pension plans. Solely for purposes determining their rights under the annual incentive plan and/or any outstanding equity awards, upon separation in accordance with the RTP, RTP participants will be treated as having been separated without cause.

3. Changes in Employment.
 - (i) If Employment Ends During the Transition Period. If the employment of an eligible employee with the Company ends before the end of the Transition Period due to voluntary resignation or involuntary termination by the Company with cause, RTP Program benefits will not be provided. If, however, the Company terminates the employee involuntarily without cause or due to changing business conditions, the employee will be eligible to receive severance benefits under the Company's applicable severance plan in lieu of any RTP benefits.
 - (ii) If an Authorized Leave is Taken During the Transition Period. Eligible employees remain eligible to earn the RTP Program benefits in case of an authorized FMLA leave or authorized short term disability leave during the Transition Period. In case of a non-FMLA short-term disability leave, however, the Company may determine that the Transition Period should either be ended early or extended upon return to work. In case of any other leave of absence, except as may otherwise be required by law, RTP Program benefits will not be provided.
 - (iii) If an RTP Participant Obtains Another Internal Position. If a RTP participant accepts another internal position with the Company before separating in accordance with the RTP , Program benefits will not be provided.
4. Timing of Payment: No Severance Benefits Available. If eligible employees meet the conditions for earning the Transition Payments or the Separation Bonus, as described above, the applicable payment(s) (less applicable taxes) will be provided in a cash

payment(s) as soon as administratively practicable (not more than 60 days) after termination of employment. Please note that if payment of the Transition Payments or Separation Bonus are/is received, the employee will not be considered eligible for any benefits under any applicable severance plan that otherwise covers the employee.

RTP FORMS

PHASE 1: Manager Script for 1-on-1 Meeting (In Lieu of Survey) to Identify Risk of Losing Retirement-Eligible Employees with Critical Skills

A survey can be conducted to determine the risk of losing employees with critical skills or knowledge who are eligible to retire (e.g., at least 55 years old with 10 years of service). In lieu of a survey, this script/ form can be used to gather information from retirement-eligible employees. The completed form should be returned to your HR Business Partner.

Employee ID: _____ **Employee Name:** _____
Date: _____ **Employee Job Title:** _____
Department: _____

Background

As part of our workforce planning efforts, the Company is seeking to identify employees with critical skills or knowledge who are eligible to retire. Some of these employees do not have clear successors, and also may not have plans in place to ensure knowledge transfer in an orderly manner before they leave.

A survey or in person meeting is being conducted for certain retirement-eligible employees in our group to assess their intent and timing on their departure.

Introduction

Use the information below as talking points during the meeting with your employee. Once you have the information, please return this document to your HR Business Partner.

- As part of our workforce planning, this survey is being conducted to help identify the unique knowledge and skills of employees eligible to retire that may be lost to the Company if not transitioned properly. Please be assured that the information provided will be used solely for knowledge transfer purposes, if and when needed.
- I value your contributions and would like your input in our workforce planning process. I have a few questions I would like to ask you, which will help in this process.

What do you believe are the top three areas of your role that require knowledge transfer?

1.
2.
3.

How long do you believe it would take to transfer this knowledge to others?

	Less than 6 months
	6 to 12 months
	12 to 18 months
	18 to 24 months
	Greater than 24 months

If you are anticipating retirement, how long do you plan to continue working for the company?

	Less than 6 year
	6-12 months
	12-18 months
	18-24 months
	> 24 months
	I'm thinking about retirement but not sure about the timeframe

If asked, would you consider staying at the Company for a longer time period to help with knowledge transfer? If yes, would you be willing to stay?

	Less than 1 year
	1 year
	2 years or more

I would like to thank you for being candid with me about your intentions over the next several years. This has been very helpful as we continue to work on our workforce planning.

RTP FORMS

PHASE 2: Management Script for Meeting to Gather Information from Retirement Eligible Employees with Critical Skills

This script is used to gather specific information from retirement-eligible employees who have been identified as having critical skills and knowledge for purposes of workforce planning and to evaluate potential eligibility for the RTP.

Background

As part of our workforce planning efforts, the Company is seeking to identify employees with critical skills or knowledge who are eligible to retire. Some of these employees do not have clear successors, and also may not have plans in place to ensure knowledge transfer in an orderly manner before they leave.

This script should be used to meet with retirement eligible employees who have been identified as having critical skills and knowledge (e.g., essential for continued operations and not replaceable without significant notice). The objectives of the meeting are to:

- (1) Help facilitate discussion in order to allow efficient knowledge transfer and/or the advancement of highly engaged employees;
- (2) Gain a better understanding of an employee's retirement intentions
- (3) Assist in determining potential eligibility for the Retirement Transition Program (RTP)

Introduction

Use the information below as talking points during the meeting with your employee.

- As part of our workforce planning efforts, the Company is seeking to identify employees with critical skills or unique knowledge who are eligible to retire. Some of these employees don't have a clear successor and we're concerned about the impact of ineffective knowledge transfer if we have to endure a sudden retirement.
- You have been identified as having critical skills and being eligible to retire.

(Manager can add more details here about the nature of those critical skills as appropriate.)

- I value your contributions and would like your input in our workforce planning process. The goal here is to identify options for effective knowledge transfer for certain employees like yourself that may be planning to leave the Company.
- I was hoping you could share with me what your current thinking is around your future here at Duke.
 - Let's talk about your critical skills and how you think we may need to approach knowledge transfer.
 - Can you provide me with additional details on your employment status within the next two years? *(If the employee has critical knowledge but not likely to retire within next 2*

years, no Retirement Transition Program (RTP) is offered, consider the development of a knowledge transfer plan)

- If you do not anticipate changes in your employment status at this time, would you be willing to provide us with notice if you do decide to make a change and, if so, how much?

Based on the answers to the questions above, consider whether there is time to capture knowledge and transfer skills with a business as usual approach, or whether eligibility might be appropriate for the Retirement Transition Program (e.g. transition payment, reduced work schedule, etc.). Refer to table below.

Potential additional talking points may include:

- If retirement likely in the next six months
 - Would you consider staying longer to complete knowledge transfer?
 - Would you want to consider a reduced work schedule to transition into retirement?
 - Let's discuss developing a knowledge transfer plan.
- Retirement likely in the next 12 months
 - Would you want to consider a reduced work schedule to transition into retirement?
 - Let's discuss developing a knowledge transfer plan.
- Retirement likely in the next 24 months
 - Would you want to consider a reduced work schedule to transition into retirement?
 - Let's discuss developing a knowledge transfer plan

Do you think there is anything else I need to know in planning for the future of this work that you perform?

I would like to thank you for being candid with me about your career intentions. This has been very helpful as we continue to work on our workforce planning.

RTP FORMS

PHASE 3: Management Script for Meeting with Employees Eligible for the RTP

Background

Prior to any offers or discussions with the Employee, approval of eligibility for the RTP should be obtained from the Senior Management Committee (SMC) member or designee and HRBP Director.

Use this script to discuss the Retirement Transition Program if you have an employee identified as having critical skills or knowledge who is planning to leave relatively shortly and needs to be retained for purposes of knowledge transfer, which cannot be handled in a business-as-usual manner.

During this conversation, be prepared to present the employee with the following documents:

- 1. Retirement Transition Program (RTP) Overview*
- 2. RTP Letter Agreement- for either a Transition Benefits or Reduced Schedule Option*
- 3. Sample of the Waiver and Release Form*

*The employee **must** voluntarily agree to sign and return the Letter Agreement in order to enter the RTP Program. The Waiver and Release form should not be signed until after the employee's release date if the employee wants to participate.*

Introduction

Use the information below as talking points during the meeting with your employee.

- As you know from our prior discussions, you have been identified as having critical skills and knowledge and you have indicated an intent to retire in the relatively near future. (Manager can add more details here about the nature of those critical skills as appropriate.)*
- I'd like for you to consider whether you are willing to work with me on an agreement to transfer your knowledge before you retire.*
- Toward that end, I would like to discuss the Retirement Transition Program options with you and offer you the opportunity to participate in this program. This is a voluntary program that offers two options to choose from: (1) Transition Benefits at the end of employment; or (2) Reduced Work Schedule with Premium Pay and Separation Bonus. Under both options, we would agree on a firm retirement date so we will have certainty around the timing of your transition.*
- I'm giving you an **RTP Letter Agreement** for you to review and consider. If you are interested in participating in the RTP, please sign and return the Letter Agreement to me. I'm sure you will need time to read and think about this, so let's plan to meet again in a few days to continue this discussion.*

- Let me emphasize that participation in the RTP is voluntary, and based on mutual agreement.
- I appreciate your consideration of the RTP option, and I look forward to working through these issues with you.
- If you have any questions, please let me know or feel free to contact our HR Business Partner.

Definitions

Critical Role: The following chart is used during the knowledge risk phase to classify the level of knowledge loss risk associated with strategic/critical positions.

Value	Definition	Criteria
High	Very difficult to replace	<ol style="list-style-type: none"> 1. Critical and unique knowledge and skills 2. Mission critical knowledge and skills with limited duplication and documentation 3. Duke Energy specific knowledge 4. Key contact for strategic relationships that are difficult to establish 5. Requires at least 2-4 years of core training and experience 6. Critical knowledge that is unique to one employee and generally requires 5+ years of core training or experience 7. No replacements readily available
Medium	Difficult to replace	<ol style="list-style-type: none"> 1. Important knowledge and skills 2. Documentation exists or other employees possess similar knowledge and skills 3. Key contact for relationships that can be transferred orderly 4. Replacements generally available and can be trained within 1-2 years
Low	Easy to replace	<ol style="list-style-type: none"> 1. Possess procedural or non-mission critical knowledge and skills or common knowledge and skills 2. Up to date documentation exists 3. Training programs are current and effective and can be completed in less than 1 year 4. External hires possessing the knowledge and skills are readily available and require minimal training

FORMS

Retirement Transition Program (RTP) Overview

The Retirement Transition Program (RTP) is a voluntary program designed to facilitate business continuity and work transition when employees designated by management as having critical skills plan to leave the Company without a clear successor or existing knowledge transfer plan.

Eligible employees who decide to voluntarily participate and meet all program requirements have the opportunity to either receive transition benefits, or to participate in a reduced work schedule with premium pay and a separation bonus, as described below.

Option 1: Transition Benefits

1. **Transition Payments.** The Transition Payments will include of the following:
 - a. **Transition Bonus.** The amount of the Transition Bonus depends on the length of time the employee remains employed with the Company (called the "Transition Period") under the terms of the RTP Program. The Transition Bonus will be (i) equal the sum of two weeks of regular base pay for each full month of the Transition Period, but never less than 6 weeks, or more than 48 weeks, of the employee's final rate of regular base pay, and (ii) provided as a lump sum payment.
 - b. **Health Care Supplement.** The Health Care Supplement will be (i) equal to the premium cost of six months of COBRA continuation coverage under the Duke Energy sponsored medical, dental and/or vision coverage, if any, in which the employee and his or her eligible dependents are enrolled as of the last day of the Transition Period, plus a tax gross up based on applicable rates, as determined by the Company, in its sole discretion, and (ii) provided as a lump sum payment.
2. **Outplacement.** The Company will make outplacement services available to eligible employees for a period of up to six months through a vendor selected by the Company, in accordance with our policies in effect from time to time (including the Duke Energy Corporation Section 409A Payment Policy).
3. **Conditions to Payment.** To earn the RTP Program benefits, eligible employees must remain employed and in good standing with us through the end of the Transition Period, and sign and not revoke a valid Waiver and Release of Claims as required by the Company.

Option 2: Reduced Work Schedule

1. **Premium Pay.** During the time an eligible employee remains employed in a reduced work schedule under the RTP, the employee will receive his or her regular base wages/ salary reduced proportionately based on their reduced hours, plus a "Salary Premium" equivalent to 50% of their newly calculated regular base wages/ salary.

The work schedule will be determined by mutual agreement between the eligible employee and his or her manager. Hours worked on a weekly basis will be tracked and monitored to ensure the work schedule is consistent with the reduced schedule. For example, the

employee and manager may agree that in certain weeks the employee may work more hours than the schedule provides, as long as the employee reduces hours worked in a subsequent week.

2. Separation Bonus. In addition, eligible employees on a reduced work schedule who meet all program requirements will receive a Separation Bonus, in the form of a lump cash payment equal to the premium cost of six months of COBRA continuation coverage under the Duke Energy sponsored medical, dental and/or vision coverage, if any, in which the employee and his or her eligible dependents are enrolled as of the last day of the Transition Period, plus a tax gross up based on applicable rates, as determined by the Company, in its sole discretion.
3. Outplacement. In addition to the opportunity to earn the Separation Bonus, the Company will make outplacement services available to eligible employees for a period of up to six months through a vendor selected by the Company, in accordance with our policies as in effect from time to time (including the Duke Energy Corporation Section 409A Payment Policy).
4. Conditions to Payment. To earn the RTP Program benefits, eligible employees must remain employed and in good standing with us through the end of the Transition Period, and sign and not revoke a valid Waiver and Release of Claims as required by the Company.

General Provisions

1. Relationship to other Benefits. The benefits of RTP participants will be determined based on their compensation and work schedule as in effect from time to time under the terms of the Company's applicable plans. For example, employees participating in the reduced schedule option under the RTP will be treated as part-time employees. The annual base salary of an employee on a reduced work schedule will be his or her regular base wages/salary in effect immediately prior to the commencement of the reduced work schedule, reduced proportionately based on his or her reduced hours (i.e., if his or her hours are reduced by 50%, his or her regular base wages/salary will be reduced by 50%) for purposes of determining his or her benefits under the Company's benefit plans and programs, including, but not limited to, the Company's life, accidental death & dismemberment, business travel accident and long-term disability insurance plans. Any unused, accrued vacation provided to a RTP participant who participated in the reduced schedule option under the RTP upon separation in accordance with the RTP will be based on the RTP participant's annual base salary in effect immediately prior to the commencement of the Transition Period.

The 401(k) and pension benefits of RTP participants will be determined pursuant to the applicable plan documents based on the amount of compensation the RTP participants actually receive, and neither the Transition Payments, Salary Premium nor Separation Bonus, as applicable, will be considered eligible or credited compensation, and, therefore, these items will not be taken into consideration when determining benefits under the 401(k) and pension plans. Solely for purposes determining their rights under the annual incentive plan and/or any outstanding equity awards, upon separation in accordance with the RTP, RTP participants will be treated as having been separated without cause.

2. Changes in Employment. If the employment of an eligible employee with the Company ends before the end of the Transition Period due to voluntary resignation or involuntary termination by the Company with cause, RTP Program benefits will not be provided. Similarly, if a RTP participant accepts another position with the Company before separating in accordance with the RTP, RTP Program benefits will not be provided. If, however, the Company terminates the employee involuntarily without cause or due to changing business conditions, the employee will be eligible to receive severance benefits under the Company's applicable severance plan in lieu of RTP benefits. Eligible employees remain eligible to earn the RTP Program benefits in case of an authorized FMLA leave or authorized short term disability leave during the Transition Period. In case of a non-FMLA short-term disability leave, however, the Company may determine that the Transition Period should either be ended early or extended upon return to work. In case of any other leave of absence, except as may otherwise be required by law, RTP Program benefits will not be provided.

3. Timing of Payment: No Severance Benefits. If eligible employees meet the conditions for earning the Transition Payments or Separation Bonus, as described above, the applicable payment(s) (less applicable taxes) will be provided in a cash payment(s) as soon as administratively practicable (not more than 60 days) after termination of employment. Please note that payment of the Transition Benefits or Separation Bonus will be in lieu of and, the employee will not be considered eligible for any benefits under any applicable severance plan that otherwise covers the employee.

[On Duke Energy Letterhead]

[Date]

Re: Retirement Transition Program -- Transition Benefits Opportunity

Dear Participant:

Duke Energy ("we" or "us") is offering you the opportunity to voluntarily participate in our Retirement Transition Program (the "Program"), in order to encourage business continuity, work transition and knowledge transfer as you near the end of your career with us.

If you agree to participate in the Program, you will have an opportunity to earn special compensation awards -- called "Transition Benefits" -- provided you remain employed in good standing with us for a "Transition Period" described below and otherwise meet the conditions described in this letter. The following describes the Transition Benefits opportunity:

1. Transition Period. Your Transition Period will begin on [starting date] and end on [ending date]. We may in our sole discretion shorten the Transition Period or, subject to your agreement, extend it. Your employment with us will end on the last day of the Transition Period, unless we mutually agree otherwise.
2. Transition Payments.
 - a. Transition Bonus. The amount of the Transition Bonus depends on the length of your Transition Period. The Transition Bonus will be (i) equal the sum of two weeks of regular base pay for each full month of the Transition Period, but never less than 6 weeks, or more than 48 weeks, of your final rate of regular base pay, and (ii) provided as a lump sum payment.
 - b. Health Care Supplement. The Health Care Supplement will be (i) equal to the premium cost of six months of COBRA continuation coverage under the Duke Energy sponsored medical, dental and/or vision coverage, if any, in which you and your eligible dependents are enrolled as of the last day of the Transition Period, plus a tax gross up based on applicable rates as determined by Duke Energy in its sole discretion, and (ii) provided as a lump sum payment.
3. Other Transition Benefits. In addition to the opportunity to earn the Transition Payments, we will make outplacement services available to you for a period of up to six months through a vendor selected by us, in accordance with our policies in effect from time to time (including the Duke Energy Corporation Section 409A Payment Policy).
4. Conditions to Payment. To earn the Transition Benefits described above, you must meet each of the following conditions:
 - a. You must remain employed in your current position and in good standing with us through the end of the Transition Period.
 - b. As of the date of your termination of employment with us at the end of the Transition Period, you must sign a waiver of claims within 45 days after your termination of

employment and not revoke such waiver within 7 days after its execution. The form of the waiver will be based on our standard form used at the time of your termination. The current form is attached to this letter as Exhibit A.

5. Relationship to other Benefits. Solely for purposes determining your rights under the annual incentive plan and/or any outstanding equity awards, upon separation in accordance with the RTP, you will be treated as having been separated without cause.
6. Changes in Employment. If your employment with Duke Energy ends before the end of the Transition Period due to voluntary resignation or involuntary termination by Duke Energy with cause, RTP Program benefits will not be provided. Similarly, if you accept another position with Duke Energy before separating in accordance with the RTP, RTP Program benefits will not be provided. If, however, Duke Energy terminates your employment involuntarily without cause, you will be eligible to receive severance benefits under Duke Energy's generally applicable severance plan for involuntary severances of similarly-situated employees in lieu of RTP Program benefits. You will remain eligible to earn the RTP Program benefits in case of an authorized FMLA leave or authorized short term disability leave during the Transition Period. In case of a non-FMLA short-term disability leave, however, Duke Energy may determine that your Transition Period should either be ended early or extended upon return to work. In case of any other leave of absence, except as may otherwise be required by law, RTP Program benefits will not be provided.
7. Timing of Payment; No Severance Benefits. If you meet the conditions to earn the Transition Payments, as described above, you will be paid the Transition Payments (less applicable taxes) in a cash payment(s) as soon as administratively practicable (not more than 60 days) after your termination of employment. Please note that if you receive payment of the Transition Benefits, you will not be considered eligible for any benefits under any applicable severance plan that otherwise covers you.

To be eligible to receive the RTP Program benefits, please sign and date a copy of this letter and return it to our HR Business Partner, [insert name] by no later than [date]. Of course, you also are free to choose not to participate in the RTP.

This letter in all events will govern and control your rights with respect to the Transition Benefits and may be changed or modified only in writing signed by both parties. See Exhibit B for certain additional terms and conditions. If you have any questions, please contact our HR Business Partner.

Sincerely,

[Supervisor Name and Title]

Accepted and Agreed To:

By: _____

Print Name: _____

Date: _____

[On Duke Energy Letterhead]

[Date]

Re: Retirement Transition Program -- Reduced Work Schedule and Separation Bonus Opportunity

Dear Participant:

Duke Energy ("we" or "us") is offering you the opportunity to voluntarily participate in our Retirement Transition Program (the "Program"), in order to encourage business continuity, work transition and knowledge transfer as you near the end of your career with us.

If you agree to participate in the Program, you will provide services to us on a reduced work schedule for a "Transition Period" with your base wage/ salary adjusted and increased by a 50% "premium" as described below. In addition, you will have an opportunity to earn a special compensation award -- called a "Separation Bonus" -- if you remain employed in good standing with us for the Transition Period and otherwise meet the conditions described in this letter. The following describes these Program benefits:

1. Transition Period. Your Transition Period will begin on [starting date] and end on [ending date]. We may in our sole discretion shorten the Transition Period or, subject to your agreement, extend it. Your employment with us will end on the last day of the Transition Period, unless we mutually agree otherwise.
2. Reduced Work Schedule and Salary Premium. During the Transition Period, your work schedule will be at []% of your regular work schedule, which equates to [] hours per week or [] hours per month.¹ We will track your hours worked on a weekly basis, and you and your manager will coordinate to ensure that your work schedule is consistent with this reduced schedule. For example, you and your manager may agree that in certain weeks you may work more hours than the schedule above provides, as long as you reduce your work schedule accordingly in a subsequent week or weeks.

In exchange for your agreement to work on a reduced schedule, you will receive your regular base wages/ salary reduced proportionately based on your reduced hours, plus a "Salary Premium" equivalent to 50% of your newly calculated regular base wages/ salary.
3. Amount of Separation Bonus. Your Separation Bonus will be a lump cash payment equal to the premium cost of six months of COBRA continuation coverage under the Duke Energy sponsored medical, dental and/or vision coverage, if any, in which you and your eligible dependents are enrolled as of the last day of the Transition Period, plus a tax gross up based on applicable rates as determined by Duke Energy in its sole discretion, provided as a lump sum payment
4. Other Program Benefits. In addition, we will make outplacement services available to you for a period of up to six months through a vendor selected by us, in accordance with our policies in effect from time to time (including the Duke Energy Corporation Section 409A Payment Policy).

¹ These blanks should be filled in based depending on the employee's individual circumstances.

5. Conditions to Payment. To earn the RTP Program benefits described above, you must meet each of the following conditions:
 - a. You must remain employed in your current position and in good standing with us through the end of the Transition Period.
 - b. As of the date of your termination of employment with us at the end of the Transition Period, you must sign a waiver of claims within 45 days after you receive the waiver of claims and not revoke such waiver within 7 days after its execution. The form of the waiver will be based on our standard form, and will be provided no later than your date of separation. The current form is attached to this letter as Exhibit A.
6. Relationship to other Benefits. During the Transition Period, your benefits will be determined based on your compensation and work schedule as in effect from time to time under the terms of Duke Energy's applicable plans. For example, in light of your reduced work schedule, you will be treated as part-time employee. Your annual base salary will be your regular base wages/salary in effect immediately prior to the commencement of the reduced work schedule, reduced proportionately based on your reduced hours (i.e., if your hours are reduced by 50%, your regular base wages/salary will be reduced by 50%) for purposes of determining your benefits under Duke Energy's benefit plans and programs, including, but not limited to, Duke Energy's life, accidental death & dismemberment, business travel accident and long-term disability insurance plans. Any unused, accrued vacation provided to you upon separation in accordance with the RTP will be based on your annual base salary in effect immediately prior to the commencement of the Transition Period. Your 401(k) and pension benefits will be determined pursuant to the applicable plan documents based on the amount of compensation you actually receive, and neither the Salary Premium nor the Separation Bonus will be considered eligible or credited compensation, and, therefore, these items will not be taken into consideration when determining benefits under the 401(k) and pension plans. Solely for determining your rights under the annual incentive plan and/or any outstanding equity awards, upon separation in accordance with the RTP, you will be treated as having been separated without cause.
7. Changes in Employment. If your employment with Duke Energy ends before the end of the Transition Period due to voluntary resignation or involuntary termination by Duke Energy with cause, RTP Program benefits will not be provided. Similarly, if you accept another position with Duke Energy before separating in accordance with the RTP, RTP Program benefits will not be provided. If, however, Duke Energy terminates your employment involuntarily without cause, you will be eligible to receive severance benefits under Duke Energy's generally applicable severance plan for involuntary severances of similarly-situated employees in lieu of RTP benefits. You remain eligible to earn the RTP Program benefits in case of an authorized FMLA leave or authorized short term disability leave during the Transition Period. In case of a non-FMLA short-term disability leave, however, Duke Energy may determine that your Transition Period should either be ended early or extended upon return to work. In case of any other leave of absence, except as may otherwise be required by law, RTP Program benefits will not be provided.
8. Timing of Payment: No Severance Benefits. If you meet the conditions described above, you will be paid the Separation Bonus in a single cash payment as soon as administratively practicable (not more than 60 days) after your termination of employment. Please note that if you receive payment of the Separation Bonus, you will not be considered eligible for any benefits under any applicable severance plan that otherwise covers you.

To be eligible to receive reduced work schedule with RTP benefits, please sign and date a copy of this letter and return it to our HR Business Partner, [insert name] by no later than [date]. Of course, you are free to decline to participate in the RTP. This letter in all events will govern and control your rights with respect to the reduced work schedule with RTP benefits and may be changed or modified only in writing signed by both parties. See Exhibit B for certain additional terms and conditions. If you have any questions, please contact our HR Business Partner.

Sincerely,

[Supervisor Name and Title]

Accepted and Agreed To:

By: _____

Print Name: _____

Date: _____

Exhibit A
SAMPLE WAIVER AND RELEASE OF CLAIMS
UNDER THE DUKE ENERGY RETIREMENT TRANSITION PROGRAM (OPTION 1)

This Waiver and Release of Claims (the "Release"), delivered on _____, is entered into by and between Duke Energy Corporation and its subsidiaries and affiliates and any predecessors and successors thereto (individually and collectively referred to as the "Company"), and _____ ("Employee") pursuant to the Retirement Transition Program (the "Program") with the mutual exchange of promises as consideration.

WHEREAS, Employee is eligible to separate from employment on _____ (the "Separation Date") and receive severance benefits described below provided Employee enters into and does not revoke this Release; and

WHEREAS, the Company is willing to provide the Employee the severance benefits described below, provided Employee enters into and does not revoke this Release.

THEREFORE, the Company and Employee agree as follows:

1. **Program Benefits.** In exchange for Employee remaining employed and in good standing with the Company and separating employment from the Company on his or her Separation Date in accordance with the Program and entering into and not revoking this Release, the Company agrees to provide the Employee the following:
 - a. **Transition Payments.** Transition Payments consisting of the following:
 - i. **Transition Bonus.** A lump sum cash payment equal to \$_____ less applicable taxes and withholdings, with such amount being payable as soon as administratively practicable (not more than 60 days) following his or her Separation Date subject to Employee executing and not revoking this Release.
 - ii. **Health Care Supplement.** A lump sum cash payment equal to \$_____, which amount will be grossed up for taxes based on applicable rates as determined by the Company in its sole discretion, less applicable taxes and withholdings, with such amount being payable as soon as administratively practicable (not more than 60 days) following his or her Separation Date subject to Employee executing and not revoking this Release.
 - b. **Outplacement Services.** Outplacement services for a period of up to six months through a vendor selected by the Company, in accordance with its policies in effect as from time to time (including the Duke Energy Corporation Section 409A Payment Policy).
2. **Basis for Entitlement.** Employee acknowledges and agrees that Employee would not be entitled to the benefits described in Paragraph 1 absent Employee's separation from employment on his or her Separation Date and execution and non-revocation of this Release in accordance with the Program. Employee further acknowledges that he or she is not entitled to a pension enhancement under the Program.
3. **Adequate Consideration.** Employee acknowledges and agrees that this Release provides good, valuable and sufficient consideration for Employee's obligations under this Release.
4. **Release by Employee.** Employee, of the Employee's own free will, voluntarily waives and releases the Company, its employee benefit, pension, welfare, and other plans or programs

(including any and all fiduciaries thereof), and any of the Company's respective current or former officers, directors, agents, employees, attorneys, insurers, plan administrators, predecessors, successors or assigns from any and all rights or claims that Employee has, or may have, as of the date of the execution of this Release, based on or arising out of the employment relationship or the termination of the employment relationship, other than those rights or claims set forth below in Paragraph 5. The rights and claims so waived and released shall include, but not be limited to:

- a. Those arising under any federal, state or local statute, ordinance, common law (including, but not limited to, claims of breach of promise, breach of contract, promissory estoppel, intentional or negligent infliction of emotional distress, defamation, tortious interference with a business relationship or contract and wrongful discharge), or claims in equity or public policy; and
- b. Those arising under any law based on any protected status, including but not limited to, sex, age, race, color, religion, handicap or disability, national origin, pregnancy, discrimination, retaliation, or whistleblower (including, but not limited to, any rights or claims arising under Title VII of the Civil Rights Act of 1964, as amended, the Civil Rights Act of 1991, the Americans with Disabilities Act, the Rehabilitation Act, the Older Workers Benefits Protection Act of 1990, the Equal Pay Act of 1963, the Age Discrimination in Employment Act of 1967, the Family and Medical Leave Act, the Genetic Information Nondiscrimination Act, the National Labor Relations Act, the Worker Adjustment and Retraining Notification Act, the Indiana Discrimination on Account of Age Act, the Indiana Civil Rights Statute, the Kentucky Civil Rights Statute, the Ohio Civil Rights Statute, the North Carolina Equal Employment Practices Act, the North Carolina Persons with Disabilities Protection Act, the North Carolina Retaliatory Employment Discrimination Act, the South Carolina Human Affairs Law, the Florida Civil Rights Act, the Florida Whistleblower Act, the Texas Labor Code Chapter 21, and every other local, state, or federal law, regulation, or other legal authority concerning employment rights or claims); and
- c. Those arising under the Employee Retirement Income Security Act of 1974; and
- d. Those arising under the civil rights laws of any state or municipality; and
- e. Any claim for compensatory damages, punitive damages, attorneys' fees, expenses and litigation costs; and
- f. Any grievance, charge or other claim arising under the applicable collective bargaining agreement, National Labor Relations Act, or other similar labor laws, regulations, and authority.

Employee acknowledges that he or she has been paid for all hours worked during his or her employment with the Company and has received all other payments owed to him or her by the Company as of his or her Separation Date. In addition, Employee acknowledges that he or she has received all leave to which he or she may have been entitled to under the Family and Medical Leave Act or applicable state law during his or her employment with the Company.

5. Claims Not Waived. Notwithstanding the provisions of Paragraph 4 above, this Release does not waive and release any workers' compensation or unemployment compensation claims filed prior to the date of execution of this Release, or claims against the Company arising out of possible exposure to asbestos during Employee's employment with the Company at a facility or facilities owned by the Company. Further notwithstanding the provisions of Paragraph 4 above, this Release does not waive and release Employee's rights or claims to accrued or vested benefits under an employee benefit plan or program maintained by the Company. Further notwithstanding the provisions of Paragraph 4 above, this Release does not waive and release claims that may arise after the date of execution of this Release,

including, but not limited to, claims that may arise under an employee benefit plan or program maintained by the Company.

6. Acknowledgement of No Interference with Reporting and Compliance Rights. Employee acknowledges and agrees that it is the policy of the Company to comply with all applicable federal, state and local laws and regulations. Employee affirms that he or she has reported all compliance issues and violations of federal, state and local law or regulation or Company policy of which he or she had knowledge during the term of his or her employment, if any. Employee represents and acknowledges that he or she has no further or additional knowledge or information regarding compliance issues or possible violations of federal, state or local law or regulations or Company policy other than what Employee may have previously reported, if any, including, but not limited to, any and all outstanding nuclear safety concerns Employee has involving any nuclear power plant owned or operated by the Company. Nothing in this Release shall be construed to prohibit, restrict or otherwise discourage Employee from participating in "protected activity" as defined in 10 CFR 50.7 and Section 211 of the Energy Reorganization Act of 1974, including, but not limited to reporting any suspected instance of illegal activity of any nature, any nuclear safety concern, any workplace safety concern, any public safety concern, or any other matter within the United States Nuclear Regulatory Commission's ("NRC") regulatory responsibilities to the NRC, the United States Department of Labor, or any other federal or state governmental agency. This Agreement further does not prohibit Employee from participating in any way in any state or federal administrative, judicial, or legislative proceeding or investigation. Further, nothing in this Release prevents Employee from filing a charge or complaint, with or from participating in an investigation or proceeding conducted by the Equal Opportunity Commission ("EEOC"), National Labor Relations Board ("NLRB"), Securities and Exchange Commission ("SEC"), or any other federal, state or local agency charged with the enforcement of any laws, or from exercising rights under Section 7 of the NLRA to engage in joint activity with other employees, although by signing this Release, Employee acknowledges that the Release waives Employee's right to individual relief based on claims asserted in a such a charge or complaint, regardless if such claim is brought individually or as part of a class or collective action, except where such waiver of individual relief is otherwise legally prohibited.
7. Promise Not to Sue. Employee agrees not to institute a lawsuit against the Company asserting any of the claims that are released in Paragraph 4 of this Release. **Employee acknowledges that signing this Release means that Employee has waived not only his or her right to recover in a lawsuit, claim or other action brought by him or her as described herein, but also in any claim, lawsuit or other action brought on his or her behalf (including any claim of age discrimination) against the Company based on or arising out of the employment relationship or the termination of the employment relationship up to the date this Agreement is signed. This does not mean that Employee is precluded from filing a charge of discrimination with the Equal Employment Opportunity Commission ("EEOC"), or other state commission or otherwise participating in proceedings before the EEOC or those commissions; however, if Employee does file such a charge, he or she shall be entitled to no monies, pay, compensation or relief of any type from the Company as a result of the charge.**
8. Confidentiality. Employee shall not, at any time, directly or indirectly, use any trade secrets or confidential information of the Company for Employee's benefit or the benefit of any other person or, directly or indirectly, disclose any such trade secrets or confidential information of the Company to any other person. The Company and Employee agree to keep the terms and conditions of this Agreement confidential except to the extent the terms and conditions are required to be disclosed by any judicial or administrative federal, state or local agency. Employee may also disclose the terms and conditions of this Agreement to Employee's

- spouse, attorney and financial advisor, provided they first agree to be bound by this same pledge of confidentiality. Employee may also disclose the terms and conditions of this Agreement to Employee's spouse, attorney and financial advisor, provided they first agree to be bound by this same pledge of confidentiality. Notwithstanding any provisions of this Release to the contrary the Employee may be entitled to immunity and protection from retaliation under the Defend Trade Secrets Act of 2016 for disclosing a trade secret under limited circumstances, as set forth in the Company's Innovations and Intellectual Properties Policy.
9. Cooperation with Litigation. Upon the Company's request, Employee agrees to render reasonable assistance to the Company in connection with any litigation or investigation relating to the Company's business. Such assistance shall include, but not be limited to, providing information, attending meetings, assisting with discovery, giving depositions and making court appearances. Employee agrees to promptly notify the Chief Legal Officer of the Company of any requests for information or testimony that Employee receives in connection with any litigation or investigation relating to the Company's business; provided however, that this reporting requirement will not apply in the context of "protected activity", as defined in Paragraph 6 of this Release.
10. Consultation with Attorney Advised. **Employee is advised to consult with an attorney prior to executing this Agreement.** Employee acknowledges being given that advice. Employee represents that he or she has read and fully understands all of the provisions of this Agreement. Employee represents that he or she is voluntarily signing this Agreement.
11. Due Care - Time Frame for Acceptance. **Employee acknowledges that he or she has received a copy of this Release and has been given a period of forty-five (45) days from receipt within which to freely and voluntarily consider and sign this Release.**
- a. To enter into this Release, Employee must execute it by signing, dating and returning it to the **Employee Relations Control Center, Attn: Cathy Edwards, DEC37B, 550 South Tryon, Charlotte, North Carolina 28202.**
- b. Employee acknowledges that if Employee has signed this Release it is because Employee freely chose to do so.
- c. Employee has **seven (7) calendar days** after he or she signs this Release within which to revoke it. To be effective, a revocation must be communicated in writing to the **Employee Relations Control Center, Attn: Cathy Edwards, DEC37B, 550 South Tryon, Charlotte, North Carolina 28202**, and delivered no later than 5:00 p.m. Eastern Time on the final day of the seven (7) day period.
12. Governing Law. This Agreement shall be interpreted, enforced and governed under the laws of the State of North Carolina.
13. No Admission of Liability. This Agreement shall not in any way be construed as evidence or as an admission of any liability or wrongdoing by the Company.
14. Binding Effect of Agreement. This Agreement will be binding upon and shall operate for the benefit of the heirs, executors, administrators, assigns, and successors in interest of Employee and the Company.
15. Severability. If any portion of this Agreement should be unenforceable for any reason, the parties agree that the remaining portions will continue in effect.

- 16. Receipt of Required Disclosures. To the extent applicable, the job classifications and the birth dates of all individuals in Employee's decisional unit who are currently eligible and ineligible to participate in the Plan are shown on the Attachment. Employee acknowledges receipt and possession of the Attachment.
- 17. Effective Date. This Agreement shall become effective and enforceable upon the expiration of the revocation period established in Paragraph 11 (the "Effective Date").

AGREED TO BY:

Employee

Date

THE COMPANY

By: _____
Stan Sherrill
Vice President, Employee Relations
and Labor Relation

Date

SAMPLE WAIVER AND RELEASE OF CLAIMS
UNDER THE DUKE ENERGY RETIREMENT TRANSITION PROGRAM (OPTION 2)

This Waiver and Release of Claims (the "Release"), delivered on _____, is entered into by and between Duke Energy Corporation and its subsidiaries and affiliates and any predecessors and successors thereto (individually and collectively referred to as the "Company"), and _____ ("Employee") pursuant to the Retirement Transition Program (the "Program") with the mutual exchange of promises as consideration.

WHEREAS, Employee is eligible to separate from employment on _____ (the "Separation Date") and receive severance benefits described below provided Employee enters into and does not revoke this Release; and

WHEREAS, the Company is willing to provide the Employee the severance benefits described below, provided Employee enters into and does not revoke this Release.

THEREFORE, the Company and Employee agree as follows:

1. **Program Benefits.** In exchange for Employee remaining employed and in good standing with the Company and separating employment from the Company on his or her Separation Date in accordance with the Program and entering into and not revoking this Release, the Company agrees to provide the Employee the following:
 - a. **Separation Bonus.** A lump sum cash payment equal to \$_____, which amount will be grossed up for taxes based on applicable rates as determined by the Company in its sole discretion, less applicable taxes and withholdings, with such amount being payable as soon as administratively practicable (not more than 60 days) following his or her Separation Date subject to Employee executing and not revoking this Release.
 - b. **Outplacement Services.** Outplacement services for a period of up to six months through a vendor selected by the Company, in accordance with its policies in effect as from time to time (including the Duke Energy Corporation Section 409A Payment Policy).
2. **Basis for Entitlement.** Employee acknowledges and agrees that Employee would not be entitled to the benefits described in Paragraph 1 absent Employee's separation from employment on his or her Separation Date and execution and non-revocation of this Release in accordance with the Program. Employee further acknowledges that he or she is not entitled to a pension enhancement under the Program.
3. **Adequate Consideration.** Employee acknowledges and agrees that this Release provides good, valuable and sufficient consideration for Employee's obligations under this Release.
4. **Release by Employee.** Employee, of the Employee's own free will, voluntarily waives and releases the Company, its employee benefit, pension, welfare, and other plans or programs (including any and all fiduciaries thereof), and any of the Company's respective current or former officers, directors, agents, employees, attorneys, insurers, plan administrators, predecessors, successors or assigns from any and all rights or claims that Employee has, or may have, as of the date of the execution of this Release, based on or arising out of the employment relationship or the termination of the employment relationship, other than those rights or claims set forth below in Paragraph 5. The rights and claims so waived and released shall include, but not be limited to:

- a. Those arising under any federal, state or local statute, ordinance, common law (including, but not limited to, claims of breach of promise, breach of contract, promissory estoppel, intentional or negligent infliction of emotional distress, defamation, tortious interference with a business relationship or contract and wrongful discharge), or claims in equity or public policy; and
- b. Those arising under any law based on any protected status, including but not limited to, sex, age, race, color, religion, handicap or disability, national origin, pregnancy, discrimination, retaliation, or whistleblower (including, but not limited to, any rights or claims arising under Title VII of the Civil Rights Act of 1964, as amended, the Civil Rights Act of 1991, the Americans with Disabilities Act, the Rehabilitation Act, the Older Workers Benefits Protection Act of 1990, the Equal Pay Act of 1963, the Age Discrimination in Employment Act of 1967, the Family and Medical Leave Act, the Genetic Information Nondiscrimination Act, the National Labor Relations Act, the Worker Adjustment and Retraining Notification Act, the Indiana Discrimination on Account of Age Act, the Indiana Civil Rights Statute, the Kentucky Civil Rights Statute, the Ohio Civil Rights Statute, the North Carolina Equal Employment Practices Act, the North Carolina Persons with Disabilities Protection Act, the North Carolina Retaliatory Employment Discrimination Act, the South Carolina Human Affairs Law, the Florida Civil Rights Act, the Florida Whistleblower Act, the Texas Labor Code Chapter 21, and every other local, state, or federal law, regulation, or other legal authority concerning employment rights or claims); and
- c. Those arising under the Employee Retirement Income Act of 1974; and
- d. Those arising under the civil rights laws of any state or municipality; and
- e. Any claim for compensatory damages, punitive damages, attorneys' fees, expenses and litigation costs; and
- f. Any grievance, charge or other claim arising under the applicable collective bargaining agreement, National Labor Relations Act, or other similar labor laws, regulations, and authority.

Employee acknowledges that he or she has been paid for all hours worked during his or her employment with the Company and has received all other payments owed to him or her by the Company as of his or her Separation Date. In addition, Employee acknowledges that he or she has received all leave to which he or she may have been entitled to under the Family and Medical Leave Act or applicable state law during his or her employment with the Company.

5. Claims Not Waived. Notwithstanding the provisions of Paragraph 4 above, this Release does not waive and release any workers' compensation or unemployment compensation claims filed prior to the date of execution of this Release, or claims against the Company arising out of possible exposure to asbestos during Employee's employment with the Company at a facility or facilities owned by the Company. Further notwithstanding the provisions of Paragraph 4 above, this Release does not waive and release Employee's rights or claims to accrued or vested benefits under an employee benefit plan or program maintained by the Company. Further notwithstanding the provisions of Paragraph 4 above, this Release does not waive and release claims that may arise after the date of execution of this Release, including, but not limited to, claims that may arise under an employee benefit plan or program maintained by the Company.
6. Acknowledgement of No Interference with Reporting and Compliance Rights. Employee acknowledges and agrees that it is the policy of the Company to comply with all applicable federal, state and local laws and regulations. Employee affirms that he or she has reported all compliance issues and violations of federal, state and local law or regulation or Company policy of which he or she had knowledge during the term of his or her employment, if any.

Employee represents and acknowledges that he or she has no further or additional knowledge or information regarding compliance issues or possible violations of federal, state or local law or regulations or Company policy other than what Employee may have previously reported, if any, including, but not limited to, any and all outstanding nuclear safety concerns Employee has involving any nuclear power plant owned or operated by the Company. Nothing in this Release shall be construed to prohibit, restrict or otherwise discourage Employee from participating in "protected activity" as defined in 10 CFR 50.7 and Section 211 of the Energy Reorganization Act of 1974, including, but not limited to reporting any suspected instance of illegal activity of any nature, any nuclear safety concern, any workplace safety concern, any public safety concern, or any other matter within the United States Nuclear Regulatory Commission's ("NRC") regulatory responsibilities to the NRC, the United States Department of Labor, or any other federal or state governmental agency. This Release further does not prohibit Employee from participating in any way in any state or federal administrative, judicial, or legislative proceeding or investigation. Further, nothing in this Release prevents Employee from filing a charge or complaint, with or from participating in an investigation or proceeding conducted by the Equal Opportunity Commission ("EEOC"), National Labor Relations Board ("NLRB"), Securities and Exchange Commission ("SEC"), or any other federal, state or local agency charged with the enforcement of any laws, or from exercising rights under Section 7 of the NLRA to engage in joint activity with other employees, although by signing this Release, Employee acknowledges that the Release waives Employee's right to individual relief based on claims asserted in a such a charge or complaint, regardless if such claim is brought individually or as part of a class or collective action, except where such waiver of individual relief is otherwise legally prohibited.

7. Promise Not to Sue. Employee agrees not to institute a lawsuit against the Company asserting any of the claims that are released in Paragraph 4 of this Release. **Employee acknowledges that signing this Release means that Employee has waived not only his or her right to recover in a lawsuit, claim or other action brought by him or her as described herein, but also in any claim, lawsuit or other action brought on his or her behalf (including any claim of age discrimination) against the Company based on or arising out of the employment relationship or the termination of the employment relationship up to the date this Agreement is signed. This does not mean that Employee is precluded from filing a charge of discrimination with the Equal Employment Opportunity Commission ("EEOC"), or other state commission or otherwise participating in proceedings before the EEOC or those commissions; however, if Employee does file such a charge, he or she shall be entitled to no monies, pay, compensation or relief of any type from the Company as a result of the charge.**
8. Confidentiality. Employee shall not, at any time, directly or indirectly, use any trade secrets or confidential information of the Company for Employee's benefit or the benefit of any other person or, directly or indirectly, disclose any such trade secrets or confidential information of the Company to any other person. The Company and Employee agree to keep the terms and conditions of this Agreement confidential except to the extent the terms and conditions are required to be disclosed by any judicial or administrative federal, state or local agency. Employee may also disclose the terms and conditions of this Agreement to Employee's spouse, attorney and financial advisor, provided they first agree to be bound by this same pledge of confidentiality. Employee may also disclose the terms and conditions of this Release to Employee's spouse, attorney and financial advisor, provided they first agree to be bound by this same pledge of confidentiality. Notwithstanding any provisions of this Release to the contrary the Employee may be entitled to immunity and protection from retaliation under the Defend Trade Secrets Act of 2016 for disclosing a trade secret under limited circumstances, as set forth in the Company's Innovations and Intellectual Properties Policy.

9. Cooperation with Litigation. Upon the Company's request, Employee agrees to render reasonable assistance to the Company in connection with any litigation or investigation relating to the Company's business. Such assistance shall include, but not be limited to, providing information, attending meetings, assisting with discovery, giving depositions and making court appearances. Employee agrees to promptly notify the Chief Legal Officer of the Company of any requests for information or testimony that Employee receives in connection with any litigation or investigation relating to the Company's business; provided however, that this reporting requirement will not apply in the context of "protected activity", as defined in Paragraph 6 of this Release.
10. Consultation with Attorney Advised. **Employee is advised to consult with an attorney prior to executing this Agreement.** Employee acknowledges being given that advice. Employee represents that he or she has read and fully understands all of the provisions of this Agreement. Employee represents that he or she is voluntarily signing this Agreement.
11. Due Care - Time Frame for Acceptance. **Employee acknowledges that he or she has received a copy of this Release and has been given a period of forty-five (45) days from his or her Separation Date within which to freely and voluntarily consider and sign this Release.**
 - a. To enter into this Release, Employee must execute it by signing, dating and returning it to the **Employee Relations Control Center, Attn: Cathy Edwards, DEC37B, 550 South Tryon, Charlotte, North Carolina 28202.**
 - b. Employee acknowledges that if Employee has signed this Release it is because Employee freely chose to do so.
 - c. Employee has **seven (7) calendar days** after he or she signs this Release within which to revoke it. To be effective, a revocation must be communicated in writing to the **Employee Relations Control Center, Attn: Cathy Edwards, DEC37B, 550 South Tryon, Charlotte, North Carolina 28202**, and delivered no later than 5:00 p.m. Eastern Time on the final day of the seven (7) day period.
12. Governing Law. This Agreement shall be interpreted, enforced and governed under the laws of the State of North Carolina.
13. No Admission of Liability. This Agreement shall not in any way be construed as evidence or as an admission of any liability or wrongdoing by the Company.
14. Binding Effect of Agreement. This Agreement will be binding upon and shall operate for the benefit of the heirs, executors, administrators, assigns, and successors in interest of Employee and the Company.
15. Severability. If any portion of this Agreement should be unenforceable for any reason, the parties agree that the remaining portions will continue in effect.
16. Receipt of Required Disclosures. To the extent applicable, the job classifications and the birth dates of all individuals in Employee's decisional unit who are currently eligible and ineligible to participate in the Plan are shown on the Attachment. Employee acknowledges receipt and possession of the Attachment.

17. Effective Date. This Agreement shall become effective and enforceable upon the expiration of the revocation period established in Paragraph 11 (the "Effective Date").

AGREED TO BY:

Employee

Date

THE COMPANY

By: _____
Stan Sherrill
Vice President, Employee Relations
and Labor Relations

Date

EXHIBIT B: OTHER TERMS AND CONDITIONS

1. **General.** The contingent rights set forth in this letter agreement (the "Agreement") are not transferable otherwise than by will or the laws of descent and distribution. Nothing in this Agreement shall restrict our right to terminate your employment at any time with or without cause. The terms of this Agreement shall be binding upon and inure to the benefit of us and our successors and assigns, and to you and your beneficiaries, executors, administrators, heirs and successors. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions of this Agreement.
2. **Choice of Law.** Except to the extent pre-empted by federal law, this Agreement and your rights under it shall be construed and determined in accordance with the laws of the State of North Carolina.
3. **Entire Agreement.** This Agreement contains the entire agreement and understanding of the parties with respect to the subject matter contained in this Agreement, and supersedes all prior communications, representations and negotiations in respect thereto. This Agreement may be executed in counterparts. We shall have final authority to interpret and construe this Agreement and to make any and all determinations under it, and our decision shall be binding and conclusive upon you and your legal representative in respect of any questions arising under this Agreement. No change, modification or waiver of any provision of this Agreement shall be valid unless the same is in writing and signed by the parties.
4. **Interaction with Other Rights.** Any payments to you under this Agreement shall be paid from our general assets, and you shall have the status of a general unsecured creditor with respect to our obligations to make payments under this Agreement.
5. **Internal Revenue Code Section 409A.** The Agreement and any payments provided under it are intended to comply with, or be exempt from, Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"). The Agreement shall in all respects be interpreted, operated, and administered in accordance with this intent. Payments provided under the Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption, including to the maximum extent possible, exemptions for separation pay due to an involuntary separation from service and/or short-term deferrals. Any payments provided under the Agreement to be made upon a termination of employment that constitute deferred compensation subject to Section 409A shall only be made if such termination of employment constitutes a "separation from service" under Section 409A. If any payments or other benefits due to you under the Agreement would cause the application of an accelerated or additional tax under Section 409A, the payments or other benefits will be deferred if deferral will make such payment or other benefits compliant under Section 409A, or otherwise such payment or other benefits will be restructured, to the extent possible, in a manner that does not cause such an accelerated or additional tax and result in a material additional cost to us. Notwithstanding anything to the contrary in the Agreement, to the extent required to avoid accelerated taxation and additional taxes under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided under this Agreement that (i) are subject to the requirements of Section 409A, (ii) are payable due to your "separation from service" with us within the meaning of Section 409A and (iii) are otherwise payable during the six (6) month period immediately following your separation from service shall instead be paid (without interest) on the first payroll date that is at least six months after your separation from service (or your death, if earlier). We make no representations or warranties that the payments provided under the Agreement comply with, or are exempt from, Section 409A, and in no event shall we be liable for any portion of any taxes, penalties, interest, or other expenses that may be incurred by you on account of non-compliance with Section 409A.

STAFF-DR-01-042

REQUEST:

Concerning employee fringe benefits:

- a. Provide a detailed list of all fringe benefits available to the utility's employees and the expected cost of each benefit in the base period and the forecasted test period. Indicate any fringe benefits which are limited to management employees.
- b. Provide comparative cost information for the 12 months preceding the base period and the base period. Explain any changes in fringe benefits occurring over this 24-month period.

RESPONSE:

Please see STAFF-DR-01-042 Attachment.

PERSON RESPONSIBLE: Thomas Silinski

Duke Energy Kentucky
 Question No. 42
 Responding Witness: Tom Silinski

		12 Month Preceding	Base Period	Variance	Test Period
		12.1.2015 - 11.30.2016	12.1.2016 - 11.30.2017		4.1.2018 - 3.31.2019
1B110	Pension Plans	1,108,214	966,781	(141,433)	439,011
1B112	Retirement Savings Plan	716,060	854,262	138,202	1,068,996
1B114	Retiree Medical (FAS 106)	68,800	(391,750)	(460,550)	38,662
1B210	Active Medical Plan	1,488,615	1,490,744	2,129	1,737,361
1B212	Active Dental Plan	91,850	94,916	3,066	102,627
1B214	Administrative Costs	20,433	72,794	52,361	-
1B216	Long/Short-Term Disability	40,712	42,071	1,359	45,501
1B218	Disability Benefits (FAS 112)	84,233	341,319	257,086	154,643
1B310	Service Awards	26,270	95,079	68,809	15,701
1B312	EAP / Commuter Benefits / Other	95	21,600	21,505	28,598
1B410	Tuition	3,941	11,846	7,905	15,981
1B510	Insurance - Life	18,255	22,930	4,675	21,007
1B512	Insurance - AD&D	1,923	3,197	1,275	-
Total		3,669,402	3,625,790	(43,612)	3,668,089

A) The schedule above represents employee benefit costs for the time period requested. None of these benefits are limited to management employees. This

B) Refer to schedule above. The main drivers of variance for the 24 month period in question are the favorable retiree medical expense in 2017 due to a curtailment credit expected to be recognized in 2017 tied to a plan changes, partially offset by the 2017 unfavorable true up of the Long-Term Disability liability due to claims experience higher than anticipated

**Duke Energy Kentucky
Case No. 2017-00321
Staff First Set Data Requests
Date Received: August 25, 2017**

STAFF-DR-01-043

REQUEST:

Provide a complete description of the utility's Other Post-Employment Benefits package(s) provided to its employees.

RESPONSE:

Please see the direct testimony of Tom Silinski beginning on page 35 and Attachment TS-10 beginning on page 2.

PERSON RESPONSIBLE: Thomas Silinski

Duke Energy Kentucky
Case No. 2017-00321
Staff First Set Data Requests
Date Received: August 25, 2017

STAFF-DR-01-044

REQUEST:

Provide a complete description of the financial reporting and ratemaking treatment of the utility's pension costs.

RESPONSE:

Duke Energy Kentucky participates in qualified and non-qualified defined benefit retirement plans (Pension) and other post-retirement benefit plans (OPEB) sponsored by Duke Energy Corporation (Duke Energy). The following primary authoritative accounting guidance for Pensions and OPEB is codified as part of the Accounting Standards Codification (ASC) that relates to Compensation – Retirement Benefits (ASC Topic 715):

ASC Subtopic Name	ASC Topic-Subtopic
Retirement Benefits – Defined Benefit Plans - General	715-20
Retirement Benefits – Defined Benefit Plans – Pension	715-30
Retirement Benefits – Defined Benefit Plans – Other Postretirement	715-60

Duke Energy's Pension and OPEB costs are calculated by the company's third party actuary, Willis Towers Watson (WTW). Duke Energy determines the assumptions to be used by WTW to calculate Pension/OPEB plan obligations and costs based upon a range of assumptions presented by WTW. Upon consummation of the merger with Duke Energy in 2006, Cinergy's benefit plan obligations were re-measured. However, push-

down accounting did not apply to Duke Energy Kentucky. As a result, Pension and OPEB costs are calculated on a pre-purchase accounting basis. Duke Energy Kentucky Pension and OPEB costs and obligations are allocated to Duke Energy Kentucky by Duke Energy. A portion of Duke Energy Kentucky's Pension and OPEB costs are capitalized as a component of property, plant and equipment. Additionally, Duke Energy Kentucky is allocated its proportionate share of Pension and OPEB costs for employees of Duke Energy's shared services affiliate that provides support to Duke Energy Kentucky.

In applying the provisions of ASC 715, Duke Energy is required to recognize the funded status of a benefit plan, measured as the difference between the fair value of plan assets and the benefit obligation, in its statement of financial position. Duke Energy remeasures its Pension and OPEB plan assets and obligations annually on December 31. For a pension plan, the benefit obligation is the projected benefit obligation (PBO). For an OPEB plan, the benefit obligation is the accumulated post-retirement benefit obligation (APBO). Actuarial gains or losses (represent the effect of differences between actuarial assumptions and actual experience) and prior service costs or credits (effect of plan amendments) that arise during the period as a result of remeasurement, represent costs that are probable of future recovery, and are reflected in regulatory assets and/or regulatory liabilities in the statement of financial position. Regulatory assets and/or regulatory liabilities are recognized in the following three categories: qualified pension plans, non-qualified pension plans and OPEB plans. Duke Energy elects to amortize actuarial gains or losses in excess of the corridor of 10 percent of the greater of the market-related value of plan assets or plan projected benefit obligation into Pension and

OPEB cost over the average remaining service period of active covered employees. Prior service cost or credit is amortized over the average remaining service period of active covered employees.

PERSON RESPONSIBLE: David Doss

REQUEST:

For each of the following Statements of Financial Accounting Standards (“SFAS”), provide the information listed concerning implementation by the utility.

- a. SFAS No. 106, “Employers’ Accounting for Postretirement Benefits Other Than Pensions.”
 1. The date the utility adopted the SFAS.
 2. The effect on the financial statements.
 3. Whether the base period or forecasted test period includes any impact of the implementation. If so, provide a detailed description of the impact.
- b. SFAS No. 112, “Employers’ Accounting for Postretirement Benefits.”
 1. The date the utility adopted the SFAS.
 2. The effect on the financial statements.
 3. Whether the base period or forecasted test period includes any impact of the implementation. If so, provide a detailed description of the impact.
- c. SFAS No. 143, “Accounting for Asset Retirement Obligations.”
 1. The date the utility adopted the SFAS.
 2. The effect on the financial statements.
 3. Whether the base period or forecasted test period includes any impact of the implementation. If so, provide a detailed description of the impact.

- d. A schedule comparing the depreciation rates utilized by the utility prior to and after the adoption of SFAS No. 143. The schedule should identify the assets corresponding to the affected depreciation rates.
- e. SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans."
 - 1. The date the utility adopted the SFAS.
 - 2. The effect on the financial statements.
 - 3. Whether the base period or forecasted test period includes any impact of the implementation. If so, provide a detailed description of the impact.

RESPONSE:

- a.1** Duke Energy Kentucky adopted SFAS No.106 (now Accounting Standards Codification "ASC" 715-60), effective January 1, 1993.
- a.2** There was no material impact on the results of operations at the time of adoption.
- a.3** Neither the base period nor the forecast period includes any impact of the implementation.
- b.1** Duke Energy Kentucky adopted SFAS No.112, (now Accounting Standards Codification "ASC" 712) effective January 1, 1993.
- b.2** There was no material impact on the results of operations at the time of adoption.
- b.3** Neither the base period nor the forecast period includes any impact of the implementation.
- c.1** Duke Energy Kentucky implemented SFAS No. 143 (now Accounting Standards Codification "ASC" 410-20) effective January 1, 2003.

- c.2** As included in Duke Energy Kentucky's Response to the Attorney General Second Set of Data Requests from Duke Energy Kentucky's 2006 rate case (2006-00172) item number 33 (AG-DR-02-033), we previously provided support and explanations for the accounting entries (debits and credits) used to implement SFAS No. 143 and FIN 47. This previous response and support is attached to this current data request as the content of this response is based on historical transactions and would not have changed since provided as part of the 2006 rate case. Please see Attachment STAFF-DR-01-045(c).
- c.3** The base period and forecasted test period do not include the ARO asset as these amounts are removed as "adjustments" as shown on Schedule B-2 page 1, line 1; Schedule B-2.1 page 1 line 14 and page 7, line 14; and Schedule B-2.2 page 1, line 1.

Note that Duke Energy Kentucky recently recorded an additional ARO related to the obligation necessary to comply with the United States Environmental Protection Agency (EPA) Coal Combustion Residual Rule (CCR) published with the Federal Register in 2015. The actions necessary for Duke Energy Kentucky to comply with the requirements of the CCR rule were included in the Certificate of Public Convenience and Necessity (CPCN) that was approved in the Final Order for Case No. 2016-00398 on June 6, 2017. The liability balance of this asset retirement obligation at August 31, 2017 prior to August 2017 settlements is \$22,532,715. Please see testimony submitted by Cynthia Lee for further discussion.

There is no income statement impact in the base period or forecasted test period resulting from Duke Energy Kentucky's accounting per ASC 410-20 Asset Retirement Obligations. In the test period we are requesting recovery related to spend resulting from compliance with the CCR Rule at East Bend generating station. Please see Cynthia Lee's testimony and Schedule CSL-1 for description and amounts.

- d.** Depreciation of the assets associated with the recording of Asset Retirement Obligations is straight-line based on the expected remaining life of the related plant assets. Prior to implementation of SFAS 143 (now ASC 410-20) there would not have been depreciation rates established for such assets as these are specifically identified with the Asset Retirement Obligation and the plant asset(s) associated with the ARO. The following summarizes the assets resulting from the AROs recorded at the electric utility (does not include gas utility) in compliance with SFAS 143 and FIN 47 (now ASC 410-20) and includes the gross asset balances at August 31, 2017 and the current annual depreciation rates:

- Asbestos at certain generating stations: \$250,032; 3.60%
- East Bend Waste Landfill (non-CCR): \$595,595; 5.64%
- East Bend CCR: \$27,265,832; 3.04%

Depreciation expense for these AROs has been deferred as described in response c.3 above.

- e.1** Duke Energy Kentucky adopted SFAS No. 158 (amendment to current Accounting Standards Codification "ASC" 715-30 and 715-60), effective December 31, 2006.

e.2 For Duke Energy Kentucky, the adoption of SFAS No. 158 recognition and disclosure provisions resulted in an increase in regulatory assets of approximately \$22 million and an increase in liabilities of approximately \$22 million as of December 31, 2006. The adoption of SFAS No. 158 did not have a material impact on Duke Energy Kentucky's results of operations or cash flows. Duke Energy Kentucky adopted the change in measurement date effective January 1, 2007 by remeasuring plan assets and benefit obligations as of that date, pursuant to the transition requirements of SFAS No. 158. In the first quarter of 2007, the changes in plan assets and plan obligations between the September 30, 2006 and December 31, 2006 measurement dates not related to net periodic benefit cost were required to be recognized, net of tax, as a separate adjustment of the opening balance of accumulated other comprehensive income (loss) (AOCI) and regulatory assets. This adjustment was not material. During the second quarter of 2007, Duke Energy Kentucky completed these calculations. The finalization of these actuarial calculations resulted in an immaterial adjustment to AOCI and regulatory assets.

e.3 The base period and forecasted test period were not impacted by the implementation. SFAS No. 158 did not change the determination of expense; it only impacted the balance sheet.

PERSON RESPONSIBLE: a, b, e: David Doss
c, d: Cynthia Lee

**Attorney General Second Set Data Requests
Duke Energy Kentucky Case No. 2006-00172
Date Received: August 09, 2006
Response Due Date: August 23, 2006**

AG-DR-02-033

REQUEST:

33. Refer to page 138 of ULH&P's December 31, 2005 Form 10K. Provide the accounting entries (debits and credits) used to implement SFAS No. 143 and FIN 47, along with all workpapers supporting those entries, including the workpapers supporting the calculation of the \$29 million (2005) and \$30 million (2004) regulatory liabilities for asset cost of removal. Please provide all these workpapers and calculations in electronic format (Excel) with all formulae intact.

RESPONSE:

Duke Energy Kentucky implemented SFAS No. 143 effective January 1, 2003. Duke Energy Kentucky implemented FIN 47 December 2005. See Attachments AG-DR-02-033 and AG-DR-02-033(a) for entries and workpapers for the gas asset retirement obligation recorded. No legal asset retirement obligations for electric operations were identified upon implementation of SFAS No. 143 or FIN 47.

Based on SEC guidance arising from SFAS No. 143, Duke Energy Kentucky reclassified the cost of removal component of Accumulated Depreciation to Regulatory Liabilities for SEC financial statement presentation. See Attachment AG-DR-02-033(b) for workpapers supporting the reclassification. See Attachment AG-DR-02-033(c) and reconciliation below for further support of the \$30 million 2004 and \$29 million 2005 balances referenced in the question.

Regulatory Liability Reconciliation:

The amounts referenced, \$30 million in 2004 and \$29 million in 2005, represent Duke Energy Kentucky's total Regulatory Liabilities. The regulatory liability for cost of removal (electric, common, and gas) for 2004 and 2005 was \$30 million and \$32 million, respectively.

(Dollars in thousands)

	<u>2005</u>	<u>2004</u>
Regulatory Liabilities		
Accumulated depreciation COR	\$35,133	\$32,515
Retirement work in progress	<u>(3,110)</u>	<u>(2,982)</u>
Subtotal COR	32,023	29,533
Regulatory asset - legal ARO	(5,197)	-
Gas cost recovery liability	(324)	446
Deferred fuel costs	650	-
Amt due from customers-income taxes	<u>1,886</u>	<u>-</u>
	\$29,038	\$29,979

WITNESS RESPONSIBLE: Carl J. Council, Jr.

ARO Transition Journal Entry Report

Company / ARO	Account	Transition thru Nov		December Adjustment Depreciation & Accretion calc to be included	
		Debits	Credits	Cum Effect Adj Debits	Credits
Cincinnati Gas & Electric Co.					
Beckjord 1-5 Asbestos					
Long-lived asset:	101850 - NonReg Plant In Service AR	371,656.46			
Initial liability:	230850 - Asset Retirement Obligatio		371,656.46		
Accretion Expense:	230850 - Asset Retirement Obligatio		587,193.16		2,848.84
Accumulated depreciation:			145,778.36		455.35
Depreciation Adjustments:		-			
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	732,971.52	-	3,302.19	
Beckjord 1-5 River Structure					
Long-lived asset:	101850 - NonReg Plant In Service AR	17,789.98			
Initial liability:	230850 - Asset Retirement Obligatio		17,789.98		
Accretion Expense:	230850 - Asset Retirement Obligatio		478,766.18		2,598.42
Accumulated depreciation:			12,312.96		19.35
Depreciation Adjustments:		-			
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	489,078.14	-	2,615.77	
Beckjord 6 Asbestos					
Long-lived asset:	101850 - NonReg Plant In Service AR	28,901.40			
Initial liability:	230850 - Asset Retirement Obligatio		28,901.40		
Accretion Expense:	230850 - Asset Retirement Obligatio		45,273.00		389.42
Accumulated depreciation:			11,274.49		62.29
Depreciation Adjustments:		-			
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	56,547.49	-	451.71	
Beckjord 6 River Structure					
Long-lived asset:	101850 - NonReg Plant In Service AR	1,334.25			
Initial liability:	230850 - Asset Retirement Obligatio		1,334.25		
Accretion Expense:	230850 - Asset Retirement Obligatio		35,767.10		194.73
Accumulated depreciation:			922.20		1.46
Depreciation Adjustments:		-			
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	36,879.30	-	196.19	
Conesville Asbestos					
Long-lived asset:	101850 - NonReg Plant In Service AR	12,762.62			
Initial liability:	230850 - Asset Retirement Obligatio		12,762.62		
Accretion Expense:	230850 - Asset Retirement Obligatio		19,992.12		171.96
Accumulated depreciation:			4,512.33		24.93
Depreciation Adjustments:		-			
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	24,504.45	-	196.89	
East Bend Asbestos					
Long-lived asset:	101850 - NonReg Plant In Service AR	42,698.67			
Initial liability:	230850 - Asset Retirement Obligatio		42,698.67		
Accretion Expense:	230850 - Asset Retirement Obligatio		66,885.90		575.32
Accumulated depreciation:			12,711.63		70.23
Depreciation Adjustments:		-			
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	79,597.53	-	845.55	
East Bend River Structure					
Long-lived asset:	101850 - NonReg Plant In Service AR	17,053.76			
Initial liability:	230850 - Asset Retirement Obligatio		17,053.76		
Accretion Expense:	230850 - Asset Retirement Obligatio		59,590.80		402.38
Accumulated depreciation:			6,888.60		23.85
Depreciation Adjustments:		-			
Cumulative-effect adjustment:	435300 - ARD Extraordinary Deduct	66,459.60	-	426.23	
East Bend SCR Catalyst A 2002					
Long-lived asset:	101850 - NonReg Plant In Service AR	71,110.28			
Initial liability:	230850 - Asset Retirement Obligatio		71,110.28		
Accretion Expense:	230850 - Asset Retirement Obligatio		13,989.82		382.95
Accumulated depreciation:			27,504.85		670.85
Depreciation Adjustments:		-			
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	41,494.67	-	1,053.80	
East Bend SCR Catalyst B 2002					
Long-lived asset:	101850 - NonReg Plant In Service AR	68,384.10			
Initial liability:	230850 - Asset Retirement Obligatio		68,384.10		
Accretion Expense:	230850 - Asset Retirement Obligatio		13,320.01		385.22
Accumulated depreciation:			20,930.09		510.49
Depreciation Adjustments:		-			
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	34,250.10	-	875.71	
Killen Asbestos					
Long-lived asset:	101850 - NonReg Plant In Service AR	19,656.86			
Initial liability:	230850 - Asset Retirement Obligatio		19,656.86		
Accretion Expense:	230850 - Asset Retirement Obligatio		30,791.87		284.85
Accumulated depreciation:			5,737.70		31.71
Depreciation Adjustments:		-			
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	36,529.37	-	296.56	
Killen River Structure					
Long-lived asset:	101850 - NonReg Plant In Service AR	20,022.46			

	Initial liability:	230850 - Asset Retirement Obligatio		20,022.46	
	Accretion Expense:	230850 - Asset Retirement Obligatio		64,483.75	443.66
	Accumulated depreciation:			7,728.00	28.01
	Depreciation Adjustments:			-	
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	72,211.75	-	471.57
K	CR Catalyst A 2004				
	Long-lived asset:	101850 - NonReg Plant In Service AR	43,079.11		
	Initial liability:	230850 - Asset Retirement Obligatio		43,079.11	
	Accretion Expense:	230850 - Asset Retirement Obligatio		3,486.87	201.79
	Accumulated depreciation:			17,052.12	897.48
	Depreciation Adjustments:			-	
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	20,538.99	-	1,099.27
	Killen SCR Catalyst B 2004				
	Long-lived asset:	101850 - NonReg Plant In Service AR	40,558.73		
	Initial liability:	230850 - Asset Retirement Obligatio		40,558.73	
	Accretion Expense:	230850 - Asset Retirement Obligatio		3,348.37	193.92
	Accumulated depreciation:			10,703.08	583.31
	Depreciation Adjustments:			-	
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	14,051.45	-	757.23
	Miami Fort 3-5 Asbestos				
	Long-lived asset:	101850 - NonReg Plant In Service AR	216,408.49		
	Initial liability:	230850 - Asset Retirement Obligatio		216,408.49	
	Accretion Expense:	230850 - Asset Retirement Obligatio		338,995.60	2,915.87
	Accumulated depreciation:			88,479.54	378.33
	Depreciation Adjustments:			-	
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	407,475.14	-	3,294.20
	Miami Fort 5&6 River Structure				
	Long-lived asset:	101850 - NonReg Plant In Service AR	2,043.34		
	Initial liability:	230850 - Asset Retirement Obligatio		2,043.34	
	Accretion Expense:	230850 - Asset Retirement Obligatio		66,544.33	360.09
	Accumulated depreciation:			1,280.24	1.93
	Depreciation Adjustments:			-	
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	67,834.57	-	362.02
	Miami Fort 6 Asbestos				
	Long-lived asset:	101850 - NonReg Plant In Service AR	176,823.48		
	Initial liability:	230850 - Asset Retirement Obligatio		176,823.48	
	Accretion Expense:	230850 - Asset Retirement Obligatio		276,987.26	2,382.51
	Accumulated depreciation:			55,952.63	309.13
	Depreciation Adjustments:			-	
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	332,839.79	-	2,691.64
L	Fort 7 SCR Catalyst A 2003				
	Long-lived asset:	101850 - NonReg Plant In Service AR	127,485.02		
	Initial liability:	230850 - Asset Retirement Obligatio		127,465.02	
	Accretion Expense:	230850 - Asset Retirement Obligatio		16,405.42	623.44
	Accumulated depreciation:			63,732.43	2,197.68
	Depreciation Adjustments:			-	
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	80,137.85	-	2,821.12
	Miami Fort 7 SCR Catalyst B 2003				
	Long-lived asset:	101850 - NonReg Plant In Service AR	119,908.44		
	Initial liability:	230850 - Asset Retirement Obligatio		119,908.44	
	Accretion Expense:	230850 - Asset Retirement Obligatio		15,747.64	599.15
	Accumulated depreciation:			42,406.70	1,462.30
	Depreciation Adjustments:			-	
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	58,154.34	-	2,081.45
	Miami Fort 7&8 River Structure				
	Long-lived asset:	101850 - NonReg Plant In Service AR	6,699.38		
	Initial liability:	230850 - Asset Retirement Obligatio		6,699.38	
	Accretion Expense:	230850 - Asset Retirement Obligatio		37,197.11	230.46
	Accumulated depreciation:			3,211.20	8.92
	Depreciation Adjustments:			-	
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	40,408.31	-	239.38
	Miami Fort 8 SCR Catalyst A 2002				
	Long-lived asset:	101850 - NonReg Plant In Service AR	117,772.83		
	Initial liability:	230850 - Asset Retirement Obligatio		117,772.83	
	Accretion Expense:	230850 - Asset Retirement Obligatio		22,237.53	606.71
	Accumulated depreciation:			56,886.25	1,436.28
	Depreciation Adjustments:			-	
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	81,123.78	-	2,042.97
	Miami Fort 8 SCR Catalyst B 2002				
	Long-lived asset:	101850 - NonReg Plant In Service AR	109,611.81		
	Initial liability:	230850 - Asset Retirement Obligatio		109,611.81	
	Accretion Expense:	230850 - Asset Retirement Obligatio		21,564.35	590.29
	Accumulated depreciation:			42,396.67	1,034.08
	Depreciation Adjustments:			-	
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	63,661.22	-	1,624.37
	1 SCR Catalyst A 2004				
	Long-lived asset:	101850 - NonReg Plant In Service AR	110,711.89		
	Initial liability:	230850 - Asset Retirement Obligatio		110,711.89	
	Accretion Expense:	230850 - Asset Retirement Obligatio		9,319.05	540.14
	Accumulated depreciation:			21,911.75	1,153.25
	Depreciation Adjustments:			-	
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	31,230.80	-	1,693.39

Stuart 1 SCR Catalyst B 2004					
Long-lived asset:	101850 - NonReg Plant In Service AR	102,392.60			
Initial liability:	230850 - Asset Retirement Obligatio		102,392.60		
Accretion Expense:	230850 - Asset Retirement Obligatio		8,950.81		519.80
Accumulated depreciation:			16,212.13		853.27
Depreciation Adjustments:		-			
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	25,162.94		1,372.87	
Stuart 2 SCR Catalyst A 2004					
Long-lived asset:	101850 - NonReg Plant In Service AR	110,711.89			
Initial liability:	230850 - Asset Retirement Obligatio		110,711.89		
Accretion Expense:	230850 - Asset Retirement Obligatio		9,319.05		540.14
Accumulated depreciation:			21,911.75		1,153.25
Depreciation Adjustments:		-			
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	31,230.80		1,693.39	
Stuart 2 SCR Catalyst B 2004					
Long-lived asset:	101850 - NonReg Plant In Service AR	102,392.80			
Initial liability:	230850 - Asset Retirement Obligatio		102,392.80		
Accretion Expense:	230850 - Asset Retirement Obligatio		8,950.81		519.80
Accumulated depreciation:			16,212.13		853.27
Depreciation Adjustments:		-			
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	25,162.94		1,372.87	
Stuart 3 SCR Catalyst A 2004					
Long-lived asset:	101850 - NonReg Plant In Service AR	108,577.02			
Initial liability:	230850 - Asset Retirement Obligatio		108,577.02		
Accretion Expense:	230850 - Asset Retirement Obligatio		9,143.70		530.39
Accumulated depreciation:			18,749.58		986.83
Depreciation Adjustments:		-			
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	27,893.28		1,517.22	
Stuart 3 SCR Catalyst B 2004					
Long-lived asset:	101850 - NonReg Plant In Service AR	98,177.10			
Initial liability:	230850 - Asset Retirement Obligatio		98,177.10		
Accretion Expense:	230850 - Asset Retirement Obligatio		8,741.79		507.86
Accumulated depreciation:			14,131.63		743.77
Depreciation Adjustments:		-			
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	22,873.42		1,251.63	
Stuart 4 SCR Catalyst A 2004					
Long-lived asset:	101850 - NonReg Plant In Service AR	122,031.52			
Initial liability:	230850 - Asset Retirement Obligatio		122,031.52		
Accretion Expense:	230850 - Asset Retirement Obligatio		9,877.29		571.60
Accumulated depreciation:			38,643.34		2,033.66
Depreciation Adjustments:		-			
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	48,520.83		2,605.48	
Stuart 4 SCR Catalyst B 2004					
Long-lived asset:	101850 - NonReg Plant In Service AR	108,577.02			
Initial liability:	230850 - Asset Retirement Obligatio		108,577.02		
Accretion Expense:	230850 - Asset Retirement Obligatio		9,143.70		530.39
Accumulated depreciation:			18,749.58		986.83
Depreciation Adjustments:		-			
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	27,893.28		1,517.22	
Stuart 4 SCR Catalyst C 2005					
Long-lived asset:	101850 - NonReg Plant In Service AR	102,941.47			
Initial liability:	230850 - Asset Retirement Obligatio		102,941.47		
Accretion Expense:	230850 - Asset Retirement Obligatio		3,877.42		507.86
Accumulated depreciation:			7,594.02		843.78
Depreciation Adjustments:		-			
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	11,571.44		1,351.64	
Stuart Asbestos					
Long-lived asset:	101850 - NonReg Plant In Service AR	426,891.66			
Initial liability:	230850 - Asset Retirement Obligatio		426,891.66		
Accretion Expense:	230850 - Asset Retirement Obligatio		688,709.27		5,751.90
Accumulated depreciation:			147,457.08		814.68
Depreciation Adjustments:		-			
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	818,186.35		6,566.58	
Stuart River Structure					
Long-lived asset:	101850 - NonReg Plant In Service AR	18,679.43			
Initial liability:	230850 - Asset Retirement Obligatio		18,679.43		
Accretion Expense:	230850 - Asset Retirement Obligatio		159,760.13		936.81
Accumulated depreciation:			10,411.20		24.11
Depreciation Adjustments:		-			
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	170,171.33		860.92	
Zimmer Asbestos					
Long-lived asset:	101850 - NonReg Plant In Service AR	298,501.14			
Initial liability:	230850 - Asset Retirement Obligatio		298,501.14		
Accretion Expense:	230850 - Asset Retirement Obligatio		417,176.75		3,757.31
Accumulated depreciation:			70,138.64		417.48
Depreciation Adjustments:		-			
Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	487,313.39		4,174.79	
Zimmer River Structure					
Long-lived asset:	101850 - NonReg Plant In Service AR	22,058.61			
Initial liability:	230850 - Asset Retirement Obligatio		22,058.61		
Accretion Expense:	230850 - Asset Retirement Obligatio		30,828.48		277.66
Accumulated depreciation:			5,182.80		30.85

	Depreciation Adjustments:		-	-	
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	36,011.28	-	308.51
Zimmer SCR Catalyst A 2004					
	Long-lived asset:	101850 - NonReg Plant In Service AR	148,956.94		
	Initial liability:	230850 - Asset Retirement Obligatio		148,956.94	
	Accretion Expense:	230850 - Asset Retirement Obligatio		12,297.27	712.21
	Accumulated depreciation:			39,308.15	2,068.84
	Depreciation Adjustments:				
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	51,605.42	-	2,781.05
Zimmer SCR Catalyst B 2004					
	Long-lived asset:	101850 - NonReg Plant In Service AR	139,685.43		
	Initial liability:	230850 - Asset Retirement Obligatio		139,685.43	
	Accretion Expense:	230850 - Asset Retirement Obligatio		11,757.86	681.49
	Accumulated depreciation:			27,646.14	1,455.06
	Depreciation Adjustments:				
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	39,404.00	-	2,136.55
Zimmer SCR Catalyst C 2004					
	Long-lived asset:	101850 - NonReg Plant In Service AR	129,189.56		
	Initial liability:	230850 - Asset Retirement Obligatio		129,189.56	
	Accretion Expense:	230850 - Asset Retirement Obligatio		11,293.26	655.59
	Accumulated depreciation:			20,455.02	1,076.58
	Depreciation Adjustments:				
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	31,748.28	-	1,732.17
Gas Mains					
	Long-lived asset:	101200 - Gas plant	6,305,213.00		
	Initial liability:	230850 - Asset Retirement Obligatio		25,800,275.00	
	Accumulated depreciation:			2,480,667.00	
	Depreciation Adjustments:				
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	21,755,729.00	-	
CGE TOTAL					
	Long-lived asset:	101850 - NonReg Plant In Service AR	3,776,197.33		
	Long-lived asset:	101200 - Gas plant	6,305,213.00		
	Initial liability:	230850 - Asset Retirement Obligatio		29,376,472.33	
	Accretion Expense:	230850 - Asset Retirement Obligatio		3,605,804.83	34,878.53
	Accumulated depreciation:			3,575,772.31	25,883.85
	Depreciation Adjustments:				
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	21,755,729.00		
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	4,720,909.94		60,582.18
ULHP					
Gas Mains					
	Long-lived asset:	101200 - Gas plant	1,745,998.00		
	Initial liability:	230850 - Asset Retirement Obligatio		6,305,777.00	
	Accumulated depreciation:			636,886.00	
	Depreciation Adjustments:				
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	5,196,675.00		
KO Transmission					
Gas Mains					
	Long-lived asset:	101200 - Gas plant	32,690.00		
	Initial liability:	230850 - Asset Retirement Obligatio		73,885.00	
	Accumulated depreciation:			27,580.00	
	Depreciation Adjustments:				
	Cumulative-effect adjustment:	435300 - ARO Extraordinary Deduct	68,566.00		
PSI Energy, Inc.					
Cayuga Asbestos					
	Long-lived asset:	101800 - Reg Plant In Service ARO	155,162.02		
	Initial liability:	230800 - ARO Liability		155,162.02	
	Accretion Expense:	230800 - ARO Liability		243,055.35	
	Accumulated depreciation:			56,167.92	
	Depreciation Adjustments:				
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	299,223.27		
Cayuga River Structure					
	Long-lived asset:	101800 - Reg Plant In Service ARO	10,684.41		
	Initial liability:	230800 - ARO Liability		10,684.41	
	Accretion Expense:	230800 - ARO Liability		85,165.35	
	Accumulated depreciation:			6,073.20	
	Depreciation Adjustments:				
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	91,238.55		
Ernsport Asbestos					
	Long-lived asset:	101800 - Reg Plant In Service ARO	650,548.04		
	Initial liability:	230800 - ARO Liability		650,548.04	
	Accretion Expense:	230800 - ARO Liability		898,001.36	
	Accumulated depreciation:			626,325.16	
	Depreciation Adjustments:				
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	1,525,326.52		
Gallagher Asbestos					

	Long-lived asset:	101800 - Reg Plant In Service ARO	1,228,287.37	
	Initial liability:	230800 - ARO Liability		1,228,287.37
	Accretion Expense:	230800 - ARO Liability		1,947,871.14
	Accumulated depreciation:			604,130.84
	Depreciation Adjustments:			-
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	2,551,802.08	-
Gibson 1-4 River Structure				
	Long-lived asset:	101800 - Reg Plant In Service ARO	5,844.15	
	Initial liability:	230800 - ARO Liability		5,844.15
	Accretion Expense:	230800 - ARO Liability		104,520.81
	Accumulated depreciation:			4,241.28
	Depreciation Adjustments:			-
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	108,762.09	-
Gibson 1 SCR Catalyst A 2005				
	Long-lived asset:	101800 - Reg Plant In Service ARO	248,745.85	
	Initial liability:	230800 - ARO Liability		248,745.85
	Accretion Expense:	230800 - ARO Liability		6,792.14
	Accumulated depreciation:			24,183.60
	Depreciation Adjustments:			-
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	30,975.74	-
Gibson 1 SCR Catalyst B 2005				
	Long-lived asset:	101800 - Reg Plant In Service ARO	232,799.88	
	Initial liability:	230800 - ARO Liability		232,799.88
	Accretion Expense:	230800 - ARO Liability		6,475.80
	Accumulated depreciation:			16,975.00
	Depreciation Adjustments:			-
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	23,450.80	-
Gibson 1-4 Asbestos				
	Long-lived asset:	101800 - Reg Plant In Service ARO	689,481.94	
	Initial liability:	230800 - ARO Liability		689,481.94
	Accretion Expense:	230800 - ARO Liability		1,048,717.52
	Accumulated depreciation:			195,445.61
	Depreciation Adjustments:			-
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	1,244,163.13	-
Gibson 1-4 River Structure				
	Long-lived asset:	101800 - Reg Plant In Service ARO	2,441.43	
	Initial liability:	230800 - ARO Liability		2,441.43
	Accretion Expense:	230800 - ARO Liability		13,555.71
	Accumulated depreciation:			1,101.60
	Depreciation Adjustments:			-
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	14,657.31	-
Gibson 2 SCR Catalyst A 2002				
	Long-lived asset:	101800 - Reg Plant In Service ARO	229,427.63	
	Initial liability:	230800 - ARO Liability		229,427.63
	Accretion Expense:	230800 - ARO Liability		43,319.89
	Accumulated depreciation:			114,713.90
	Depreciation Adjustments:			-
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	158,033.79	-
Gibson 2 SCR Catalyst B 2002				
	Long-lived asset:	101800 - Reg Plant In Service ARO	213,528.31	
	Initial liability:	230800 - ARO Liability		213,528.31
	Accretion Expense:	230800 - ARO Liability		42,008.46
	Accumulated depreciation:			82,591.63
	Depreciation Adjustments:			-
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	124,600.09	-
Gibson 2 SCR Catalyst C 2004				
	Long-lived asset:	101800 - Reg Plant In Service ARO	221,378.13	
	Initial liability:	230800 - ARO Liability		221,378.13
	Accretion Expense:	230800 - ARO Liability		17,898.31
	Accumulated depreciation:			37,241.28
	Depreciation Adjustments:			-
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	55,137.69	-
Gibson 3 SCR Catalyst A 2002				
	Long-lived asset:	101800 - Reg Plant In Service ARO	235,752.34	
	Initial liability:	230800 - ARO Liability		235,752.34
	Accretion Expense:	230800 - ARO Liability		44,514.09
	Accumulated depreciation:			138,083.49
	Depreciation Adjustments:			-
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	182,597.58	-
Gibson 3 SCR Catalyst B 2002				
	Long-lived asset:	101800 - Reg Plant In Service ARO	221,556.02	
	Initial liability:	230800 - ARO Liability		221,556.02
	Accretion Expense:	230800 - ARO Liability		42,709.18
	Accumulated depreciation:			96,636.18
	Depreciation Adjustments:			-
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	139,345.34	-
Gibson 3 SCR Catalyst C 2004				
	Long-lived asset:	101800 - Reg Plant In Service ARO	229,948.28	
	Initial liability:	230800 - ARO Liability		229,948.28
	Accretion Expense:	230800 - ARO Liability		18,238.81
	Accumulated depreciation:			43,589.18
	Depreciation Adjustments:			-

	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	61,807.99	-	
Gibson 4 SCR Catalyst A 2003	Long-lived asset:	101800 - Reg Plant In Service ARO	255,153.30		
	Initial liability:	230800 - ARO Liability		255,153.30	
	Accretion Expense:	230800 - ARO Liability		32,839.57	
	Accumulated depreciation:			160,857.49	
	Depreciation Adjustments:		-	-	
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	193,697.06	-	
Gibson 4 SCR Catalyst B 2003	Long-lived asset:	101800 - Reg Plant In Service ARO	241,648.35		
	Initial liability:	230800 - ARO Liability		241,648.35	
	Accretion Expense:	230800 - ARO Liability		31,101.18	
	Accumulated depreciation:			100,110.61	
	Depreciation Adjustments:		-	-	
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	131,211.77	-	
Gibson 4 SCR Catalyst C 2004	Long-lived asset:	101800 - Reg Plant In Service ARO	110,689.26		
	Initial liability:	230800 - ARO Liability		110,689.26	
	Accretion Expense:	230800 - ARO Liability		8,948.15	
	Accumulated depreciation:			18,620.64	
	Depreciation Adjustments:		-	-	
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	27,568.79	-	
Gibson 5 Asbestos	Long-lived asset:	101800 - Reg Plant In Service ARO	82,681.73		
	Initial liability:	230800 - ARO Liability		82,681.73	
	Accretion Expense:	230800 - ARO Liability		129,486.39	
	Accumulated depreciation:			24,132.73	
	Depreciation Adjustments:		-	-	
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	153,619.12	-	
Gibson 5 River Structure	Long-lived asset:	101800 - Reg Plant In Service ARO	305.48		
	Initial liability:	230800 - ARO Liability		305.48	
	Accretion Expense:	230800 - ARO Liability		1,696.59	
	Accumulated depreciation:			136.80	
	Depreciation Adjustments:		-	-	
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	1,833.38	-	
Gibson 5 SCR Catalyst A 2005	Long-lived asset:	101800 - Reg Plant In Service ARO	128,612.96		
	Initial liability:	230800 - ARO Liability		128,612.96	
	Accretion Expense:	230800 - ARO Liability		3,451.46	
	Accumulated depreciation:			15,028.16	
	Depreciation Adjustments:		-	-	
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	18,479.62	-	
Gibson 5 SCR Catalyst B 2005	Long-lived asset:	101800 - Reg Plant In Service ARO	120,916.06		
	Initial liability:	230800 - ARO Liability		120,916.06	
	Accretion Expense:	230800 - ARO Liability		3,301.68	
	Accumulated depreciation:			10,076.36	
	Depreciation Adjustments:		-	-	
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	13,378.04	-	
Noblesville Asbestos	Long-lived asset:	101800 - Reg Plant In Service ARO	57,428.65		
	Initial liability:	230800 - ARO Liability		57,428.65	
	Accretion Expense:	230800 - ARO Liability		89,956.70	
	Accumulated depreciation:			18,172.40	
	Depreciation Adjustments:		-	-	
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	108,129.10	-	
Wabash River Asbestos	Long-lived asset:	101800 - Reg Plant In Service ARO	410,210.13		
	Initial liability:	230800 - ARO Liability		410,210.13	
	Accretion Expense:	230800 - ARO Liability		650,462.22	
	Accumulated depreciation:			184,264.74	
	Depreciation Adjustments:		-	-	
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	814,726.96	-	
Wabash River River Structure	Long-lived asset:	101800 - Reg Plant In Service ARO	6,533.60		
	Initial liability:	230800 - ARO Liability		6,533.60	
	Accretion Expense:	230800 - ARO Liability		168,488.22	
	Accumulated depreciation:			4,555.20	
	Depreciation Adjustments:		-	-	
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	173,053.42	-	
PSI TOTAL	Long-lived asset:	101800 - Reg Plant In Service ARO	5,969,742.90		
	Initial liability:	230800 - ARO Liability		5,969,742.90	
	Accretion Expense:	230800 - ARO Liability		5,683,384.04	58,308.80
	Accumulated depreciation:			2,563,435.10	43,868.45
	Depreciation Adjustments:		-	-	
	Cumulative-effect adjustment:	182303 - ARO Other Regulatory Asset	8,246,819.14		102,187.35

**Fin 47 Gas Mains
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**Attorney General Second Set Data Request
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Total CG&E (and Cinergy) Consolidated			
<u>CG&E Consolidated Mains 12/31/05 Adoption entry:</u>			
dr. ARC	8,083,902		
dr. COR	26,952,404		
dr. Cum effect	68,585		
cr. ARC Accum dep		3,125,144	
cr. ARO		31,979,747	

CG&E Standalone

<u>CG&E Bare Steel and Cast Iron 12/31/05 Adoption entry:</u>			
dr. ARC	1,173,599		
dr. COR	7,632,664		
cr. ARC Accum dep		1,044,399	
cr. ARO		7,761,864	

<u>CG&E Coated Steel 12/31/05 Adoption entry:</u>			
dr. ARC	2,007,400		
dr. COR	11,272,921		
cr. ARC Accum dep		971,366	
cr. ARO		12,308,955	

<u>CG&E Plastic 12/31/05 Adoption entry:</u>			
dr. ARC	3,124,214		
dr. COR	2,850,144		
cr. ARC Accum dep		444,902	
cr. ARO		5,529,456	

Total CG&E Standalone			
<u>CG&E Mains 12/31/05 Adoption Entry:</u>			
dr. ARC	6,305,213		
dr. COR	21,755,729		
cr. ARC Accum dep		2,460,667	
cr. ARO		25,600,275	

ULH&P

<u>ULH&P Bare Steel and Cast Iron 12/31/05 Adoption entry:</u>			
dr. ARC	180,463		
dr. COR	1,128,299		
cr. ARC Accum dep		169,113	
cr. ARO		1,139,649	

<u>ULH&P Coated Steel 12/31/05 Adoption entry:</u>			
dr. ARC	657,230		
dr. COR	3,297,557		
cr. ARC Accum dep		345,251	
cr. ARO		3,609,536	

<u>ULH&P Plastic 12/31/05 Adoption entry:</u>			
dr. ARC	908,305		
dr. COR	770,819		
cr. ARC Accum dep		122,533	
cr. ARO		1,556,591	

Total ULH&P			
<u>CG&E Mains 12/31/05 Adoption Entry:</u>			
dr. ARC	1,745,998		
dr. COR	5,196,675		
cr. ARC Accum dep		636,896	
cr. ARO		6,305,777	

KO Transmission			
<u>KO 12/31/05 River Project Adoption entry:</u>			
dr. ARC	32,691		
dr. Cum effect	68,585		
cr. ARC Accum dep		27,580	
cr. ARO		73,695	

Fin 47 Gas Mains
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Ameyway Damant Second Set Data Request
 Duke Energy Kentucky Case No. 2008-00172
 Attachment AG-DR-02-033 (a)

Main type:	In-service for river portfolio	Charge's Purchase date	DOT regulations effective date	ARO vintage	Age at 12/31/2005 \$	Expected Settlement Date	Inflation rate	Discount rate	Obligation 2005 \$	Inflation factor	Inflated to Settlement	\$ Discounted to		\$ Discounted to		\$ Discounted to		\$ Discounted to		\$ Discounted to	
												to	to	to	to	to	to	to	to	to	to
KO																					
Coated steel	1948	6/1/1990	8/19/1970	6/1/1990	37	6/30/2007	2.50%	5.33%	20,000	1.0377	\$ 20,759	19,205	1,551	10,654	7,802	14,955	18,709	18,458	18,234	17,309	16,494
Coated steel	1948	6/1/1990	8/19/1970	6/1/1990	37	6/30/2008	2.50%	5.33%	20,000	1.0637	\$ 21,274	18,687	2,587	10,387	7,171	18,444	18,204	17,970	17,742	16,842	15,991
Coated steel	1948	6/1/1990	8/19/1970	6/1/1990	37	6/30/2009	2.50%	5.33%	20,000	1.0903	\$ 21,805	18,185	3,620	10,089	6,613	17,949	17,716	17,488	17,266	16,391	15,562
Coated steel	1948	6/1/1990	8/19/1970	6/1/1990	37	6/30/2010	2.50%	5.43%	20,000	1.1173	\$ 22,351	17,618	4,733	9,835	6,594	17,583	17,355	17,130	16,910	16,111	15,348
									\$ 80,000			77,624	31,691	41,005	37,585	77,233	78,284	79,457	80,632	66,390	61,018

KO 12/31/05 River Project Administration:
 Mr. ABC 72,500
 Mr. Case officer 64,143
 or, ABC Admin Inv 22,580
 or, ARO 75,695

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Attorney General Second Set Data Request
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Main type:	Miles:	% of total	Average in-service:	DOT regulations effective date:	ARO vintage	Life per Spanos' study:	Expected Settlement Date:	Obligation 2005 \$s
CG&E								
Bare steel (1)	142	3%	1924	8/19/1970	8/19/1970	N/A	2006-2015	1,749,021
Cast Iron (1)	587	11%	1927	8/19/1970	8/19/1970	N/A	2006-2015	7,222,702
Coated steel	2,697	49%	N/A	8/19/1970	date	dependent on in-service	60 service date	33,175,475
Plastic	2,077	38%	N/A	8/19/1970	date	dependent on in-service	50 service date	25,546,017
	<u>5,502</u>							<u>67,693,215</u>
ULH&P								
Bare steel (2)	19	1%	1927	8/19/1970	8/19/1970	N/A	2006-2010	233,387
Cast Iron (2)	80	6%	1930	8/19/1970	8/19/1970	N/A	2006-2010	986,410
Coated steel	660	49%	N/A	8/19/1970	date	dependent on in-service	53 service date	8,121,574
Plastic	598	44%	N/A	8/19/1970	date	dependent on in-service	50 service date	7,352,007
	<u>1,357</u>							<u>16,693,378</u>
Total	<u>6,859</u>							<u>84,386,593</u>

- (1) Will be removed over next 10 years with AMRP program.
 (2) Will be removed over next 5 years with AMRP program.

Fin 47 Gas Mains
 December 31, 2005 Adoption Entries

Attorney General Second Set Data Request
 Duke Energy Kentucky Case No. 2006-00172
 Attachment AG-DR-02-033 (a)

Main type:	Voltage (DOT regulations effective date):	Expected Settlement Date:	Inflation rate:	Discount rate:	Footage:	Obligation 2005 \$:	Inflation factor:	Inflated to Settlement:	\$ Discounted to		Accretion Cum Catch	ARC Depreciation Cum Catch	\$ Discounted to							
									12/31/2005	8/19/1970			9/30/2005	6/30/2005	3/31/2005	12/31/2004	12/31/2003	12/31/2002		
CG&E																				
Bare mains and cast iron	8/19/1970	6/30/2006	2.50%	5.33%	385,053	\$ 897,172	1.0124	\$ 908,218	885,244	141,100	744,145	139,150	873,742	862,389	851,305	840,482	797,870	757,527		
Bare mains and cast iron	8/19/1970	6/30/2007	2.50%	5.33%	385,053	\$ 897,172	1.0377	\$ 931,026	861,494	137,314	724,180	131,746	850,301	839,252	828,465	817,933	776,465	737,203		
Bare mains and cast iron	8/19/1970	6/30/2008	2.50%	5.33%	385,053	\$ 897,172	1.0637	\$ 954,301	838,263	133,611	704,651	124,800	827,371	816,620	806,124	795,876	755,526	717,323		
Bare mains and cast iron	8/19/1970	6/30/2009	2.50%	5.33%	385,053	\$ 897,172	1.0903	\$ 978,159	815,773	130,027	685,747	118,329	805,174	794,712	784,497	774,524	735,256	698,078		
Bare mains and cast iron	8/19/1970	6/30/2010	2.50%	5.43%	385,053	\$ 897,172	1.1175	\$ 1,002,613	790,339	121,611	668,728	107,896	779,874	769,548	759,468	749,629	710,914	674,295		
Bare mains and cast iron	8/19/1970	6/30/2011	2.50%	5.54%	385,053	\$ 897,172	1.1455	\$ 1,027,678	764,175	113,514	650,661	98,250	753,868	743,699	733,776	724,092	686,010	650,027		
Bare mains and cast iron	8/19/1970	6/30/2012	2.50%	5.54%	385,053	\$ 897,172	1.1741	\$ 1,053,370	742,085	110,233	631,852	93,126	732,075	722,200	712,564	703,160	666,179	631,236		
Bare mains and cast iron	8/19/1970	6/30/2013	2.50%	5.64%	385,053	\$ 897,172	1.2035	\$ 1,079,704	715,377	102,587	612,790	84,646	705,551	695,859	686,404	677,179	640,924	606,701		
Bare mains and cast iron	8/19/1970	6/30/2014	2.50%	5.75%	385,053	\$ 897,172	1.2335	\$ 1,106,697	688,259	95,282	592,978	76,827	678,635	669,145	659,889	650,861	615,401	581,961		
Bare mains and cast iron	8/19/1970	6/30/2015	2.50%	5.85%	385,053	\$ 897,172	1.2644	\$ 1,134,364	660,853	88,321	572,532	69,628	651,449	642,178	633,138	624,322	589,719	557,120		
									<u>\$ 8,971,723</u>		<u>\$ 7,761,864</u>	<u>\$ 1,173,599</u>	<u>\$ 6,588,265</u>	<u>\$ 1,044,399</u>	<u>\$ 7,658,039</u>	<u>\$ 7,555,604</u>	<u>\$ 7,455,631</u>	<u>\$ 7,358,090</u>	<u>\$ 6,974,263</u>	<u>\$ 6,611,471</u>
CG&E Bare Main and Cast Iron 12/31/05 Adoption entry:																				
dr. ARC																				
dr. COR																				
cr. ARC Accum dep																				
cr. ARO																				
ULH&P																				
Bare mains and cast iron	8/19/1970	6/30/2006	2.50%	5.33%	104,704	\$ 243,959	1.0124	\$ 246,990	240,716	38,368	202,348	37,838	237,588	234,501	231,487	228,544	216,957	205,987		
Bare mains and cast iron	8/19/1970	6/30/2007	2.50%	5.33%	104,704	\$ 243,959	1.0377	\$ 253,165	234,258	37,339	196,919	35,824	231,214	228,210	225,277	222,413	211,137	200,461		
Bare mains and cast iron	8/19/1970	6/30/2008	2.50%	5.33%	104,704	\$ 243,959	1.0637	\$ 259,494	227,941	36,332	191,609	33,936	224,979	222,056	219,202	216,415	205,443	195,055		
Bare mains and cast iron	8/19/1970	6/30/2009	2.50%	5.33%	104,704	\$ 243,959	1.0903	\$ 265,981	221,825	35,357	186,468	32,176	218,943	216,098	213,321	210,609	199,931	189,822		
Bare mains and cast iron	8/19/1970	6/30/2010	2.50%	5.43%	104,704	\$ 243,959	1.1175	\$ 272,631	214,909	33,069	181,841	29,239	212,064	209,256	206,515	203,839	193,312	183,354		
									<u>\$ 1,219,797</u>		<u>\$ 1,139,649</u>	<u>\$ 180,463</u>	<u>\$ 959,186</u>	<u>\$ 169,113</u>	<u>\$ 1,124,788</u>	<u>\$ 1,110,121</u>	<u>\$ 1,095,801</u>	<u>\$ 1,081,820</u>	<u>\$ 1,026,779</u>	<u>\$ 974,678</u>
ULH&P Bare Steel and Cast Iron 12/31/05 Adoption entry:																				
dr. ARC																				
dr. COR																				
cr. ARC Accum dep																				
cr. ARO																				

Flt 47 Gas Main
 December 31, 2005 Adoption Entries

KyPSC Case No. 2006-00171
 Attachment AC-DR-01-045(c)
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Amenity General Record Ref Data Request
 Duke Energy Kentucky Case No. 2005-00172
 Attachment AG-DR-01-045(c)

DOT Reg Dc	M/W/1970	Expected Amortment	Years Old	Age	Viage	Obligation 2005 \$	Inflation Factor	Inflated to 2005 \$	Discount rate	12/31/2005	Viage	Accretion Cum. Cash	ARC Depreciation Cum. Cash	\$ Discounted to	\$ Discounted to	\$ Discounted to	\$ Discounted to	\$ Discounted to	\$ Discounted to	\$ Discounted to		
Avg. Age	Faceage	Avg.	Years Old	Age	Viage	Obligation 2005 \$	Inflation Factor	Inflated to 2005 \$	Discount rate	12/31/2005	Viage	Accretion Cum. Cash	ARC Depreciation Cum. Cash	6/30/2005	6/30/2005	3/31/2005	12/31/2004	12/31/2003	12/31/2002	12/31/2001		
1986 Total	4,511	1988	38.5	6/30/1956	6/30/2016	6/30/1970	\$ 10,311	1.2060	\$ 13,822	3.96%	7,418	937	4,461	738	7,310	7,295	7,301	7,001	6,508	6,333	6,333	
1988 Total	72,736	1988	38.5	6/30/1969	6/30/2019	6/30/1970	\$ 169,452	1.3536	\$ 226,493	6.38%	102,598	11,498	91,100	8,323	101,011	99,449	97,927	96,445	94,647	85,211	85,211	
1970 Total	78,674	1970	35.6	6/30/1970	6/30/2030	6/30/1970	\$ 169,330	1.4305	\$ 242,332	4.96%	97,354	10,533	8,821	7,471	95,824	94,319	92,533	91,425	83,842	80,614	80,614	
1971 Total	182,194	1971	34.5	6/30/1971	6/30/2021	6/30/1971	\$ 424,312	1.4663	\$ 622,458	6.39%	231,337	25,531	203,803	17,619	227,645	224,011	220,475	217,002	203,576	190,988	190,988	
1972 Total	176,039	1972	33.6	6/30/1972	6/30/2022	6/30/1972	\$ 417,161	1.5029	\$ 626,971	6.39%	218,605	25,721	192,885	17,325	215,117	211,693	208,341	205,018	192,373	180,477	180,477	
1973 Total	147,265	1973	32.5	6/30/1973	6/30/2023	6/30/1973	\$ 343,127	1.5405	\$ 528,395	6.39%	172,908	21,683	151,223	14,097	170,149	167,433	164,790	162,216	152,359	142,750	142,750	
1974 Total	13,656	1974	31.5	6/30/1974	6/30/2024	6/30/1974	\$ 31,879	1.5790	\$ 50,360	6.39%	14,532	2,056	12,476	1,301	15,205	14,953	14,736	14,496	13,598	12,797	12,797	
1978 Total	10,748	1978	30.5	6/30/1978	6/30/2028	6/30/1978	\$ 35,040	1.6155	\$ 56,332	6.39%	11,567	1,663	10,905	1,014	13,481	13,298	13,120	12,946	12,527	9,632	9,632	
1978 Total	8,819	1978	29.5	6/30/1978	6/30/2028	6/30/1978	\$ 15,384	1.6530	\$ 25,358	6.39%	7,118	1,081	6,037	638	7,003	6,839	6,784	6,678	6,254	5,177	5,177	
1977 Total	11,138	1977	28.5	6/30/1977	6/30/2027	6/30/1977	\$ 25,932	1.7004	\$ 44,129	6.39%	11,180	1,810	9,370	1,032	11,002	10,836	10,655	10,489	9,839	9,230	9,230	
1978 Total	4,367	1978	27.5	6/30/1978	6/30/2028	6/30/1978	\$ 10,222	1.7430	\$ 17,816	6.39%	4,234	731	3,503	402	4,166	4,100	4,033	3,972	3,726	3,495	3,495	
1978 Total	17,195	1978	26.5	6/30/1978	6/30/2029	6/30/1978	\$ 40,064	1.7855	\$ 71,376	6.49%	16,336	3,086	13,250	1,636	16,079	15,826	15,580	15,341	14,404	13,527	13,527	
1982 Total	81,029	1982	23.5	6/30/1982	6/30/2032	6/30/1982	\$ 188,788	1.8312	\$ 345,708	6.49%	74,096	14,506	59,190	7,803	72,531	71,785	70,570	69,383	65,334	61,333	61,333	
1981 Total	20,822	1981	24.5	6/30/1981	6/30/2031	6/30/1981	\$ 47,816	1.8720	\$ 89,350	6.49%	18,068	3,870	14,195	1,893	17,781	17,501	17,229	16,954	15,929	14,958	14,958	
1982 Total	128	1982	23.5	6/30/1982	6/30/2032	6/30/1982	\$ 298	1.9239	\$ 574	6.49%	108	25	84	12	107	105	103	102	96	96	96	
1983 Total	3,017	1983	22.5	6/30/1983	6/30/2033	6/30/1983	\$ 7,030	1.9720	\$ 13,862	6.49%	2,460	598	1,863	242	2,422	2,384	2,346	2,310	2,169	2,037	2,037	
1984 Total	4,884	1984	21.5	6/30/1984	6/30/2034	6/30/1984	\$ 11,360	2.0213	\$ 23,003	6.49%	3,834	992	2,842	427	3,773	3,714	3,656	3,600	3,330	3,174	3,174	
1988 Total	4,255	1988	20.5	6/30/1988	6/30/2035	6/30/1988	\$ 10,310	2.0718	\$ 21,361	6.49%	3,343	921	2,422	378	3,291	3,239	3,189	3,140	2,946	2,769	2,769	
1938 Total	855	1938	19.5	6/30/1938	6/30/2036	6/30/1938	\$ 1,992	2.1216	\$ 4,233	6.49%	822	183	639	71	812	802	791	784	758	715	672	672
1937 Total	8,238	1937	18.5	6/30/1937	6/30/2037	6/30/1937	\$ 14,574	2.1727	\$ 31,942	6.49%	4,608	1,377	3,231	510	4,339	4,271	4,204	4,140	3,881	3,650	3,650	
1989 Total	5,553	1989	17.5	6/30/1989	6/30/2038	6/30/1989	\$ 23,358	2.2231	\$ 51,962	6.49%	6,416	2,141	4,275	730	6,137	6,026	5,916	5,804	5,478	5,139	4,823	4,823
1989 Total	7,964	1989	16.5	6/30/1989	6/30/2039	6/30/1989	\$ 18,556	2.2889	\$ 42,436	6.49%	5,165	1,830	3,335	604	5,084	5,004	4,926	4,830	4,534	4,277	4,277	
1990 Total	27,030	1990	15.5	6/30/1990	6/30/2040	6/30/1990	\$ 62,910	2.3441	\$ 147,630	6.49%	16,871	6,364	10,507	1,973	16,406	16,245	16,091	15,844	14,876	13,970	13,970	
1991 Total	58,042	1991	14.5	6/30/1991	6/30/2041	6/30/1991	\$ 135,239	2.4027	\$ 324,934	6.49%	34,872	14,008	20,864	4,064	34,324	34,185	33,969	33,748	32,748	30,748	28,756	28,756
1992 Total	846,417	1992	13.5	6/30/1992	6/30/2042	6/30/1992	\$ 894,822	2.4628	\$ 2,199,878	6.49%	397,762	85,462	114,299	25,081	396,043	393,539	390,259	386,396	376,141	365,413	354,413	354,413
1993 Total	674,238	1993	12.5	6/30/1993	6/30/2043	6/30/1993	\$ 1,571,138	2.5243	\$ 3,984,059	6.49%	375,372	171,007	204,365	42,766	369,474	365,668	361,018	355,211	339,985	316,828	316,828	
1994 Total	731,137	1994	11.5	6/30/1994	6/30/2044	6/30/1994	\$ 1,703,549	2.5874	\$ 4,402,816	6.49%	391,308	190,021	201,686	43,721	383,553	379,495	375,396	371,252	343,590	324,351	324,351	
1996 Total	841,460	1996	10.5	6/30/1996	6/30/2046	6/30/1996	\$ 1,494,602	2.6521	\$ 3,936,859	6.49%	330,802	170,882	159,920	25,002	325,604	320,488	315,506	310,556	291,666	273,933	273,933	
1996 Total	828,514	1996	9.5	6/30/1996	6/30/2046	6/30/1996	\$ 1,464,438	2.7184	\$ 3,905,956	6.49%	311,995	171,649	160,346	23,623	307,993	302,268	297,589	292,994	275,103	258,349	258,349	
1987 Total	840,048	1987	8.5	6/30/1987	6/30/2047	6/30/1987	\$ 2,190,312	2.7864	\$ 6,103,042	6.49%	449,178	203,348	186,030	48,736	442,120	435,179	428,408	421,822	396,064	371,943	371,943	
1986 Total	720,582	1986	7.5	6/30/1986	6/30/2048	6/30/1986	\$ 2,879,882	2.8560	\$ 8,174,966	6.49%	331,355	208,711	184,644	31,024	326,148	321,024	316,034	311,175	296,174	274,380	274,380	
1986 Total	173,043	1986	6.5	6/30/1986	6/30/2049	6/30/1986	\$ 414,840	2.9274	\$ 1,216,620	6.49%	98,811	52,554	26,457	6,811	77,579	76,354	75,167	74,011	69,492	65,360	65,360	
2000 Total	675,371	2000	5.5	6/30/2000	6/30/2050	6/30/2000	\$ 1,371,614	3.0008	\$ 4,121,830	6.49%	287,767	202,594	84,172	22,408	283,245	278,794	274,461	270,241	253,739	238,286	238,286	
2001 Total	852,486	2001	4.5	6/30/2001	6/30/2051	6/30/2001	\$ 1,988,375	3.0756	\$ 6,116,146	6.49%	350,041	243,713	86,238	77,755	344,541	339,127	334,836	329,741	308,650	288,893	288,893	
2002 Total	942,061	2002	3.5	6/30/2002	6/30/2052	6/30/2002	\$ 2,195,073	3.1523	\$ 6,920,041	6.49%	371,866	298,524	73,542	20,909	365,022	360,271	354,871	349,218	327,894	307,925	307,925	
2003 Total	887,098	2003	2.5	6/30/2003	6/30/2053	6/30/2003	\$ 2,920,337	3.2313	\$ 9,328,411	6.49%	338,455	281,640	48,014	14,101	324,278	319,183	314,221	309,390	290,498	272,804	272,804	
2004 Total	1,024,285	2004	1.5	6/30/2004	6/30/2054	6/30/2004	\$ 2,288,839	3.3121	\$ 7,595,524	6.49%	374,654	340,867	31,787	10,267	368,757	362,772	357,330	351,837	330,352	310,233	310,233	
2008 Total	785,920	2008	0.5	6/30/2005	6/30/2055	6/30/2005	\$ 1,854,516	3.3949	\$ 6,295,960	6.49%	282,302	271,466	8,737	2,733	235,800	231,466	227,247	223,128	207,070	192,020	192,020	
	10,983,890					\$15,546,017				\$ 5,529,456	\$ 3,124,214	\$ 2,405,242	\$ 444,902	\$ 5,442,439	\$ 5,336,992	\$ 5,271,402	\$ 5,192,205	\$ 4,874,684	\$ 4,572,303	\$ 4,572,303		

milles: 1.077

COSE Plastic 170162 Admin enr:

or ARC \$3,124,214
 or COR \$2,950,144
 or ARC Admin dep \$ 444,902
 or ARD \$3,579,456

Attorney General's Record Request
 Duke Energy Kentucky Case No. 2008-00172
 Attachment AG-DR-02-033 (4)

Fin 47 Gas Mains
 December 31, 2005 Adoption Exhibit

KyPSC Case No. 2008-00172
 Attachment AG-DR-01-045(c)
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DOT Reg'd Dt:		8/01/1970		\$ Discounted					\$ Discounted					\$ Discounted					\$ Discounted												
				to		to		to		to		to		to		to		to		to		to		to		to		to			
Avg. Age	Footage	Avg. Years Old	Age	Expected retirement (month/yr)	Dis/Equation 2003 \$	Inflation Factor	Inflated to Settlement	Discount rate	12/31/2005	Value	Accrion Cum Cash	ARC Deprecation Cum Cash	9/30/2005	6/30/2005	3/31/2005	12/31/2004	12/31/2003	12/31/2002	12/31/2001	12/31/2000	12/31/1999	12/31/1998	12/31/1997	12/31/1996	12/31/1995	12/31/1994	12/31/1993	12/31/1992	12/31/1991	12/31/1990	
1988 Total	962	1989	40.8	6/01/1965	6/01/2015	8/01/1970	\$ 1,179	1.2544	\$ 1,784	5.83%	1,015	116	813	107	1,002	987	973	960	947	934	921	907	894	881	868	855	842	829	816	803	
1989 Total	3,782	1989	37.5	6/01/1956	6/01/2018	8/01/1970	\$ 1,765	1.2516	\$ 11,925	6.27%	5,573	647	4,926	478	5,052	5,409	5,227	5,248	4,937	4,646	4,355	4,064	3,773	3,482	3,191	2,900	2,609	2,318	2,027	1,736	
1970 Total	33,238	1970	35.8	6/01/1970	6/01/2020	8/01/1970	\$ 77,440	1.4385	\$ 110,780	6.40%	44,523	4,817	39,706	3,417	43,823	43,135	42,446	41,757	39,258	36,857	34,456	32,055	29,654	27,253	24,852	22,451	20,050	17,649	15,248	12,847	
1971 Total	50,864	1971	34.5	6/01/1971	6/01/2021	6/01/1971	\$ 118,047	1.4963	\$ 173,091	6.59%	64,339	7,100	57,239	4,899	63,303	62,292	61,309	60,325	56,510	52,109	47,708	43,307	38,906	34,505	30,104	25,703	21,302	16,901	12,500	8,100	3,700
1972 Total	44,242	1972	33.8	6/01/1972	6/01/2022	6/01/1972	\$ 103,084	1.5029	\$ 154,920	6.59%	54,019	6,356	47,663	4,259	53,197	52,309	51,421	50,533	46,579	42,178	37,777	33,376	28,975	24,574	20,173	15,772	11,371	6,970	2,569	819	379
1973 Total	28,637	1973	32.5	6/01/1973	6/01/2023	6/01/1973	\$ 68,724	1.5405	\$ 102,780	6.59%	33,624	4,217	29,407	2,741	33,087	32,559	32,045	31,544	29,389	27,759	26,129	24,500	22,871	21,242	19,613	17,984	16,355	14,726	13,097	11,468	9,839
1974 Total	10,070	1974	31.5	6/01/1974	6/01/2024	6/01/1974	\$ 24,882	1.5799	\$ 39,290	6.59%	12,025	1,612	10,444	1,015	11,863	11,673	11,483	11,210	10,609	9,953	9,297	8,641	7,985	7,329	6,673	6,017	5,361	4,705	4,049	3,393	2,737
1975 Total	7,021	1975	30.5	6/01/1975	6/01/2025	6/01/1975	\$ 16,312	1.6183	\$ 26,515	6.59%	7,602	1,088	6,545	684	7,511	7,391	7,274	7,160	6,717	6,301	5,885	5,469	5,053	4,637	4,221	3,805	3,389	2,973	2,557	2,141	1,725
1976 Total	3,214	1976	29.5	6/01/1976	6/01/2026	6/01/1976	\$ 7,489	1.6590	\$ 12,423	6.59%	3,355	510	2,845	303	3,301	3,249	3,197	3,148	2,952	2,770	2,588	2,406	2,224	2,042	1,860	1,678	1,496	1,314	1,132	950	768
1977 Total	746	1977	28.0	6/01/1977	6/01/2027	6/01/1977	\$ 1,738	1.7004	\$ 2,994	6.59%	749	121	628	69	727	725	714	703	659	616	573	530	487	444	401	358	315	272	229	186	143
1978 Total	7,323	1978	27.8	6/01/1978	6/01/2028	6/01/1978	\$ 17,557	1.7420	\$ 30,800	6.59%	7,272	1,253	6,017	690	7,156	7,042	6,931	6,822	6,390	6,004	5,618	5,232	4,846	4,460	4,074	3,688	3,302	2,916	2,530	2,144	1,758
1979 Total	6,763	1979	26.8	6/01/1979	6/01/2029	6/01/1979	\$ 20,464	1.7865	\$ 36,860	6.49%	8,344	1,376	6,968	835	8,213	8,084	7,958	7,836	7,357	7,000	6,643	6,286	5,929	5,572	5,215	4,858	4,501	4,144	3,787	3,430	3,073
1980 Total	12,617	1980	25.8	6/01/1980	6/01/2030	6/01/1980	\$ 29,864	1.8312	\$ 54,686	6.49%	11,721	2,338	9,383	1,203	11,537	11,355	11,179	11,007	10,335	9,706	9,077	8,448	7,819	7,190	6,561	5,932	5,303	4,674	4,045	3,416	2,787
1981 Total	3,145	1981	24.5	6/01/1981	6/01/2031	6/01/1981	\$ 7,337	1.8770	\$ 13,773	6.49%	2,722	554	2,168	291	2,728	2,685	2,644	2,603	2,444	2,265	2,086	1,907	1,728	1,549	1,370	1,191	1,012	833	654	475	296
1982 Total	1,299	1982	22.8	6/01/1982	6/01/2032	6/01/1982	\$ 2,817	1.9729	\$ 5,950	6.49%	1,056	237	808	115	1,039	1,023	1,007	991	931	874	817	760	703	646	589	532	475	418	361	304	247
1984 Total	4,344	1984	21.5	6/01/1984	6/01/2034	6/01/1984	\$ 10,120	2.0213	\$ 20,499	6.49%	3,410	882	2,528	579	3,356	3,303	3,252	3,202	3,067	2,883	2,699	2,515	2,331	2,147	1,963	1,779	1,595	1,411	1,227	1,043	859
1986 Total	1,084	1986	19.0	6/01/1986	6/01/2036	6/01/1986	\$ 3,877	2.1216	\$ 8,334	6.49%	1,210	335	858	138	1,191	1,172	1,154	1,136	1,069	1,002	935	868	801	734	667	600	533	466	399	332	265
1987 Total	3,019	1987	18.5	6/01/1987	6/01/2037	6/01/1987	\$ 7,034	2.1567	\$ 15,312	6.49%	2,113	650	1,453	244	2,080	2,047	2,015	1,984	1,883	1,782	1,681	1,580	1,479	1,378	1,277	1,176	1,075	974	873	772	671
1988 Total	586	1988	17.8	6/01/1988	6/01/2038	6/01/1988	\$ 1,363	2.2311	\$ 3,041	6.49%	394	131	263	46	388	382	376	370	348	326	304	282	260	238	216	194	172	150	128	106	
1989 Total	2,787	1989	16.8	6/01/1989	6/01/2039	6/01/1989	\$ 6,494	2.2869	\$ 14,851	6.49%	1,807	640	1,167	211	1,779	1,751	1,724	1,697	1,594	1,491	1,388	1,285	1,182	1,079	976	873	770	667	564	461	
1990 Total	2,563	1990	15.5	6/01/1990	6/01/2040	6/01/1990	\$ 6,018	2.3441	\$ 14,108	6.49%	1,612	608	1,004	189	1,587	1,563	1,538	1,514	1,422	1,330	1,238	1,146	1,054	962	870	778	686	594	502	410	
1991 Total	10,044	1991	14.5	6/01/1991	6/01/2041	6/01/1991	\$ 23,403	2.4027	\$ 56,229	6.49%	6,034	2,424	3,610	703	5,940	5,846	5,753	5,657	5,321	4,997	4,673	4,349	4,025	3,701	3,377	3,053	2,729	2,405	2,081	1,757	1,433
1992 Total	79,020	1992	13.5	6/01/1992	6/01/2042	6/01/1992	\$ 188,999	2.4624	\$ 456,070	6.49%	45,166	19,751	26,415	5,234	45,841	44,747	44,002	43,355	40,707	38,228	35,749	33,270	30,791	28,312	25,833	23,354	20,875	18,396	15,917	13,438	10,959
1993 Total	176,583	1993	12.4	6/01/1993	6/01/2043	6/01/1993	\$ 323,131	2.5243	\$ 815,681	6.49%	77,302	35,170	42,131	8,796	74,989	74,795	74,522	74,200	68,073	63,927	59,781	55,635	51,489	47,343	43,197	39,051	34,905	30,759	26,613	22,467	18,321
1994 Total	186,789	1994	11.5	6/01/1994	6/01/2044	6/01/1994	\$ 434,172	2.5874	\$ 1,125,977	6.49%	100,062	48,541	51,521	11,168	98,490	96,942	95,435	93,828	85,200	79,054	72,908	66,762	60,616	54,470	48,324	42,178	36,032	29,886	23,740	17,594	11,448
1996 Total	160,937	1996	10.5	6/01/1996	6/01/2046	6/01/1996	\$ 374,983	2.6521	\$ 994,499	6.49%	82,995	42,879	40,122	9,007	81,601	80,408	79,158	77,944	72,344	67,129	61,914	56,700	51,485	46,270	41,055	35,840	30,625	25,410	20,195	14,980	9,765
1996 Total	164,077	1996	9.5	6/01/1996	6/01/2046	6/01/1996	\$ 452,199	2.7184	\$ 1,229,348	6.49%	96,340	53,003	43,337	10,074	94,826	93,326	91,886	90,475	84,948	79,773	74,598	69,423	64,248	59,073	53,898	48,723	43,548	38,373	33,198	28,023	22,848
1997 Total	236,263	1997	8.5	6/01/1997	6/01/2047	6/01/1997	\$ 550,726	2.7854	\$ 1,534,532	6.49%	112,940	66,165	46,775	11,233	111,165	109,419	107,178	104,662	99,585	93,530	87,475	81,420	75,365	69,310	63,255	57,200	51,145	45,090	39,035	32,980	
1998 Total	173,173	1998	7.8	6/01/1998	6/01/2048	6/01/1998	\$ 403,491	2.8360	\$ 1,152,366	6.49%	79,635	49,679	29,956	7,456	78,384	77,152	75,935	74,745	70,219	65,693	61,167	56,641	52,115	47,589	43,063	38,537	34,011	29,485	24,959	20,433	15,907
1999 Total	186,042	1999	6.8	6/01/1999	6/01/2049	6/01/1999	\$ 433,478	2.9274	\$ 1,248,981	6.49%	82,352	34,706	27,846	7,117	81,638	79,794	78,544	77,324	72,344	67,364	62,384	57,404	52,424	47,444	42,464	37,484	32,504	27,524	22,544	17,564	12,584
2000 Total	164,023	2000	6.5	6/01/2000	6/01/2050	6/01/2000	\$ 452,171	3.0006	\$ 1,134,798	6.49%	82,689	38,502	34,187	6,409	81,589	80,110	78,655	77,225	72,305												

Attorney General Second Set Data Request
 Duke Energy Kentucky Case No. 2006-00172
 Attachment AG-DR-02-033 (a)
 Assumed rate of inflation: 2.60% a

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Inflation Factors			Discount Rates CGE, P&I, and ULHP		
# Periods Into Future	Factor		b		Discount Rate
			Risk-free Rate	Credit Spread	
2006	0.5	1.0124	4.47%	0.68%	5.20%
2007	1.5	1.0377	4.46%	0.68%	5.20%
2008	2.5	1.0637	4.44%	0.68%	5.20%
2009	3.5	1.0903	4.45%	0.73%	5.20%
2010	4.5	1.1175	4.42%	0.80%	5.30%
2011	5.5	1.1455	4.43%	0.88%	5.40%
2012	6.5	1.1741	4.44%	0.93%	5.40%
2013	7.5	1.2035	4.46%	0.98%	5.50%
2014	8.5	1.2335	4.48%	1.02%	5.60%
2015	9.5	1.2644	4.58%	1.06%	5.70%
2016	10.5	1.2960	4.63%	1.10%	5.80%
2017	11.5	1.3284	4.69%	1.23%	6.00%
2018	12.5	1.3618	4.73%	1.35%	6.10%
2019	13.5	1.3958	4.76%	1.40%	6.20%
2020	14.5	1.4305	4.80%	1.45%	6.30%
2021	15.5	1.4663	4.83%	1.50%	6.40%
2022	16.5	1.5029	4.83%	1.50%	6.40%
2023	17.5	1.5405	4.83%	1.51%	6.40%
2024	18.5	1.5790	4.83%	1.51%	6.40%
2025	19.5	1.6185	4.83%	1.51%	6.40%
2026	20.5	1.6590	4.81%	1.52%	6.40%
2027	21.5	1.7004	4.80%	1.52%	6.40%
2028	22.5	1.7430	4.78%	1.52%	6.40%
2029	23.5	1.7865	4.76%	1.53%	6.30%
2030	24.5	1.8312	4.74%	1.53%	6.30%
2031	25.5	1.8770	4.74%	1.53%	6.30%
2032	26.5	1.9239	4.74%	1.54%	6.30%
2033	27.5	1.9720	4.74%	1.54%	6.30%
2034	28.5	2.0213	4.74%	1.54%	6.30%
2035	29.5	2.0718	4.74%	1.55%	6.30%
2036	30.5	2.1236	4.74%	1.55%	6.30%
2037	31.5	2.1767	4.74%	1.55%	6.30%
2038	32.5	2.2311	4.74%	1.55%	6.30%
2039	33.5	2.2869	4.74%	1.55%	6.30%
2040	34.5	2.3441	4.74%	1.55%	6.30%
2041	35.5	2.4027	4.74%	1.55%	6.30%
2042	36.5	2.4628	4.74%	1.55%	6.30%
2043	37.5	2.5243	4.74%	1.55%	6.30%
2044	38.5	2.5874	4.74%	1.55%	6.30%
2045	39.5	2.6521	4.74%	1.55%	6.30%
2046	40.5	2.7184	4.74%	1.55%	6.30%
2047	41.5	2.7864	4.74%	1.55%	6.30%
2048	42.5	2.8560	4.74%	1.55%	6.30%
2049	43.5	2.9274	4.74%	1.55%	6.30%
2050	44.5	3.0009	4.74%	1.55%	6.30%
2051	45.5	3.0756	4.74%	1.55%	6.30%
2052	46.5	3.1525	4.74%	1.55%	6.30%
2053	47.5	3.2313	4.74%	1.55%	6.30%
2054	48.5	3.3121	4.74%	1.55%	6.30%
2055	49.5	3.3949	4.74%	1.55%	6.30%
2056	50.5	3.4798	4.74%	1.55%	6.30%
2057	51.5	3.5668	4.74%	1.55%	6.30%
2058	52.5	3.6560	4.74%	1.55%	6.30%
2059	53.5	3.7474	4.74%	1.55%	6.30%
2060	54.5	3.8411	4.74%	1.55%	6.30%
2061	55.5	3.9371	4.74%	1.55%	6.30%
2062	56.5	4.0355	4.74%	1.55%	6.30%
2063	57.5	4.1364	4.74%	1.55%	6.30%
2064	58.5	4.2398	4.74%	1.55%	6.30%
2065	59.5	4.3458	4.74%	1.55%	6.30%
2066	60.5	4.4544	4.74%	1.55%	6.30%
2067	61.5	4.5656	4.74%	1.55%	6.30%
2068	62.5	4.6800	4.74%	1.55%	6.30%
2069	63.5	4.7970	4.74%	1.55%	6.30%
2070	64.5	4.9169	4.74%	1.55%	6.30%
2071	65.5	5.0398	4.74%	1.55%	6.30%
2072	66.5	5.1658	4.74%	1.55%	6.30%
2073	67.5	5.2949	4.74%	1.55%	6.30%
2074	68.5	5.4273	4.74%	1.55%	6.30%
2075	69.5	5.5630	4.74%	1.55%	6.30%
2076	70.5	5.7021	4.74%	1.55%	6.30%
2077	71.5	5.8446	4.74%	1.55%	6.30%
2078	72.5	5.9907	4.74%	1.55%	6.30%
2079	73.5	6.1405	4.74%	1.55%	6.30%
2080	74.5	6.2940	4.74%	1.55%	6.30%
2081	75.5	6.4514	4.74%	1.55%	6.30%

- a Rate of inflation obtained from Jon Gomez, Manager - Power Operations Financial Analysts. Rate based on historical CPI.
- b Rate obtained from Bloomberg report run by Ed Bowen, Treasury. Average of bid and ask price used, where different, from an approximate midpoint of each year. Interpolated where necessary.
- c Credit spread obtained from Barclays Capital report provided by Larry Riffe, Treasury. Interpolated where necessary. Midpoint used when reoffer spread was a range

**Fin 47 Gas Mains
 December 31, 2005 Adoption Entries**

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Attorney General Second Set Data Request
 Duke Energy Kentucky Case No. 2006-00172
 Attachment AG-DR-02-033 (a)

	Pro-Forma Gas Main ARO Liability					
	9/30/2005	6/30/2005	3/31/2005	12/31/2004	12/31/2003	12/31/2002
KOT						
River project	72,733	71,784	70,857	69,952	66,390	63,018
ULH&P						
AMRP items	1,124,788	1,110,121	1,095,801	1,081,820	1,026,779	974,678
Coated Steel	3,554,644	3,500,590	3,447,934	3,396,640	3,195,812	3,007,401
Plastic	1,532,092	1,507,977	1,484,499	1,461,638	1,372,239	1,288,532
Total ULH&P	6,211,523	6,118,688	6,028,234	5,940,097	5,594,831	5,270,610
CG&E Standalone						
AMRP items	7,658,039	7,555,604	7,455,631	7,358,060	6,974,263	6,611,471
Coated Steel	12,116,702	11,927,455	11,743,177	11,563,729	10,861,827	10,204,334
Plastic	5,442,439	5,356,792	5,273,402	5,192,205	4,874,684	4,577,370
Total CG&E Standalone	25,217,179	24,839,850	24,472,210	24,113,994	22,710,773	21,393,174
Total CG&E Consolidated	31,501,436	31,030,322	30,571,302	30,124,044	28,371,994	26,726,803

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OUCC Q.15-379-J

GANNETT FLEMING, INC.
P.O. Box 87100
Harrisburg, PA 17106-7100
Location:
207 Senate Avenue
Camp Hill, PA 17011
Office: (717) 763-7211
Fax: (717) 763-4590
www.gannettfleming.com

April 30, 2003

VIA FEDERAL-EXPRESS

Ms. Peggy Laub
Manager, Fixed Asset Accounting
Cinergy Corporation
139 East Fourth Street
Cincinnati, OH 45202

Dear Peggy:

The Valuation and Rate Division of Gannett Fleming, Inc. was retained by Cinergy Corp. to perform a study that would result in a determination of the portion of Account 108, Accumulated Provision for Depreciation, that relates to cost of removal as of December 31, 2002. The results of the study are presented in the attached tabulations. In our opinion, the amounts set forth on the attachments provide a reasonable estimate of the net amount of the historical accumulated accruals and charges related to cost of removal. The remainder of this letter provides background on this issue and the methods that we used to estimate the portion of accumulated depreciation related to cost of removal.

Cinergy Corp. has for many years provided for and charged the cost of removing plant in service to Account 108, Accumulated Provision for Depreciation. Such entries were in accordance with both the Uniform System of Accounts as promulgated by the Federal Energy Regulatory Commission and Generally Accepted Accounting Principles (GAAP) as defined by the Financial Accounting Standards Board (FASB). With the issuance of FAS 143, Accounting for Asset Retirement Obligations (ARO), the FASB has changed GAAP for "legal obligations associated with the retirement of long-lived assets..." FAS 143 requires that the liability for the ARO be recognized at fair value when it is incurred and that asset retirement costs be capitalized as part of the asset. The amount to be reported as the cumulative effect of implementing this financial standard is the difference between the amounts previously recognized, i.e., the cost of removal entries recorded to Account 108, and the net amount to be recognized pursuant to the statement.

There are two alternatives for the determination of the portion of the Accumulated Provision for Depreciation that relates to costs of removal and the accruals for such costs. The first alternative is the identification of the portion of historical accruals that represented accruals for cost of removal and the historical costs of removal charged to accumulated depreciation. This approach is neither practical nor feasible. The time required to research such entries over a period of at least 80 years would exceed the time limits of implementation. Further, it is questionable if the records required for such a determination could be located, if they exist at this point.

Gannett Fleming

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Ms. Peggy Laub
Cincinnati, OH 45202

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April 30, 2003

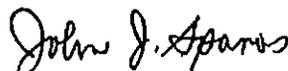
The second alternative is to estimate the net amount of these entries using two calculations of the theoretical accumulated depreciation, one that includes and one that excludes a factor for cost of removal. The theoretical accumulated depreciation is also referred to as the theoretical reserve or the calculated accrued depreciation. The theoretical calculation is used regularly to measure the adequacy of the book accumulated depreciation. Although it represents the portion of service value (original cost less net salvage) that will not be recovered through future depreciation expense if the current estimates of service life and net salvage are used for the remaining life of the plant in service (the prospective view), it also can be considered as a measure of the accumulation of historical entries of accruals, retirements, cost of removal and gross salvage (the retrospective view). This is particularly true when the overall history is the primary basis for the estimates of service life and net salvage. By calculating the theoretical reserve with and without an adjustment for cost of removal, the ratio of the difference between these two calculations to the calculation with cost of removal can be applied to the actual book amount as an estimate of the portion of the accumulated depreciation that relates to cost of removal entries.

However, when there has been a trend in the historical data such as the ever increasing levels of cost of removal as a percent of the original cost retired, the results of applying the ratio developed from the theoretical accumulated depreciation calculations described above require adjustment. That is, the use of the forecasted cost of removal percent that is used in depreciation studies overstates the level of historical entries that occurred when cost of removal was not as great. The adjustment in this case is the deduction of identifiable cost of removal charges to the accumulated depreciation account.

We believe that the result of the calculation described above including the adjustment for actual cost of removal entries provides a reasonable estimate of the portion of Account 108, Accumulated Provision for Depreciation, that relates to cost of removal.

Very truly yours,

GANNETT FLEMING, INC.



JOHN J. SPANOS
Vice President
Valuation and Rate Division

JJS:krm

Attachments

PSI ENERGY, INC.
 PERCENTAGE OF BOOK RESERVE ASSOCIATED WITH COST OF REMOVAL AND GROSS SALVAGE
 AS OF DECEMBER 31, 2002

ACCOUNT	SURVIVOR CURVE	ORIGINAL COST	BOOK RESERVE	COST OF REMOVAL PERCENT	COST OF REMOVAL	GROSS SALVAGE PERCENT	GROSS SALVAGE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
STEAM PRODUCTION PLANT							
3100	RIGHTS OF WAY	NONDEPRECIABLE	9,191,768.04				
3190	STRUCTURES AND IMPROVEMENTS						
	GIBSON UNIT 5	100-R2.5 *	114,413,940.35	49,443,097	(35)	8,359,909	0
	ALL OTHER UNITS	100-R2.5 *	289,164,928.01	189,321,488	(35)	34,333,663	0
	TOTAL ACCOUNT 311		403,578,888.35	248,764,563		42,693,772	0
3120	BOILER PLANT						
	GIBSON UNIT 5	50-S0.5 *	187,848,738.49	109,104,708	(32)	9,079,654	2
	ALL OTHER UNITS	50-S0.5 *	1,278,981,034.51	572,046,034	(32)	69,408,152	2
	TOTAL ACCOUNT 312		1,466,830,771.00	681,150,742		78,487,808	(854,263)
							(4,220,793)
3121	BOILER PLANT - COAL CARS	30-R3	9,295,282	3,739,454	(30)	509,496	5
3140	TURBOGENERATOR UNITS						
	GIBSON UNIT 5	65-S1 *	29,704,839.85	15,645,221	(34)	2,258,189	4
	ALL OTHER UNITS	65-S1 *	289,495,801.83	183,483,509	(34)	31,313,223	4
	TOTAL ACCOUNT 314		319,200,441.48	209,128,724		33,571,392	(104,705)
3150	ACCESSORY ELECTRIC EQUIPMENT						
	GIBSON UNIT 5	55-R2 *	21,367,167.41	19,890,822	(12)	1,171,579	2
	ALL OTHER UNITS	55-R2 *	95,373,942.85	61,915,350	(12)	3,824,633	2
	TOTAL ACCOUNT 315		118,741,110.26	78,805,972		4,996,112	(212,426)
							(587,517)
3160	ACCESSORY ELECTRIC EQUIPMENT						
	GIBSON UNIT 5	40-S0 *	20,371,407.38	8,514,424	(8)	405,334	3
	ALL OTHER UNITS	40-S0 *	77,304,089.47	28,441,177	(8)	781,666	3
	TOTAL ACCOUNT 316		97,675,475.85	34,955,601		1,187,000	(170,288)
							(369,003)
	TOTAL STEAM PRODUCTION PLANT		2,420,492,712.88	1,288,345,056		161,424,578	(539,093)
							(10,579,073)
HYDRO PLANT							
3310	STRUCTURES AND IMPROVEMENTS	SQUARE *	3,638,309.65	1,815,279	(20)	289,304	0
3320	RESERVOIRS, DAMS AND WATERWAYS	SQUARE *	12,230,828.27	8,508,049	(20)	1,351,878	0
3380	WATER WHEELS, TURBINES AND GENERATORS	70-R2.5 *	7,826,476.77	4,324,402	(10)	357,376	0
3340	ACCESSORY ELECTRIC EQUIPMENT	55-R3 *	665,256.45	482,287	0	0	0
3360	MISCELLANEOUS POWER PLANT EQUIPMENT	50-R2.5 *	981,283.21	175,314	0	0	0
	TOTAL HYDRO PLANT		25,122,164.35	15,305,331		1,998,668	0

09803-020597

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PSI ENERGY, INC.
 PERCENTAGE OF BOOK RESERVE ASSOCIATED WITH COST OF REMOVAL AND GROSS SALVAGE
 AS OF DECEMBER 31, 2012

ACCOUNT	SURVIVOR CURVE	ORIGINAL COST	BOOK RESERVE	COST OF REMOVAL PERCENT	COST OF REMOVAL	GROSS SALVAGE PERCENT	GROSS SALVAGE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
GENERATION PLANT							
3404 LAND AND LAND RIGHTS	NONDEPRECIABLE	342,541.34					
3410 STRUCTURES AND IMPROVEMENTS	SQUARE	11,805,811.23	2,987,533	(5)	139,729	0	0
3420 PILE HOLDERS, PRODUCERS AND ACCESSORIES	SQUARE	3,118,818.13	799,777	(5)	33,119	0	0
3430 CRANE MOVERS	63-R2.5	130,007,582.25	43,220,470	(18)	5,879,464	5	(1,044,178)
3431 CRANE MOVERS - DYNERGY	63-R2.5	13,134,350.34	888,018	(15)	62,411	5	(31,137)
3440 GENERATORS	44-R4	47,442,410.77	17,729,239	0	0	0	0
3442 GENERATORS - DYNERGY	44-R4	13,134,351.88	885,017	0	0	0	0
3460 MISCELLANEOUS ELECTRICAL EQUIPMENT	46-R1.5	18,899,037.80	4,871,778	0	0	0	0
3480 MISCELLANEOUS POWER PLANT EQUIPMENT	40-R1.5	1,318,829.72	291,531	0	0	0	0
TOTAL OTHER GENERATION PLANT		229,209,999.26	71,230,281		6,814,723		(1,817,316)
TRANSMISSION PLANT							
3500 LAND AND LAND RIGHTS	NONDEPRECIABLE	2,852,361.85					
3501 RIGHTS OF WAY	75-R4	30,215,370.34	13,414,468	0	0	0	0
3520 STRUCTURES AND IMPROVEMENTS	73-R3	14,679,846.72	5,046,008	0	0	0	0
3530 SKYLINE EQUIPMENT	80-R2	324,103,485.54	111,401,526	(17)	15,440,468	7	(8,398,263)
3540 TOWERS AND FITTINGS	70-R2.5	70,048,209.34	45,841,778	(14)	6,514,227	4	(1,800,304)
3560 PILES AND FITTINGS	96-R0	118,027,841.40	53,743,006	(71)	19,649,032	11	(3,010,300)
3580 OVERHEAD CONDUCTORS AND DEVICES	80-R2	149,848,187.73	63,449,936	(56)	22,995,898	15	(8,814,655)
3570 UNDERGROUND CONDUIT	85-R2	1,314,187.03	18,241	(35)	2,128	10	(1,010)
3580 UNDERGROUND CONDUCTORS AND DEVICES	30-R0	83,110.48	29,632	0	0	0	0
TOTAL TRANSMISSION PLANT		708,832,446.48	282,947,163		69,801,804		(17,624,759)
DISTRIBUTION PLANT							
3600 LAND AND LAND RIGHTS	NONDEPRECIABLE	8,553,855.88					
3601 RIGHTS OF WAY	70-R3	1,080,337.34	742,289	0	0	0	0
3610 STRUCTURES AND IMPROVEMENTS	80-R1.5	10,436,884.25	3,882,528	0	0	0	0
3620 SKYLINE EQUIPMENT	80-R0.5	278,968,911.23	83,824,587	(22)	13,349,067	8	(4,798,209)
3640 PILES, TOWERS AND FITTINGS	43-R0.5	280,286,784.37	118,241,583	(57)	29,745,870	7	(3,675,134)
3660 OVERHEAD CONDUCTORS AND DEVICES	90-R0.5	160,483,897.18	51,261,288	(64)	12,093,097	9	(1,837,114)
3680 UNDERGROUND CONDUIT	85-R0	7,298,083.15	1,323,308	(27)	389,791	2	(28,713)
3670 UNDERGROUND CONDUCTORS AND DEVICES	85-R2	216,947,328.47	51,830,205	(26)	8,105,821	1	(345,373)
3680 WIRE TRANSFORMERS	35-R1	319,835,382.82	142,378,649	(18)	14,151,287	6	(8,023,717)
3681 SERVICES - UNDERGROUND	40-R1.5	138,806,937.48	37,634,631	(31)	8,077,185	1	(118,645)
3682 SERVICES - OVERHEAD	35-R1	36,136,478.89	27,849,870	(67)	8,252,810	7	(798,614)
3700 METER	32-R2	124,447,118.54	52,961,493	(10)	3,873,283	10	(3,771,157)
3710 INSTALLATIONS ON CUSTOMER PREMISES	14-L0	22,472,389.89	8,233,405	(13)	96,478	8	(121,814)
3730 STREET LIGHTING & SIGNAL SYSTEM	24-R1	27,291,261.28	13,159,734	(23)	1,035,742	3	(259,513)
TOTAL DISTRIBUTION PLANT		1,858,811,806.94	614,768,820		109,324,304		(21,816,803)

100-020598

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PIE ENERGY, INC.
 PERCENTAGE OF BOOK RESERVE ASSOCIATED WITH COST OF REMOVAL AND GROSS SALVAGE
 AS OF DECEMBER 31, 2002

ACCOUNT (1)	SURVIVOR CLASS (2)	ORIGINAL COST (3)	BOOK RESERVE (4)	COST OF REMOVAL PERCENT (5)	COST OF REMOVAL (6)	GROSS SALVAGE PERCENT (7)	GROSS SALVAGE (8)
GENERAL PLANT							
2800 LAND AND LAND RIGHTS	NONDEPRECIABLE	2,500,385.91					
3800 STRUCTURES AND IMPROVEMENTS - MAJOR	60-R1	75,568,119.59	27,770,896	(5)	387,274	5	(588,284)
3800 STRUCTURES AND IMPROVEMENTS - MINOR	40-R3	14,544,330.87	4,849,551	(10)	202,534	5	(82,173)
TOTAL ACCOUNT 3800		90,130,460.48	32,420,448		589,808		(921,457)
3800 STRUCTURES AND IMPROVEMENTS - AMORTIZED	SQUARE	944,374.35	873,787	0	0	0	0
3810 OFFICE FURNITURE AND EQUIPMENT	20-80	12,208,307.00	7,195,951	0	0	0	0
3810 OFFICE FURNITURE AND EQUIPMENT - INFO. SYSTEM	5-80	3,046,995.72	254,890	0	0	0	0
3820 TRAILERS	25-L1.5	3,459,082.95	814,029	0	0	10	(51,162)
3830 STORES EQUIPMENT	20-60	830,081.87	436,979	0	0	0	0
3840 TOOLS, SHOP AND GARAGE EQUIPMENT	20-80	8,070,889.42	1,886,444	0	0	0	0
3850 LABORATORY EQUIPMENT	20-80	8,868,732.34	1,229,870	0	0	0	0
3860 POWER OPERATED EQUIPMENT	20-60.5	1,088,168.24	252,388	0	0	0	0
3870 COMMUNICATION EQUIPMENT	18-L2	44,895,441.14	20,425,319	0	0	0	0
3880 MISCELLANEOUS EQUIPMENT	15-80	4,154,168.40	2,018,860	0	0	0	0
TOTAL GENERAL PLANT		175,989,143.90	67,544,225		589,808		(742,038)
TOTAL ELECTRIC PLANT		5,238,111,548.72	2,219,120,934		124,053,875		(92,875,190)

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20) 79,581,810
 + 275,288 step transformers
 79,857,098 cost of removal of
 12/31/2002 for CG&E
 generation.

OHIO NATL GAS & ELECTRIC COMPANY - COMMON AND ELECTRIC
 PERCENTAGE OF BOOK RESERVE ASSOCIATED WITH COST OF REMOVAL AND GROSS SALVAGE
 AS OF DECEMBER 31, 2002

ACCOUNT (1)	SURVIVOR CURVE (2)	ORIGINAL COST (3)	BOOK RESERVE (4)	COST OF REMOVAL PERCENT (5)	COST OF REMOVAL (6)	GROSS SALVAGE PERCENT (7)	GROSS SALVAGE (8)
COMMON PLANT							
1710	STRUCTURES AND IMPROVEMENTS - MAJOR	100-R1	87,291,464.09	18,273,838	0	0	0
1710	STRUCTURES AND IMPROVEMENTS - MINOR	40-R3	3,818,433.29	3,733,724	(9)	178,368	0
TOTAL ACCOUNT 1710			91,109,897.34	22,007,562		178,368	0
1720	OFFICE FURNITURE AND EQUIPMENT	20-30	17,282,068.65	7,401,963	0	0	0
1721	OFFICE FURNITURE AND EQUIPMENT - EDP EQUIP.	3-30	242,220.24	232,943	0	0	0
1723	TRAILERS	21-12	270,880.28	17,287	0	0	(19,314)
1740	STORIES EQUIPMENT	20-30	1,092,063.29	585,813	0	0	0
1750	LABORATORY AND TEST EQUIPMENT	13-30	16,361.34	10,861	0	0	0
1770	TOOLS, SHOP AND GARAGE EQUIPMENT	28-30	1,018,185.85	487,334	0	0	0
1780	COMMUNICATION EQUIPMENT	23-31.5	7,730,237.78	2,897,832	0	0	0
1790	MISCELLANEOUS EQUIPMENT	15-30	66,289.29	36,380	0	0	0
TOTAL COMMON PLANT			118,934,297.07	34,737,489		178,368	(19,314)
STEAM PRODUCTION PLANT							
3010	STRUCTURES AND IMPROVEMENTS - ZIMMER	100-R2.5	304,098,362.69	97,295,616	(3)	2,829,959	2 (1,828,846)
3020	BOILER PLANT - ZIMMER	55-80.5	583,894,469.17	182,723,232	(1)	1,809,147	0
3040	TURBOGENERATOR UNITS - ZIMMER	66-R2.5	178,191,880.28	59,847,565	(4)	2,370,201	3 (1,777,651)
3060	NECESSARY ELECTRIC EQUIPMENT - ZIMMER	55-R2.5	159,488,380.19	53,060,915	(1)	345,435	0
3080	MISCELLANEOUS POWER PLANT - ZIMMER	75-R1	26,485,201.48	7,578,287	(3)	146,104	1 (73,062)
3110	STRUCTURES AND IMPROVEMENTS	100-R2.5	185,673,008.10	136,844,376	(5)	6,583,664	1 (1,318,773)
3120	BOILER PLANT	55-80.5	918,083,373.78	598,847,384	(6)	41,227,216	0
3122	BOILER PLANT - SCRUBBER	33-32	78,046,068.58	827,892	(8)	44,178	0
3128	BOILER PLANT - RETROFIT PRECIPITATORS	55-60.5	43,364,973.50	44,719,088	(10)	4,085,373	0
3130	BOILER PLANT - KENTUCKY	86-88.5	3,688,974.54	999,703	(8)	71,830	0
3140	TURBOGENERATOR UNITS	66-R1.5	319,841,148.54	187,314,122	(7)	12,447,628	2 (3,567,868)
3150	NECESSARY ELECTRIC EQUIPMENT	66-R2.5	87,785,788.29	88,670,589	(5)	3,174,790	0
3180	MISCELLANEOUS POWER PLANT	75-R1	40,862,683.44	13,885,692	(5)	688,620	1 (123,224)
TOTAL STEAM PRODUCTION PLANT			2,905,878,389.29	1,410,214,284		78,082,346	(8,795,834)
OTHER PRODUCTION PLANT							
3310	STRUCTURES AND IMPROVEMENTS	SQUARE	2,942,798.44	1,758,978	(5)	83,623	0
3340	STRUCTURES AND IMPROVEMENTS - WOODSDALE	SQUARE	33,729,742.31	19,826,771	(15)	2,318,405	0
TOTAL ACCOUNT 3310			36,672,540.75	17,979,747		2,199,928	0
3320	FUEL HOLDERS, PRODUCERS AND ACCESSORIES	SQUARE	2,787,220.53	2,890,228	(5)	137,630	0
3320	FUEL HOLDERS, PRODUCERS AND ACCESSORIES - WOODSDALE	SQUARE	18,484,613.29	8,850,878	(15)	1,167,486	0
TOTAL ACCOUNT 3320			21,271,833.82	11,740,801		1,305,096	0
3330	PRIME MOVERS	SQUARE	28,789,889.51	3,760,683	0	0	0
3340	GENERATORS	70-R2.5	46,066,171.31	38,973,804	0	0	0
3340	GENERATORS - WOODSDALE	70-R2.5	188,773,824.61	73,740,851	0	0	0
TOTAL ACCOUNT 3340			210,888,794.12	112,714,357		0	0

09803-020690

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CINCINNATI GAS & ELECTRIC COMPANY - COMMON AND ELECTRIC
 PERCENTAGE OF BOOK RESERVE ASSOCIATED WITH COST OF REMOVAL AND GROSS SALVAGE
 AS OF DECEMBER 31, 2002

ACCOUNT	SURVIVOR CURVE	ORIGINAL COST	BOOK RESERVE	COST OF REMOVAL PERCENT	COST OF REMOVAL	GROSS SALVAGE PERCENT	GROSS SALVAGE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2300 ACCESSORY ELECTRIC EQUIPMENT	66-80.5	2,519,834.36	2,220,402	0	0	0	0
2300 ACCESSORY ELECTRIC EQUIPMENT - WOODSDALE	66-80.5	16,611,503.05	5,483,281	0	0	0	0
TOTAL ACCOUNT 2300		19,431,337.41	10,883,683		0		0
2800 MISCELLANEOUS POWER PLANT EQUIPMENT	30-S3	8,889,329.75	1,428,748	0	0	0	0
2800 MISCELLANEOUS POWER PLANT EQUIPMENT - WOODSDALE	30-S3	3,712,918.69	3,747,273	0	0	0	0
TOTAL ACCOUNT 2800		10,582,248.34	3,177,119		0		0
TOTAL OTHER PRODUCTION PLANT		323,882,884.95	161,188,390		① 3,605,024		0
TRANSMISSION PLANT							
3400 RIGHTS OF WAY	75-R4	23,819,368.95	3,306,183	0	0	0	0
3400 STRUCTURES AND IMPROVEMENTS	75-R3	8,283,133.88	3,378,482	(12)	368,340	2	(81,330)
3400 STATION EQUIPMENT	55-R1	250,880,618.76	89,422,860	(3)	2,082,719	3	(2,092,719)
3400 TOWERS AND FIXTURES	70-R3	37,418,248.50	26,894,723	(5)	5,613,087	5	(1,120,012)
3400 POLES AND FIXTURES	46-R1.5	90,711,638.50	20,218,088	(80)	8,738,856	40	(6,888,292)
3400 OVERHEAD CONDUCTORS AND DEVICES	33-R2	77,883,285.35	41,588,888	(18)	7,338,806	30	(14,577,012)
3400 UNDERGROUND CONDUIT	70-R3	4,739,398.00	2,527,844	0	0	0	0
3400 UNDERGROUND CONDUCTORS AND DEVICES	45-R3	4,389,012.54	1,811,111	(1)	17,801	11	(185,014)
3400 OTHER EQUIPMENT - OSU EQUIPMENT	40-R3	0.00	0	0	0	0	0
TOTAL TRANSMISSION PLANT		458,632,107.95	163,948,048		22,180,529		(27,125,010)
DISTRIBUTION PLANT							
3600 RIGHTS OF WAY	75-R4	24,888,442.69	(19,401)	0	0	0	0
3600 STRUCTURES AND IMPROVEMENTS	56-R1.5	4,928,618.00	3,278,628	(10)	28,046	0	0
3600 STATION EQUIPMENT	56-R2.5	183,106,143.83	69,848,517	(8)	5,330,935	3	(1,999,100)
3600 POLES, TOWERS AND FIXTURES	46-R0.5	192,658,703.82	78,518,741	(21)	22,403,962	21	(15,180,278)
3600 OVERHEAD CONDUCTORS AND DEVICES	50-R0.5	240,386,780.82	71,825,482	(13)	8,805,080	8	(5,480,437)
3600 UNDERGROUND CONDUIT	65-R3	81,826,048.00	20,441,583	(40)	5,840,444	0	0
3600 UNDERGROUND CONDUCTORS AND DEVICES	36-R1	174,897,821.80	41,813,851	(10)	3,863,195	5	(1,881,588)
3600 LINE TRANSFORMERS	36-R1	298,178,748.04	95,182,888	(12)	(8,480,883)	2	(23,266,180)
3600 LINE TRANSFORMERS - CUSTOMER	40-O1	4,722,718.81	1,809,717	(2)	35,638	12	(213,429)
3600 SERVICES - UNDERGROUND	60-R1.5	2,184,510.82	1,282,259	(30)	339,718	15	(186,620)
3600 SERVICES - OVERHEAD	48-S0	45,046,855.89	27,748,138	(85)	11,271,889	5	(857,677)
3600 METERS	28-R1.5	71,110,722.06	18,887,885	(0)	0	20	(4,721,516)
3600 LEASED PROPERTY ON CUSTOMER PREMISES	22-L2	102,802.52	(100,897)	(0)	0	0	0
3600 STREET LIGHT - OVERHEAD	27-L2.5	8,962,884.62	8,578,888	(14)	1,143,849	8	(735,232)
3600 STREET LIGHT - BOULEVARD	37-R0.5	12,000,112.10	3,049,825	(8)	152,481	5	(152,481)
3600 STREET LIGHT - CUSTOMER POLES	38-O1	7,987,273.05	3,370,073	(18)	489,192	8	(183,622)
TOTAL DISTRIBUTION PLANT		1,324,382,510.49	446,316,466		51,718,728		(64,862,199)
GENERAL PLANT							
3700 STRUCTURES AND IMPROVEMENTS	100-R1	14,488,378.20	7,803,008	(1)	78,267	0	0
3700 OFFICE FURNITURE AND EQUIPMENT	20-S0	722,365.74	371,518	0	0	0	0
3700 OFFICE FURNITURE AND EQUIPMENT - EDI EQUIP.	5-S0	518,733.39	33,825	0	0	0	0
3700 TRAILERS	21-L2	2,352,918.27	558,786	0	0	25	(185,525)

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CINCINNATI GAS & ELECTRIC COMPANY - COMMON AND ELECTRIC
 PERCENTAGE OF BOOK RESERVE ASSOCIATED WITH COST OF REMOVAL AND GROSS SALVAGE
 AS OF DECEMBER 31, 2002

	ACCOUNT (1)	SURVIVOR CURVE (2)	ORIGINAL COST (3)	BOOK RESERVE (4)	COST OF REMOVAL PERCENT (5)	COST OF REMOVAL (6)	GROSS SALVAGE PERCENT (7)	GROSS SALVAGE (8)
3743	STONES EQUIPMENT	20-SQ	42,820.06	34,800	0	0	0	0
3780	LABORATORY AND TEST EQUIPMENT	15-SQ	3,702,648.75	1,069,265	0	0	0	0
3770	TOOLS, SHOP AND GARAGE EQUIPMENT	24-SQ	7,780,268.95	2,215,596	0	0	0	0
3780	COMMUNICATION EQUIPMENT	23-81.5	1,873,028.72	640,781	0	0	0	0
3790	MISCELLANEOUS EQUIPMENT	15-SQ	48,711.97	22,884	0	0	0	0
	TOTAL GENERAL PLANT		<u>31,179,268.55</u>	<u>12,179,351</u>		<u>78,287</u>		<u>(185,265)</u>
	TOTAL ELECTRIC PLANT		<u>5,163,724,983.30</u>	<u>2,284,290,007</u>		<u>153,712,282</u>		<u>(81,077,662)</u>

* Curve shown is linear survivor curve. Each facility in the account is assigned an individual probable retirement year.

208020-00960

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LAWRENCEBURG GAS COMPANY
 PERCENTAGE OF BOOK RESERVE ASSOCIATED WITH COST OF REMOVAL AND GROSS SALVAGE
 AS OF DECEMBER 31, 2002

Account (1)	Survivor Curve (2)	Original Cost (3)	Book Reserve (4)	Cost of Removed Percent (5)	Cost of Removal (6)	Gross Salvage Percent (7)	Gross Salvage (8)
DISTRIBUTION PLANT							
2741 Rights of Way - General		117,365.00	17,325	0	0	0	0
2750 Structures and Improvements - General		107,575.20	27,490	(10)	2,499	0	0
MAINS							
2761 Cast Iron, Copper and All Valves		35,371.76	18,506	(50)	4,597	5	(758)
2762 Steel		6,748,244.39	2,999,908	(40)	803,985	5	(84,988)
2763 Plastic		3,701,643.76	655,803	(18)	78,525	5	(15,058)
Total Mains		12,485,469.91	3,474,316		585,047		(105,812)
2780 M & R - Gen-System - Excl. Elec. Equip.		680,369.30	261,387	(38)	25,581	0	0
2781 M & R - Gen-System - Elec. Equip.		108,531.54	99,902	(90)	8,082	0	0
2782 Measuring and Regulating - Gen-Dist		54,238.03	28,028	(50)	13,104	4	(683)
2790 Measuring and Regulating - City Gets		54,680.47	13,508	(25)	1,228	0	0
SERVICES							
2801 Cast Iron, Copper and All Valves		8,522.97	6,788	(80)	1,619	1	(52)
2802 Steel		947,358.78	472,771	(50)	78,917	1	(2,506)
2803 Plastic		3,105,198.49	988,083	(32)	189,643	1	(5,132)
Total Services		4,059,080.24	1,467,622		250,179		(7,690)
2810 Meters		798,199.01	174,578	0	0	10	(19,368)
2820 Meter Installations		313,918.33	181,775	(58)	30,256	0	0
2830 House Regulators		394,184.73	76,265	0	0	25	(28,088)
2840 House Regulator Installations		254,823.61	34,949	0	0	10	(3,883)
2850 Industrial Mese & Reg - Sta. Equip.		93,793.71	63,931	(68)	6,974	2	(1,162)
2851 Industrial Mese & Reg - Sta. Eq. - Comm.		15,732.05	7,234	(46)	858	0	0
Total Distribution Plant		19,594,823.63	5,951,292		924,645		(154,696)
GENERAL PLANT							
2910 Office Furniture and Equipment		7,968.19	2,256	0	0	0	0
2921 Trailers		3,155.75	2,338	0	0	0	0
2940 Tools, Shop and Garage Equipment		129,048.67	72,415	0	0	0	0
2960 Power Operated Equipment		24,202.90	18,320	0	0	0	0
2970 Communication Equipment		45,173.89	25,590	0	0	0	0
Total General Plant		209,553.40	120,979		0		0
TOTAL GAS PLANT		19,804,406.03	8,072,272		924,645		(154,696)

09603-020803

CINCINNATI GAS & ELECTRIC COMPANY - GAS

PERCENTAGE OF BOOK RESERVE ASSOCIATED WITH COST OF REMOVAL AND GROSS SALVAGE
 AS OF DECEMBER 31, 2002

Account	Survivor Curve	Original Cost	Book Reserve	Cost of Removal Percent	Cost of Removal	Gross Salvage Percent	Gross Salvage
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
PRODUCTION PLANT							
2041	Rights of Way	50-SQ	4,147.12	3,349	0	0	0
2050	Structures and Improvements	50-R2.5	3,799,863.03	3,287,952	(10)	293,259	0
2110	Field Petroleum Gas Equipment	45-R1	4,514,562.32	4,273,118	(7)	245,985	(69,960)
2200	Other Equipment	14-L0.5	30,084.62	30,095	0	0	0
Total Production Plant			8,348,767.09	7,594,514		539,244	(69,960)
DISTRIBUTION PLANT							
2741	Rights of Way - General	75-R3	2,178,941.03	213,325	0	0	0
2750	Structures and Improvements - General	47-S0.5	813,742.92	422,192	(2)	5,595	(5,588)
MAINS							
2761	Cast Iron, Copper and All Valves	45-R2.5	20,559,551.10	19,704,936	(56)	6,175,119	(525,656)
2762	Steel	60-R3	220,897,507.50	77,669,144	(56)	25,452,309	(2,319,144)
2763	Plastic	50-R3	142,379,020.33	17,598,173	(56)	5,388,595	(441,386)
2765	Steel - Feeder Lines	60-R3	55,030,300.88	22,578,287	(66)	7,247,837	(640,590)
Total Mains			438,866,379.79	137,550,540		44,263,860	(3,926,776)
2780	M & R - Gen-System - Excl. Elect. Equip.	33-R0.5	10,605,388.30	1,208,853	(8)	92,103	(34,535)
2761	M & R - Gen-System - Elect. Equip.	12-S2	2,080,735.66	1,375,103	(5)	65,481	0
2782	Measuring and Regulating - Gen-Dist	48-S0.5	3,158,844.66	1,442,896	(87)	422,978	(15,595)
2790	Measuring and Regulating - City Gate	10-L0.5	263,231.94	137,255	0	0	0
SERVICES							
2801	Cast Iron, Copper and All Valves	35-R2	13,069,273.88	13,791,182	(27)	2,575,673	(116,157)
2802	Steel	40-R1	17,963,694.20	8,211,317	(27)	1,538,980	(40,106)
2803	Plastic	42-R2	187,327,910.82	46,244,590	(27)	4,659,919	(300,716)
Total Services			198,360,879.00	68,247,089		8,774,572	(456,979)
2810	Meters	43-R2	31,815,068.89	7,467,008	(3)	36,884	(173,180)
2820	Water Installations	43-R3	19,763,909.28	6,599,369	(2)	105,630	(50,479)
2830	House Regulators	48-R2	11,085,869.77	1,978,839	(4)	54,385	(198,644)
2840	House Regulator Installations	48-R2	8,552,830.62	1,984,520	0	0	0
2850	Industrial Meas & Reg - Sta. Equip.	30-R1	2,582,682.58	645,032	(12)	52,570	(4,914)
2851	Industrial Meas & Reg - Sta. Eq. - Comm.	30-R1	419,375.31	214,363	(10)	19,488	0

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CINCINNATI GAS & ELECTRIC COMPANY - GAS

PERCENTAGE OF BOOK RESERVE ASSOCIATED WITH COST OF REMOVAL AND GROSS SALVAGE
 AS OF DECEMBER 31, 2002

Account (1)	Survivor Curve (2)	Original Cost (3)	Book Reserve (4)	Cost of Removal Percent (5)	Cost of Removal (6)	Gross Salvage Percent (7)	Gross Salvage (8)
2870 Other Equipment	26-R3	156,572.58	42,287	0	0	0	0
2871 Other Equipment - Street Lighting	38-R1	765,822.29	339,473	(23)	65,066	3	(6,437)
Total Distribution Plant		731,480,270.70	228,868,144		53,959,612		(4,875,185)
GENERAL PLANT							
2900 Structures and Improvements	25-61	274,744.76	179,634	0	0	0	0
2910 Office Furniture and Equipment	20-6Q	1,234,182.44	315,119	0	0	0	0
2911 Office Furniture and Equipment - Edp Eq.	8-6Q	141,147.16	52,772	0	0	0	0
2920 Transportation Equipment - Autos	10-R3	1,482,725.58	1,481,978	0	0	10	(164,854)
2921 Trailers	12-R2.5	617,865.04	178,498	0	0	25	(45,610)
2940 Tools, Shop and Garage Equipment	25-6Q	5,884,912.19	2,141,481	0	0	0	0
2950 Laboratory and Test Equipment	15-6Q	332,783.49	105,177	0	0	0	0
2960 Power Operated Equipment	11-R2.5	564,081.07	382,206	0	0	35	(142,723)
2970 Communication Equipment	13-62.5	116,431.31	17,981	0	0	0	0
Total General Plant		10,530,833.01	4,855,844		0		(353,137)
TOTAL GAS PLANT		750,359,870.80	242,318,502		54,497,856		(5,298,332)

090020-00690

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UNION LIGHT, HEAT AND POWER COMPANY - GAS
 PERCENTAGE OF BOOK RESERVE ASSOCIATED WITH COST OF REMOVAL AND GROSS SALVAGE
 AS OF DECEMBER 31, 2002

Account (1)	Survivor Curve (2)	Original Cost (3)	Book Reserve (4)	Cost of Removal Percent (5)	Cost of Removal (6)	Gross Salvage Percent (7)	Gross Salvage (8)
PRODUCTION PLANT							
2280	Rights of Way	50-SQ	24,438.55	24,439	0	0	0
2281	Structures and Improvements	45-R3	1,413,005.83	1,368,602	(10)	124,418	0
2280	Liquid Petroleum Gas Equipment	35-S1.5	2,821,288.88	1,796,327	(6)	96,822	(17,108)
	Total Production Plant		4,258,733.06	3,189,368		221,240	(17,108)
DISTRIBUTION PLANT							
2380	Rights of Way - General	65-R4	1,020,158.20	418,183	0	0	0
2385	Rights of Way - Feeder Lines	65-R4	8,228.92	0	0	0	0
2385	Structures and Improvements - General	45-R3	126,984.32	117,419	(10)	10,674	0
2385	M & R - Gen-System - Elect. Equip.	15-S2.5	371,004.91	321,924	(6)	18,396	(3,066)
2385	M & R - Gen-System - Excl. Elect. Equip.	35-R1	2,589,856.88	1,427,292	(7)	29,881	(7,193)
2385	Measuring and Regulating - Gen-Dist.	50-S0.5	590,582.75	465,730	(78)	156,340	(3,800)
2385	Industrial Meas & Reg - Sta. Equip.	25-R2	413,128.38	181,705	(13)	8,651	(2,609)
2385	Industrial Meas & Reg - Sta. Eq. - Comm.	25-R2	41,727.01	22,001	(12)	2,400	(400)
MAINS							
2385	Cast Iron, Copper and All Valves	41-R2.5	2,810,060.71	2,494,656	(27)	488,308	(124,181)
2385	Steel	50-R2	63,888,978.82	21,994,316	(27)	3,233,758	(827,185)
2385	Plastic	50-R2.5	47,448,543.04	4,948,413	(27)	984,186	(198,596)
2385	Steel - Feeder Lines	50-R2	17,684,480.55	9,225,087	(27)	1,818,178	(378,879)
	Total Mains		131,832,053.12	38,622,452		6,524,430	(1,326,851)
SERVICES							
2385	Cast Iron, Copper and Valves	33-R0.5	2,854,189.83	3,427,482	(36)	821,350	(134,079)
2385	Steel	35-R1	3,257,332.38	2,334,299	(36)	532,881	(88,696)
2385	Plastic	45-R1	46,136,701.15	17,171,280	(36)	3,208,681	(758,443)
	Total Services		52,248,223.36	22,933,061		4,560,942	(979,208)

08603-020606

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UNION LIGHT, HEAT AND POWER COMPANY - GAS
PERCENTAGE OF BOOK RESERVE ASSOCIATED WITH COST OF REMOVAL AND GROSS SALVAGE
AS OF DECEMBER 31, 2002

Account (1)	Survivor Curve (2)	Original Cost (3)	Book Reserve (4)	Cost of Removal Percent (5)	Cost of Removal (6)	Gross Salvage Percent (7)	Gross Salvage (8)
301 Meters	34-R3	9,217,400.73	2,005,031	(2)	29,085	17	(183,367)
302 Meter Installations	34-R3	5,928,170.34	1,128,407	0	0	0	0
303 House Regulators	39-R1.5	2,490,931.88	412,238	(3)	10,320	33	(132,237)
305 House Regulator Installations	39-R1.5	1,752,891.24	364,355	(1)	2,943	1	(1,718)
330 Other Equipment - Street Lighting	30-S2.5	30,411.24	5,758	0	0	0	0
340 Other Equipment	20-R2	88,638.93	22,875	0	0	0	0
Total Distribution Plant		208,748,198.21	68,448,829		11,355,372		(2,640,549)
GENERAL PLANT							
320 Office Furniture and Equipment	20-SQ	21,881.24	11,089	0	0	0	0
331 Autos and Trucks	10-R2.5	111,957.85	112,173	0	0	0	0
332 Power Operated Equipment	12-R3	74,870.59	74,871	0	0	0	0
333 Trailers	15-SQ	88,187.81	49,414	0	0	0	0
370 Tools, Shop and Garage Equipment	25-SQ	1,801,315.97	739,307	0	0	0	0
390 Miscellaneous Equipment	20-SQ	18,436.11	18,430	0	0	0	0
Total General Plant		2,124,593.57	1,005,284		0		0
Total Gas Plant		215,128,524.84	72,641,161		11,876,612		(2,657,657)

09803-020807

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UNION LIGHT, HEAT AND POWER COMPANY - COMMON AND ELECTRIC
 PERCENTAGE OF BOOK RESERVE ASSOCIATED WITH COST OF REMOVAL AND GROSS SALVAGE
 AS OF DECEMBER 31, 2008

ACCOUNT	SURVIVOR CURVE	ORIGINAL COST	BOOK RESERVE	COST OF REMOVAL PERCENT	COST OF REMOVAL	GROSS SALVAGE PERCENT	GROSS SALVAGE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
COMMON PLANT							
1710 STRUCTURES AND IMPROVEMENTS - MAJOR	100-R1	6,379,733.55	3,170,868	(2)	62,178	0	0
1720 OFFICE FURNITURE AND EQUIPMENT	20-80	678,814.57	347,780	0	0	0	0
1721 OFFICE FURNITURE AND EQUIPMENT - EDP EQUIP.	8-80	12,941.20	12,880	0	0	0	0
1740 STORAGE EQUIPMENT	20-80	6,882.77	(24,080)	0	0	0	0
1770 TOOL SHOP AND GARAGE EQUIPMENT	25-80	180,067.28	77,388	0	0	0	0
1780 MISCELLANEOUS EQUIPMENT	18-80	19,739.23	14,204	0	0	0	0
TOTAL COMMON PLANT		8,278,934.63	3,839,806		62,178	0	0
TRANSMISSION PLANT							
3401 LAND	NONDEPRECIABLE	519,072.80					
3403 RIGHTS OF WAY	75-R4	905,970.01	418,483	0	0	0	0
3420 STRUCTURES AND IMPROVEMENTS	75-R3	483,576.51	387,274	(10)	38,156	0	0
3430 STATION EQUIPMENT	58-R1	7,827,122.49	3,118,080	(2)	93,483	3	(80,483)
3480 POLES AND PICTURES	48-R1.5	4,332,217.28	2,568,836	(30)	805,325	40	(182,842)
3480 OVERHEAD CONDUCTORS AND DEVICES	66-R2	3,604,078.39	1,962,291	(15)	281,350	30	(407,182)
TOTAL TRANSMISSION PLANT		17,682,278.28	8,523,245		1,017,274		(683,617)
DISTRIBUTION PLANT							
3601 LAND	NONDEPRECIABLE	658,262.67					
3608 RIGHTS OF WAY	75-R4	4,459,887.56	1,857,977	0	0	0	0
3610 STRUCTURES AND IMPROVEMENTS	65-R1.8	202,428.84	194,920	(10)	17,720	0	0
3620 STORAGE EQUIPMENT	54-80.5	26,180,770.86	8,819,281	(8)	340,883	5	(340,883)
3640 PICTURES AND PICTURES	48-R0.8	28,858,283.81	14,458,400	(20)	2,871,538	15	(1,887,210)
3680 OVERHEAD CONDUCTORS AND DEVICES	66-R0.5	51,018,342.82	25,838,882	(44)	4,740,238	14	(2,382,585)
3680 UNDERGROUND CONDUIT	66-R3	12,438,082.87	2,023,866	(48)	455,846	5	(72,587)
3670 UNDERGROUND CONDUCTORS AND DEVICES	66-R1	29,817,180.24	5,628,440	(53)	1,091,439	18	(886,736)
3681 UNDERGROUND TRANSFORMERS	38-R1	43,671,446.21	18,820,806	(18)	2,871,599	33	(6,298,847)
3688 UNDERGROUND TRANSFORMERS - CUSTOMER	40-O1	273,860.52	273,061	(2)	5,781	7	(20,184)
3691 UNDERGROUND TRANSFORMERS - UNDERGROUND	66-R1.5	178,768.26	181,334	(38)	36,774	10	(10,507)
3682 OVERHEAD TRANSFORMERS - OVERHEAD	48-80	9,181,261.84	7,118,822	(88)	1,416,058	8	(323,944)
3600 MISCELLANEOUS	28-R1.5	13,048,327.86	2,794,449	(1)	32,878	16	(436,532)
3620 LAND AND PROPERTY ON CUSTOMER PREMISES	28-L2	8,847.38	8,848	0	0	0	0
3681 STREET LIGHT - OVERHEAD	27-L2.8	2,407,889.83	2,342,387	(16)	279,723	12	(242,882)
3683 STREET LIGHT - BOULEVARD	37-R0.5	2,382,113.08	845,478	(4)	42,021	14	(132,073)
3687 STREET LIGHT - CUSTOMER POLES	28-O1	1,484,648.78	1,374,028	(30)	239,520	20	(187,387)
TOTAL DISTRIBUTION PLANT		218,594,733.20	10,681,786		13,842,518		(11,631,817)

0003-020608

UNION LIGHT, HEAT AND POWER COMPANY - COMMON AND ELECTRIC
 PERCENTAGE OF BOOK RESERVE ASSOCIATED WITH COST OF REMOVAL AND GROSS SALVAGE
 AS OF DECEMBER 31, 2002

ACCOUNT	SUMMONS CUMULATIVE	ORIGINAL COST	BOOK RESERVE	COST OF REMOVAL PERCENT	COST OF REMOVAL	GROSS SALVAGE PERCENT	GROSS SALVAGE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
GENERAL PLANT							
3710 SELECTIVES AND IMPROVEMENTS - MINOR	40-83	39,189.75	18,408	0	781	0	0
3720 OFFICE FURNITURE AND EQUIPMENT	20-00	18,573.89	23,638	0	0	0	0
3730 TOOLS	21-42	103,862.88	33,252	0	0	20	(8,892)
3770 TOLLS, SHOP AND GARAGE EQUIPMENT	25-90	478,643.18	176,837	0	0	0	0
3790 COMMUNICATION EQUIPMENT	23-91.5	84,482.75	82,932	0	0	0	0
TOTAL GENERAL PLANT		752,864.27	303,165		781		(8,892)
TOTAL ELECTRIC AND COMMON PLANT		284,820,810.38	103,127,999		14,922,750		(12,332,111)

* Items shown in brackets and/or came. Each facility in the account is analyzed on individual probable retirement year.

09803-020600

R:\Plant\Asset Retirement Obligation\Regulated Property - COR.xls\2002

Cost of Removal in Regulated Assets
 December 31,2002

	CGE (1)	Law Gas	ULHP	CGE Consolidated	PSI
COR - 12/31/2002	128,347,460	924,646	26,499,362	155,771,468	334,053,575
RWIP 12/31/2002	<u>-8,632,794</u>	<u>107,397</u>	<u>-1,288,995</u>	<u>-9,814,392</u>	<u>-18,093,730</u>
COR in Reserve	119,714,666	1,032,043	25,210,367	145,957,076	315,959,845

Cost of Removal in Regulated Assets
 December 31,2003

	CGE (1)	Law Gas	ULHP	CGE Consolidated	PSI
COR - 12/31/2003	138,157,494	1,045,448	28,943,569	168,146,511	360,838,738
RWIP 12/31/2003	<u>-11,264,103</u>	<u>-83,703</u>	<u>-1,500,880</u>	<u>-12,848,686</u>	<u>-23,508,127</u>
COR in Reserve	126,893,391	961,745	27,442,689	155,297,825	337,330,611

Net Change in Cost of Removal in Regulated Assets
 December 31,2003

	CGE (1)	Law Gas	ULHP	CGE Consolidated	PSI
COR - 12/31/2003	-9,810,034	-120,802	-2,444,207	-12,375,043	-26,785,163
RWIP 12/31/2003	<u>2,631,309</u>	<u>191,100</u>	<u>211,885</u>	<u>3,034,294</u>	<u>5,414,397</u>
COR in Reserve	-7,178,725	70,298	-2,232,322	-9,340,749	-21,370,766

(1) Excludes production and step-up transformers which are non-regulated property

Attorney General Second Set Data Request
 Duke Energy Kentucky Case No. 2006-00172
 Attachment AG-DR-02-033 (c)

Duke Energy-Kentucky
 Analysis of Regulatory Liability for Cost of Removal
 For Rate Case No. 2006-00172

Regulatory Liabilities - COR	
Dec-02 Retirement work in progress (RWIP) beginning balance (Accum Depreciation COR not separated in GL until 4/03)	1,288,995.25
Jan-03 RWIP activity	70,298.50
Balance	1,359,293.75
Feb-03 RWIP activity	79,181.86
Balance	1,438,475.61
Mar-03 RWIP activity	66,759.72
Balance	1,505,235.33
Apr-03 Transfer 12/03 Accumulated depreciation COR balance	(26,499,362.00)
Accumulated depreciation COR - January - April	(1,182,537.24)
RWIP activity	(29,205.42)
Balance	(26,205,869.33)
May-03 Accumulated depreciation COR	(263,193.57)
RWIP activity	(39,146.63)
Balance	(26,508,209.53)
Jun-03 Accumulated depreciation COR	(287,895.31)
RWIP activity	100,633.19
Balance	(26,695,471.65)
Jul-03 Accumulated depreciation COR	(289,137.04)
RWIP activity	(163,379.70)
Balance	(27,147,988.39)
Aug-03 Accumulated depreciation COR	(291,589.33)
RWIP activity	95,138.15
Balance	(27,344,439.57)
Sep-03 Accumulated depreciation COR	(292,732.48)
RWIP activity	168,795.33
Balance	(27,488,376.72)
Oct-03 Accumulated depreciation COR	(295,921.27)
Correction to allgn GL between COR and life	744,933.87
RWIP activity	110,443.35
Balance	(26,908,920.77)
Nov-03 Accumulated depreciation COR	(297,338.08)
RWIP activity	80,307.60
Balance	(27,125,951.25)
Dec-03 Accumulated depreciation COR	(295,747.60)
RWIP activity	(20,990.43)
Balance	(27,442,689.28)
Jan-04 Accumulated depreciation COR	(304,263.33)
RWIP activity	92,349.89
Balance	(27,654,602.72)
Feb-04 Accumulated depreciation COR	(305,150.49)
RWIP activity	138,980.04
Balance	(27,820,793.17)
Mar-04 Accumulated depreciation COR	(306,212.52)
RWIP activity	158,859.11
Balance	(27,968,146.58)

Apr-04	Accumulated depreciation COR	(307,433.76)
	RWIP activity	141,474.68
	Balance	(28,134,105.66)
May-04	Accumulated depreciation COR	(308,696.30)
	RWIP activity	218,874.97
	Balance	(28,223,926.99)
Jun-04	Accumulated depreciation COR	(310,284.49)
	Correction to align GL between COR and life	(480.00)
	RWIP activity	34,562.01
	Balance	(28,500,129.47)
Jul-04	Accumulated depreciation COR	(311,386.41)
	RWIP activity	166,299.76
	Balance	(28,645,216.12)
Aug-04	Accumulated depreciation COR	(312,560.96)
	RWIP activity	150,899.00
	Balance	(28,806,878.08)
Sep-04	Accumulated depreciation COR	(314,644.36)
	RWIP activity	92,978.87
	Balance	(29,026,545.67)
Oct-04	Accumulated depreciation COR	(315,961.77)
	RWIP activity	(747,950.46)
	Balance	(30,092,457.80)
Nov-04	Accumulated depreciation COR	(318,502.53)
	RWIP activity	1,010,972.04
	Balance	(29,399,988.29)
Dec-04	Accumulated depreciation COR	(310,286.92)
	RWIP activity	177,229.44
	Balance	(29,533,046.77)
Jan-05	Accumulated depreciation COR	(316,244.89)
	RWIP activity	93,005.52
	Balance	(29,756,285.14)
Feb-05	Accumulated depreciation COR	(317,612.22)
	RWIP activity	40,281.74
	Balance	(30,033,615.62)
Mar-05	Accumulated depreciation COR	(318,318.86)
	RWIP activity	65,532.92
	Balance	(30,286,401.56)
Apr-05	Accumulated depreciation COR	(322,310.15)
	RWIP activity	87,476.16
	Balance	(30,521,235.55)
May-05	Accumulated depreciation COR	(319,997.84)
	RWIP activity	94,890.74
	Balance	(30,746,342.65)
Jun-05	Accumulated depreciation COR	(323,995.41)
	RWIP activity	107,912.68
	Balance	(30,962,425.38)
Jul-05	Accumulated depreciation COR	(325,688.69)
	RWIP activity	105,717.58
	Balance	(31,182,396.49)
Aug-05	Accumulated depreciation COR	(327,092.67)
	RWIP activity	98,324.78
	Balance	(31,411,164.28)
Sep-05	Accumulated depreciation COR	(332,502.51)

RWIP activity	116,175.70
Balance	(31,627,491.09)
Oct-05 Intercompany sale	10,509.76
Accumulated depreciation COR	(334,365.81)
RWIP activity	69,833.69
Balance	(31,881,513.45)
Nov-05 Intercompany sale	(11,876.50)
Accumulated depreciation COR	(335,394.17)
RWIP activity	106,654.33
Balance	(32,122,129.79)
Dec-05 Intercompany sale	14,633.13
Accumulated depreciation COR	(30,106.93)
Correct to GL for sale/retirement of vehicle	17,765.00
RWIP activity	97,182.17
Balance	(32,022,656.42)
Jan-06 Accumulated depreciation COR	(202,841.29)
Transfer of Caleb assets	(102,239.13)
RWIP activity	91,712.49
Balance	(32,236,024.35)
Feb-06 Accumulated depreciation COR	(203,122.45)
RWIP activity	236,895.78
Balance	(32,202,251.02)
Mar-06 Accumulated depreciation COR	(194,630.95)
RWIP activity	202,588.71
Balance	(32,194,293.26)
Apr-06 Accumulated depreciation COR	(192,558.30)
RWIP activity	112,884.00
Balance	(32,273,967.66)
May-06 Accumulated depreciation COR	(192,998.26)
RWIP activity	272,925.01
Balance	(32,194,040.81)
Jun-06 Accumulated depreciation COR	(196,634.75)
RWIP activity	170,430.54
Balance	(32,220,245.02)
Jul-06 Transfer of assets	(25,536.06)
Accumulated depreciation COR	(197,580.22)
RWIP activity	64,265.26
Balance	(32,379,096.04)
Financial Statement July 31, 2006	
Accumulated Depreciation COR	(35,588,629.50)
Retirement work in progress	3,209,533.46
	(32,379,096.04)

Regulatory Liabilities - Regulatory Asset - Legal ARO

Dec-05 Implementation of FIN 47 - Gas ARO	5,196,675.00
Jan-06 Deferred depreciation/accretion	45,643.69
Balance	5,242,318.69
Feb-06 Deferred depreciation/accretion	42,715.08
Balance	5,285,033.77
Mar-06 Deferred depreciation/accretion	46,027.09
Balance	5,331,060.86
Apr-06 Deferred depreciation/accretion	45,175.28
Balance	5,376,236.14

May-06 Deferred depreciation/accretion Balance	46,425.03 5,422,661.17
Jun-06 Deferred depreciation/accretion Balance	45,564.64 5,468,226.81
Jul-06 Deferred depreciation/accretion Balance	46,826.99 6,615,052.80
Financial Statement July 31, 2006	
Regulatory Asset - legal ARO	5,515,052.80

Other Noncurrent Liabilities - Legal ARO

Dec-05 Implimentation of FIN 47 - Gas ARO	(6,305,777.00)
Jan-06 Transfer of Caleb assets Deferred accretion Miscellaneous correction Balance	(1,736,392.95) (39,756.31) 146.49 (8,081,779.77)
Feb-06 Deferred accretion Balance	(39,384.21) (8,121,163.98)
Mar-06 Deferred accretion Miscellaneous correction Balance	(39,993.22) 2,703.00 (8,158,454.20)
Apr-06 Deferred accretion Balance	(39,141.41) (8,197,595.61)
May-06 Deferred accretion Balance	(40,391.16) (8,237,986.77)
Jun-06 Deferred accretion Balance	(39,530.77) (8,277,517.54)
Jul-06 Deferred accretion Balance	(40,793.12) (8,318,310.66)
Financial Statement July 31, 2006	
Other Noncurrent Liability - Legal ARO	(8,318,310.66)

Summary

Financial Statement at December 31, 2003	
Regulatory Liabilities - COR	(27,442,689.28)
Regulatory Liabilities - Reg Asset - Legal ARO	-
Subtotal Regulatory Liabilities	(27,442,689.28)
Other Noncurrent Liabilities - Legal ARO	-
Total	(27,442,689.28)
Financial Statement at December 31, 2004	
Regulatory Liabilities - COR	(29,533,045.77)
Regulatory Liabilities - Reg Asset - Legal ARO	-
Subtotal Regulatory Liabilities	(29,533,045.77)
Other Noncurrent Liabilities - Legal ARO	-
Total	(29,533,045.77)
Financial Statement at December 31, 2005	
Regulatory Liabilities - COR	(32,022,856.42)
Regulatory Liabilities - Reg Asset - Legal ARO	5,198,675.00
Subtotal Regulatory Liabilities	(26,825,981.42)
Other Noncurrent Liabilities - Legal ARO	(6,305,777.00)
Total	(33,131,758.42)
Financial Statement at July 31, 2006	
Regulatory Liabilities - COR	(32,379,096.04)

Regulatory Liabilities - Reg Asset - Legal ARO	<u>5,515,052.80</u>
Subtotal Regulatory Liabilities	<u>(26,864,043.24)</u>
Other Noncurrent Liabilities - Legal ARO	<u>(8,318,310.66)</u>
Total	<u>(35,182,353.90)</u>

**Duke Energy Kentucky
Case No. 2017-00321
Staff First Set Data Requests
Date Received: August 25, 2017**

STAFF-DR-01-046

REQUEST:

As the historical data becomes available, provide detailed monthly income statements for each forecasted month of the base period including the month in which the Commission hears this case.

RESPONSE:

STAFF-DR-01-046 Attachment includes detailed revenue and expenses for the actual months of December 2016 through July 2017 and for the forecasted months of August through November 2017. The remaining forecasted months of the base period will be updated as the actual information becomes available.

PERSON RESPONSIBLE: Sarah E. Lawler

DATA: "X" BASE PERIOD FORECASTED PERIOD
TYPE OF FILING: "X" ORIGINAL UPDATED REVISED

Account	Description	Total	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET	BUDGET	BUDGET	BUDGET
			Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	
403002	Depr-Expense	32,974,730	2,537,047	2,524,945	2,519,867	2,508,876	2,512,947	2,514,502	2,530,836	2,683,933	3,137,956	3,122,944	3,182,896	3,197,981	
404200	Amort of Elec Plt - Software	1,534,744	(122,995)	185,846	184,652	186,401	187,333	187,661	189,662	194,506	84,651	84,651	86,188	86,188	
407354	DSM Deferral - Electric	(963,996)	(73,896)	281,236	(75,145)	(442,920)	(1,079,095)	(676,669)	218,203	863,890	5,100	5,100	5,100	5,100	
407407	Carrying Charges	(1,004,149)	(111,055)	(115,015)	(118,681)	(123,359)	(126,528)	(132,578)	(136,413)	(140,520)	0	0	0	0	
408050	Municipal License-Electric	13,230	0	1,890	1,890	1,890	1,890	1,890	1,890	1,890	0	0	0	0	
408120	Franchise Tax - Non Electric	1	0	0	0	0	0	0	1	0	0	0	0	0	
408121	Taxes Property-Operating	8,638,137	614,919	725,968	732,101	732,101	732,101	732,101	732,101	732,101	726,161	726,161	726,161	726,161	
408150	State Unemployment Tax	9,940	338	11,666	2,265	(5,033)	118	76	281	229	0	0	0	0	
408151	Federal Unemployment Tax	5,471	154	4,078	(530)	(757)	948	956	1,156	(534)	0	0	0	0	
408152	Employer FICA Tax	648,690	75,800	82,942	70,849	96,625	72,094	85,401	80,039	84,940	0	0	0	0	
408153	Employer Local Tax	3	0	0	3	0	0	0	0	0	0	0	0	0	
408205	Highway Use Tax	91	0	26	0	0	29	0	0	36	0	0	0	0	
408470	Franchise Tax	32,123	24,171	0	0	3,407	0	2,272	1,137	1,136	0	0	0	0	
408700	Fed Social Security Tax-Elec	4,000	5,000	0	0	(15,000)	0	0	14,000	0	0	0	0	0	
408800	Federal Highway Use Tax-Elec	460	0	3	0	1	0	0	0	456	0	0	0	0	
408851	Sales & Use Tax Exp	(193)	4	0	(1)	0	(195)	0	(1)	0	0	0	0	0	
408960	Allocated Payroll Taxes	1,322,554	148,212	159,781	83,928	(68,933)	82,143	80,643	64,750	71,982	166,305	192,529	173,511	167,703	
409102	SIT Exp-Utility	(651,538)	(54,295)	(54,295)	(54,295)	(54,295)	(54,295)	(54,295)	(54,295)	(54,295)	(54,295)	(54,295)	(54,295)	(54,293)	
409104	Current State Income Tax - PY	(546,785)	(546,785)	0	0	0	0	0	0	0	0	0	0	0	
409190	Federal Income Tax-Electric-CY	(19,841,305)	(1,653,442)	(1,653,442)	(1,653,442)	(1,653,442)	(1,653,442)	(1,653,442)	(1,653,442)	(1,653,442)	(1,653,442)	(1,653,442)	(1,653,442)	(1,653,443)	
409194	Current FIT Elec - PY Audit	(197,047)	(197,047)	0	0	0	0	0	0	0	0	0	0	0	
409197	Current State Inc Tax-Util	562,990	562,990	0	0	0	0	0	0	0	0	0	0	0	
410100	DFIT: Utility: Current Year	34,892,043	2,907,670	2,907,670	2,907,670	2,907,670	2,907,670	2,907,670	2,907,670	2,907,670	2,907,670	2,907,670	2,907,670	2,907,673	
410102	DSIT: Utility: Current Year	3,190,453	265,871	265,871	265,871	265,871	265,871	265,871	265,871	265,871	265,871	265,871	265,871	265,872	
411410	Invest Tax Credit Adj-Electric	(11,950)	(1,786)	(924)	(924)	(924)	(924)	(924)	(924)	(924)	(924)	(924)	(924)	(924)	
426510	Other	(1,152,428)	(1,047,271)	0	0	71,623	(22,433)	0	0	686	6,751	16,356	(82,565)	(95,575)	
426891	IC Sale of AR Fees VIE	327,548	32,204	39,962	42,164	38,315	40,189	36,773	35,393	35,298	27,250	0	0	0	
440000	Residential	121,163,774	10,764,634	12,874,646	10,127,950	9,085,273	7,915,095	7,508,314	9,659,183	12,661,898	12,702,058	11,569,355	8,185,453	8,109,915	
440990	Residential Unbilled Rev	(1,492,557)	1,212,394	(1,263,731)	(836,672)	(528,078)	(339,258)	784,453	940,089	1,301,409	(851,777)	(2,926,539)	(67,129)	1,082,282	
442100	General Service	109,064,153	9,044,777	9,229,396	8,637,290	8,398,799	8,187,325	8,137,893	9,006,448	10,326,875	10,314,310	10,200,665	8,945,849	8,634,526	
442190	General Service Unbilled Rev	(49,197)	(134,486)	(235,686)	(289,852)	106,074	(21,272)	223,617	565,911	224,801	(108,433)	(370,491)	201,645	(211,025)	
442200	Industrial Service	51,156,847	4,183,045	3,985,183	4,020,096	3,928,177	3,887,686	3,929,156	4,218,650	4,666,134	4,686,098	4,682,103	4,527,381	4,443,138	
442290	Industrial Svc Unbilled Rev	204,506	(153,749)	15,961	(218,848)	136,596	(102,759)	162,141	278,841	38,403	15,835	70,916	(20,930)	(17,901)	
444000	Public St & Highway Lighting	1,587,616	136,237	116,540	135,023	131,291	130,149	127,100	119,193	142,099	137,324	138,581	136,305	137,774	
445000	Other Sales to Public Auth	20,538,065	1,709,352	1,715,247	1,574,174	1,646,049	1,517,430	1,560,495	1,506,064	1,922,746	1,901,140	2,009,173	1,793,742	1,682,453	
445090	OPA Unbilled	(61,010)	(61,084)	(10,057)	(114,799)	44,432	(50,026)	63,810	115,294	30,351	49,795	(89,899)	24,909	(63,736)	
447150	Sales For Resale - Outside	20,367,458	2,931,217	1,775,211	1,608,680	3,515,082	2,495,303	1,297,999	2,854,945	1,087,021	716,000	619,000	898,000	569,000	
448000	Interdepartmental Sales-Elec	49,878	2,467	9,022	11,880	33,871	2,070	1,849	3,234	3,891	1,790	1,935	4,220	0	
449100	Provisions For Rate Refunds	715,118	(379,172)	93,347	225,359	(308,596)	257,601	684,721	126,260	15,598	0	0	0	0	
451100	Misc Service Revenue	283,831	26,203	19,479	18,855	18,420	23,169	29,563	26,544	22,430	24,792	24,792	24,792	24,792	
453625	Intercompany Sales of Water	114,457	85,000	9,819	9,819	9,819	0	0	0	0	0	0	0	0	
454200	Pole & Line Attachments	227,719	0	32,539	0	36	85	113	138,278	0	14,167	14,167	14,167	14,167	
454300	Tower Lease Revenues	1,617	231	0	231	0	231	0	231	231	0	0	0	0	
454400	Other Electric Rents	914,375	32,503	80,504	66,175	73,505	73,073	75,582	84,770	75,595	88,167	88,167	88,167	88,167	
456025	RSG Rev - MISO Make Whole	614,423	66,722	172,028	20,831	222,875	20	52,195	(93)	79,845	0	0	0	0	
456040	Sales Use Tax Coll Fee	400	50	50	50	50	50	50	50	50	0	0	0	0	
456110	Transmission Charge PTP	84,523	5,041	5,369	6,684	4,763	3,621	4,619	1,757	4,337	12,083	12,083	12,083	12,083	
456111	Other Transmission Revenues	1,846,181	304,346	60,201	(3,379)	(552)	(43,274)	121,038	167,800	330,361	227,410	227,410	227,410	227,410	
456610	Other Electric Revenues	15,633	0	15,633	0	0	0	0	0	0	0	0	0	0	
456970	Wheel Transmission Rev - ED	47,470	4,447	5,764	5,591	4,961	5,195	4,031	4,472	4,841	2,042	2,042	2,042	2,042	
457105	Scheduling & Dispatch Revenues	143,734	0	0	65,634	13,302	(1)	15,078	20,539	29,182	0	0	0	0	
457204	PJM Reactive Rev	2,350,348	1,100,470	24,057	(45,057)	622,802	177,769	156,769	156,769	156,769	0	0	0	0	

DATA: "X" BASE PERIOD FORECASTED PERIOD
TYPE OF FILING: "X" ORIGINAL UPDATED REVISED

Account	Description	Total	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET	BUDGET	BUDGET	BUDGET
			Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	
500000	Suprvsn and Engrg - Steam Oper	2,691,590	358,766	216,246	312,104	154,115	309,876	256,734	174,236	504,670	100,798	105,976	98,780	99,289	
501110	Coal Consumed-Fossil Steam	86,799,571	6,189,750	9,352,399	7,368,099	9,054,528	7,688,931	6,127,845	8,076,434	5,918,585	7,443,000	6,486,000	6,642,000	6,452,000	
501150	Coal & Other Fuel Handling	1,840,692	478,191	64,236	115,658	108,966	131,337	113,379	121,769	135,928	138,442	156,236	138,199	138,351	
501190	Sale of Fly Ash-Expenses	1,315,201	188,048	14,255	22,671	31,111	19,429	32,435	20,845	204,507	195,475	195,475	195,475	195,475	
501310	Oil Consumed-Fossil Steam	937,863	223,682	275,115	116,257	48,065	(120,684)	154,017	46,980	194,431	0	0	0	0	
501996	Fuel Expense	2,809,000	0	0	0	0	0	0	0	0	729,000	676,000	909,000	495,000	
502040	COST OF LIME	5,369,586	565,241	899,842	657,316	956,771	558,101	526,570	619,893	621,168	315,881	(257,220)	(355,321)	261,344	
502070	Gypsum - Qualifying	15,000	0	0	0	0	0	0	0	0	5,000	5,000	5,000	0	
502100	Fossil Steam Exp-Other	5,731,815	276,235	335,629	260,804	340,468	300,401	346,998	282,085	244,724	921,656	829,768	693,175	899,872	
505000	Electric Expenses-Steam Oper	732,071	59,590	76,168	57,068	81,114	59,996	66,195	71,569	61,468	44,961	64,325	44,739	44,878	
506000	Misc Fossil Power Expenses	1,836,063	441,290	75,530	143,951	137,200	142,327	107,698	231,417	47,445	108,638	124,526	164,940	111,101	
509030	SO2 Emission Expense	731	68	53	49	38	49	45	33	54	94	82	84	82	
509210	Seasonal NOx Emission Expense	9,318	(54)	0	(11)	0	0	0	2,080	2,317	2,670	2,305	0	0	
509212	Annual NOx Emission Expense	9,018	2,678	2,315	1,028	703	629	537	538	590	0	0	0	0	
510000	Suprvsn and Engrmg-Steam Maint	1,914,597	171,031	157,470	153,293	134,684	139,015	158,412	136,422	125,685	183,972	181,829	189,123	183,661	
510100	Suprvsn & Engrmg-Steam Maint R	35,432	4,239	1,368	2,830	3,110	2,208	3,046	1,918	1,143	3,893	3,892	3,893	3,892	
511000	Maint of Structures-Steam	3,888,674	284,649	281,469	275,899	530,210	319,727	348,412	403,721	469,062	237,396	263,003	237,086	238,040	
512100	Maint of Boiler Plant-Other	5,807,013	483,448	509,567	469,542	626,293	389,447	615,609	471,304	643,583	378,005	414,776	397,582	407,857	
513100	Maint of Electric Plant-Other	973,885	69,752	161,743	77,787	8,025	14,451	372,294	119,530	66,681	16,451	16,428	17,824	32,899	
514000	Maintenance - Misc Steam Plant	2,086,469	235,239	85,998	228,980	132,808	174,130	927,328	177,213	12,581	25,671	35,338	25,560	25,633	
514300	Maintenance - Misc Steam Plant	372	19	46	45	57	58	47	48	52	0	0	0	0	
546000	Suprvsn and Enginring-CT Oper	367,014	24,593	31,995	33,079	36,570	35,102	30,953	38,046	32,251	25,761	27,256	25,681	25,727	
547100	Natural Gas	1,135,864	(10,659)	100,590	108,101	145,050	0	355,180	24,120	413,482	0	0	0	0	
547150	Natural Gas Handling-CT	11,357	745	897	793	876	823	793	818	968	968	968	968	968	
547701	Propane Gas	230,538	290	457	209	254	277	326	244,371	(15,646)	0	0	0	0	
548100	Generation Expenses-Other CT	12,249	517	485	237	467	507	1,481	498	524	1,861	1,971	1,840	1,861	
548200	Prime Movers - Generators- CT	331,062	23,156	30,205	22,235	29,867	22,347	24,017	34,732	26,648	26,367	38,952	26,223	26,313	
549000	Misc-Power Generation Expenses	907,793	77,739	92,270	64,503	83,156	78,211	77,214	76,896	91,350	61,249	80,557	60,960	63,688	
551000	Suprvsn and Enginring-CT Maint	160,639	4,305	4,695	5,054	6,371	6,426	6,861	5,147	4,353	28,777	28,552	31,365	28,733	
552000	Maintenance of Structures-CT	321,647	52,452	36,454	10,251	31,361	19,298	6,571	9,508	7,821	31,983	51,982	31,983	31,983	
553000	Maint-Genrg and Elect Equip-CT	3,663,247	1,180,961	94,694	12,375	233,974	145,592	730,193	(571,265)	601,629	6,424	102,482	563,067	563,121	
554000	Misc Power Generation Plant-CT	250,021	19,946	18,289	24,117	32,303	23,456	16,619	24,504	41,573	11,671	14,242	11,641	11,660	
555028	Purch Pwr - Non-native - net	211,050	69,722	0	0	67,162	0	0	74,166	0	0	0	0	0	
555202	Purch Power-Fuel Clause	29,684,250	7,242,320	426,721	848,576	1,411,560	638,754	3,913,284	2,500,527	5,947,174	2,318,156	1,865,511	1,074,156	1,497,511	
556000	System Cnts & Load Dispatching	952	38	169	29	119	168	147	161	25	24	24	24	24	
557000	Other Expenses-Oper	11,405,366	969,469	896,361	934,137	1,141,812	1,567,993	1,478,598	688,712	641,768	825,810	772,745	875,246	612,715	
557450	Commissions/Brokerage Expense	23,605	3,413	3,059	2,775	2,775	3,110	2,897	2,846	2,730	0	0	0	0	
557980	Retail Deferred Fuel Expenses	(4,074,402)	(740,995)	(150,770)	(293,962)	(57,271)	(515,826)	(2,760,567)	(115,621)	(668,991)	61,472	863,594	244,805	59,730	
560000	Supervsn and Engrmg-Trans Oper	27,105	168	156	238	419	197	255	197	241	6,489	12,183	3,950	2,612	
561100	Load Dispatch-Reliability	119,211	9,039	8,995	8,554	9,759	9,193	8,993	4,558	20,254	9,952	9,958	9,558	9,998	
561200	Load Dispatch-Monitor&OprTrnSys	532,265	42,513	39,986	38,840	46,901	41,676	39,949	23,970	78,777	44,894	44,873	44,874	45,012	
561300	Load Dispatch - TransSvc&Sch	72,399	5,735	5,474	5,235	6,266	5,693	5,483	3,217	11,005	6,066	6,068	6,069	6,088	
561400	Scheduling-Sys Cntrl&Disp Svs	2,628,913	1,460,340	0	70,841	487,951	145,656	141,977	149,094	173,054	0	0	0	0	
561500	ReliabilityPlanning&StdsDev	2,284	0	0	456	968	0	0	0	0	215	215	215	215	
561800	ReliabilityPlanning&StdsDev	860,353	0	0	0	860,353	0	0	0	0	0	0	0	0	
562000	Station Expenses	118,733	4,787	18,254	5,039	13,173	17,139	9,059	12,839	3,404	8,491	9,441	8,471	8,636	
563000	Overhead Line Expenses-Trans	46,742	364	27,842	406	732	9,289	50	331	325	1,656	2,409	1,652	1,686	
565000	Transm of Elec By Others	14,171,473	1,378,624	1,410,810	1,203,370	555,301	1,231,399	1,222,093	1,777,871	1,433,053	989,738	989,738	989,738	989,738	
566000	Misc Trans Exp-Other	415,021	17,970	14,313	73,359	16,865	81,773	13,736	27,427	85,622	6,127	6,067	66,505	5,257	
566100	Misc Trans-Trans Lines Related	727	260	83	60	113	37	36	0	138	0	0	0	0	
569000	Maint of Structures-Trans	4,608	404	65	552	641	1,160	(790)	1,022	1,554	0	0	0	0	
569100	Maint of Computer Hardware	258	71	0	89	23	0	0	69	6	0	0	0	0	
569200	Maint of Computer Software	119,271	8,523	9,869	6,901	12,961	7,920	5,434	5,644	6,716	14,225	12,490	16,402	12,186	

DATA: "X" BASE PERIOD FORECASTED PERIOD
TYPE OF FILING: "X" ORIGINAL UPDATED REVISED

Account	Description	Total	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET	BUDGET	BUDGET	BUDGET
			Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17
570100	Maint Stat Equip-Other- Trans	139,590	(4,600)	5,786	9,852	40,202	20,920	14,311	24,870	3,601	5,951	6,713	5,938	6,046
570200	Main-Cir BrkrsTrnsf Mtrs-Trans	98,351	0	0	6,667	2,333	7,457	8,709	3,389	4,667	16,342	15,861	16,305	16,621
571000	Maint of Overhead Lines-Trans	295,691	26,170	(9,309)	13,888	30,274	5,874	54,577	29,004	24,497	29,836	35,188	28,747	26,945
575700	Market Faciliation-Mntr&Comp	1,414,435	162,974	166,543	139,692	161,428	142,700	32,267	28,817	25,610	138,601	138,601	138,601	138,601
580000	Supervsn and Engrng-Dist Oper	129,310	5,448	3,077	3,483	7,342	4,132	3,616	4,034	3,404	24,269	41,541	16,490	12,474
581004	Load Dispatch-Dist of Elec	427,589	28,916	34,357	32,154	40,547	32,013	32,253	35,327	40,133	37,516	37,621	38,653	38,099
582100	Station Expenses-Other-Dist	173,439	7,535	20,491	16,776	20,273	17,862	20,178	19,567	15,448	8,859	8,605	8,839	9,006
583100	Overhead Line Exps-Other-Dist	121,306	(22,821)	8,300	2,721	(6,214)	3,375	2,143	6,953	5,727	20,426	57,595	20,471	22,630
583200	Transf Set Rem Reset Test-Dist	95,622	10,865	8,212	8,964	11,067	6,693	7,528	6,965	7,149	6,201	9,302	6,388	6,388
584000	Underground Line Expenses-Dist	370,154	22,406	37,990	31,451	36,860	55,286	4,848	36,367	23,374	29,571	35,495	28,770	27,736
586000	Meter Expenses-Dist	573,253	73,202	68,930	61,309	81,633	57,809	58,189	71,008	79,199	5,305	9,143	5,573	1,953
587000	Cust Install Exp-Other Dist	846,611	85,750	60,557	46,019	8,338	32,222	32,224	46,239	46,598	83,562	113,510	157,416	134,176
588100	Misc Distribution Exp-Other	2,757,067	229,803	136,198	221,882	222,700	425,622	149,967	196,768	190,383	172,491	256,674	351,507	203,092
589000	Rents-Dist Oper	42,076	8,450	3,370	13,192	(23,685)	4,991	6,573	5,446	5,150	480	13,920	666	3,523
591000	Maintenance of Structures-Dist	2,423	466	0	0	142	0	0	1,815	0	0	0	0	0
592100	Maint Station Equip-Other-Dist	201,189	14,114	28,402	15,685	23,778	20,187	30,645	21,439	12,281	7,760	11,260	7,740	7,898
592200	Cir BrkrsTrnsf Mtrs Rely-Dist	143,896	0	0	0	8,196	4,333	4,333	0	8,667	29,693	28,884	29,630	30,160
593000	Maint Overhd Lines-Other-Dist	7,581,229	455,910	307,484	247,181	1,747,639	491,939	790,646	972,116	867,943	533,226	487,696	330,075	349,374
593100	Right-of-Way Maintenance-Dist	5,842	0	0	0	0	0	0	0	0	2,413	1,143	1,143	1,143
594000	Maint-Underground Lines-Dist	380,189	14,430	17,660	20,898	15,559	16,278	42,785	22,212	65,796	46,271	41,726	39,075	37,499
595100	Maint Line Transfrs-Other-Dist	416,378	106	778	1,169	626	470	191,336	134,726	52,699	5,701	16,286	6,116	6,365
596000	Maint-StreetLightng/Signl-Dist	458,700	69,734	40,106	31,987	27,763	29,229	43,473	30,297	43,676	21,928	14,504	32,322	73,681
597000	Maintenance of Meters-Dist	313,509	25,519	28,348	21,261	33,155	25,637	28,314	20,555	25,547	24,399	31,976	24,399	24,399
901000	Supervision-Cust Accts	409,232	18,261	22,044	18,728	26,180	23,299	22,578	22,786	20,180	57,588	62,413	57,589	57,586
902000	Meter Reading Expense	868,965	65,006	88,441	61,626	95,860	70,904	44,737	105,564	63,399	72,133	73,871	62,230	65,194
903000	Cust Records & Collection Exp	2,658,312	159,586	290,243	248,045	338,746	225,033	273,838	234,448	208,889	175,978	151,220	159,721	192,565
903100	Cust Contracts & Orders-Local	329,056	26,921	22,422	8,014	19,539	13,570	16,216	18,753	8,704	49,675	50,311	48,465	46,466
903200	Cust Billing & Acct	1,009,916	73,103	75,475	193,688	86,893	72,872	71,275	75,756	65,597	72,759	81,291	71,549	69,658
903250	Cust Billing - Common	(141,983)	149,909	0	0	0	0	0	0	0	(99,267)	(67,897)	(51,028)	(73,700)
903300	Cust Collecting-Local	336,282	22,220	22,388	18,811	22,067	15,674	21,084	19,606	15,988	48,332	45,080	43,022	42,010
903400	Cust Receiv & Collect Exp-Edp	58,877	5,728	3,132	2,803	3,012	3,117	3,347	4,308	2,938	7,465	7,668	7,641	7,718
903891	IC Collection Agent Revenue	(264,102)	(166,863)	(17,585)	(14,980)	(14,184)	(11,546)	(11,457)	(12,815)	(14,672)	0	0	0	0
904001	BAD DEBT EXPENSE	(32,352)	(114,140)	9,320	(12,108)	(2,728)	(289)	32,654	44,109	(7,570)	4,600	4,600	4,600	4,600
904003	Cust Acctg-Loss On Sale-A/R	791,775	0	0	0	0	0	0	0	0	194,090	134,949	211,117	251,619
904891	IC Loss on Sale of AR VIE	681,208	681,208	0	0	0	0	0	0	0	0	0	0	0
905000	Misc Customer Accts Expenses	386	63	32	20	15	125	48	21	62	0	0	0	0
908000	Cust Asst Exp-Conservation Pro	37,555	3	0	1	0	0	3	0	0	9,387	9,387	9,387	9,387
909650	Misc Advertising Expenses	2,331	643	1,192	0	492	0	0	0	4	0	0	0	0
910000	Misc Cust Serv/Inform Exp	384,035	33,579	36,653	49,442	25,591	20,316	42,632	10,576	34,935	31,679	35,106	33,012	30,514

DATA: "X" BASE PERIOD FORECASTED PERIOD
TYPE OF FILING: "X" ORIGINAL UPDATED REVISED

Account	Description	Total	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET	BUDGET	BUDGET	BUDGET
			Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17
910100	Exp-Rs Reg Prod/Svces-CstAccts	382,396	41,563	18,031	15,190	19,453	23,974	32,223	22,602	18,068	41,818	68,159	39,542	41,773
912000	Demonstrating & Selling Exp	859,330	90,487	64,056	64,375	65,375	63,184	42,846	60,093	61,451	85,858	89,541	85,841	86,223
913001	Advertising Expense	41,322	19,556	1,436	1,729	1,779	3,810	8,560	(2,847)	6,679	155	155	155	155
920000	A & G Salaries	5,936,396	1,191,335	437,118	439,971	298,770	462,305	486,236	578,705	444,822	481,150	154,052	481,015	480,917
920100	A & G Salaries - Project Suppl	10	0	0	0	0	0	0	6	4	0	0	0	0
921100	Employee Expenses	278,662	(15,331)	44,316	27,264	36,372	27,886	18,289	15,122	27,757	23,445	26,152	23,480	23,910
921101	Employee Exp - NC	3	3	0	0	0	0	0	0	0	0	0	0	0
921110	Relocation Expenses	33	3	0	5	0	0	5	18	2	0	0	0	0
921200	Office Expenses	704,777	66,587	39,743	36,019	51,125	50,441	44,215	85,773	38,003	65,572	96,541	65,712	65,046
921300	Telephone And Telegraph Exp	53	2	0	0	1	0	0	50	0	0	0	0	0
921400	Computer Services Expenses	237,496	119,226	34,640	18,101	18,592	11,479	3,212	11,449	(19,037)	8,501	9,531	12,795	9,007
921540	Computer Rent (Go Only)	31,198	2,113	3,630	4,056	3,774	2,931	4,804	4,919	4,795	44	44	44	44
921600	Other	322	70	2	24	19	73	106	23	5	0	0	0	0
921980	Office Supplies & Expenses	1,122,273	109,204	81,479	82,939	90,572	83,206	82,607	85,923	79,714	106,723	106,208	106,832	106,866
922000	Admin Expense Transfer	23	0	23	0	0	0	0	0	0	0	0	0	0
923000	Outside Services Employed	2,034,803	229,444	66,138	150,687	146,760	115,234	126,012	203,111	142,039	199,175	260,078	203,712	192,413
923980	Outside Services Employee &	(14,366)	(217)	(1,366)	(1,098)	(3,846)	(1,997)	(4,030)	739	(2,551)	0	0	0	0
924000	Property Insurance	2,490	(466)	403	361	(60)	403	(232)	(241)	2,322	0	0	0	0
924050	Inter-Co Prop Ins Exp	183,427	15,328	15,781	15,781	15,781	15,781	15,781	15,781	15,781	14,408	14,408	14,408	14,408
924980	Property Insurance For Corp.	168,872	14,213	13,553	13,553	13,553	13,553	13,553	13,553	13,553	14,947	14,947	14,947	14,947
925000	Injuries & Damages	189,209	13,943	15,626	17,260	16,654	15,188	28,342	18,964	17,964	11,317	11,317	11,317	11,317
925051	INTER-CO GEN LIAB EXP	746,987	54,925	60,266	60,266	60,266	60,266	60,266	60,266	60,266	67,550	67,550	67,550	67,550
925200	Injuries And Damages-Other	5,256	900	669	519	666	630	651	606	615	0	0	0	0
925980	Injuries And Damages For Corp.	37,574	1,076	1,054	1,054	1,054	1,054	1,054	1,054	5,841	5,098	13,803	13,803	4,378
926000	EMPL PENSIONS AND BENEFITS	3,996,566	396,955	284,723	336,818	326,413	551,265	307,970	326,854	308,276	322,813	189,989	322,347	322,143
926420	Employees' Tuition Refund	32	0	0	0	0	0	0	0	32	0	0	0	0
926430	Employees' Recreation Expense	585	21	0	0	0	0	0	0	0	141	141	141	141
926600	Employee Benefits-Transferred	2,239,329	38,101	235,088	190,713	154,761	197,247	164,479	266,763	165,128	172,799	256,533	197,987	199,730
928006	Stete Reg Comm Proceeding	704,940	58,602	58,602	58,602	58,602	58,602	58,602	58,602	57,846	59,220	59,220	59,220	59,220
929000	Duplicate Chrgs-Enrgy To Exp	(31,143)	(3,281)	(4,416)	(4,247)	(3,825)	(3,815)	(3,647)	(3,261)	(4,651)	0	0	0	0
929500	Admin Exp Transf	(434,641)	(31,499)	(26,046)	(29,757)	(59,220)	(33,576)	(37,886)	(50,854)	(43,749)	(27,273)	(40,235)	(27,273)	(27,273)
930150	Miscellaneous Advertising Exp	13,727	1,260	1,713	1,850	1,153	2,168	3,202	323	2,058	0	0	0	0
930200	Misc General Expenses	465,369	26,195	24,148	32,100	43,449	34,388	38,274	30,220	35,983	49,800	52,556	49,221	49,035
930210	Industry Association Dues	40,462	0	47,702	0	(7,240)	0	0	0	0	0	0	0	0
930220	Exp of Servicing Securities	23,167	(41)	0	0	12,040	5,000	6,505	(340)	3	0	0	0	0
930230	Dues To Various Organizations	29,422	10,399	947	62	958	1,671	35	767	0	3,004	1,194	4,219	6,166
930240	Director'S Expenses	46,393	6,826	7,167	13	488	5,174	22,645	95	3,985	0	0	0	0
930250	Buy/Sell Transf Employee Homes	23,933	3,347	2,978	(236)	1,125	1,154	1,765	1,214	8,899	301	2,784	301	301
930600	Leased Circuit Charges - Other	27	0	0	12	15	0	0	0	0	0	0	0	0
930700	Research & Development	2,390	501	45	465	71	496	258	117	437	0	0	0	0
930940	General Expenses	1,169	260	86	457	53	43	101	33	136	0	0	0	0
931001	Rents-A&G	219,548	18,992	18,418	17,180	18,198	18,562	17,020	18,121	17,174	18,958	18,975	18,975	18,975
931008	A&G Rents-IC	914,644	83,131	81,259	80,709	88,016	87,304	56,073	55,704	57,244	81,301	81,301	81,301	81,301
935100	Mainl General Plant-Elec	17,869	49	1,465	(541)	549	2,011	145	134	353	3,340	3,684	3,340	3,340
93S200	Cust Infor & Computer Control	17	14	3	0	(4)	0	1	2	1	0	0	0	0
		623,582,428	60,858,525	52,882,335	46,536,233	53,697,878	45,379,279	48,404,248	55,315,388	60,787,890	54,579,463	49,683,119	47,858,025	47,600,045

DUKE ENERGY KENTUCKY, INC.
CASE NO. 2017-00321
MONTHLY REVENUES AND EXPENSES BY ACCOUNT
BASE PERIOD

KyPSC CASE No. 2017-00321
STAFF-DR-01-046 Attachment
Page 5 of 5

DATA: "X" BASE PERIOD FORECASTED PERIOD
TYPE OF FILING: "X" ORIGINAL UPDATED REVISED

Account	Description	Total	ACTUAL										BUDGET	
			Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17
Revenues		329,889,362	30,880,645	28,730,753	25,025,715	27,158,951	24,090,861	24,941,038	29,983,844	33,124,210	29,934,902	26,273,315	24,995,821	24,739,307
<u>Operating Expenses</u>														
Fuel Expense		87,838,434	5,652,068	9,577,791	7,298,704	9,190,626	7,052,698	3,876,801	8,276,284	5,841,861	8,233,472	8,025,594	7,795,805	7,006,730
Purchased Power		29,895,300	7,312,042	426,721	848,576	1,478,722	638,754	3,913,284	2,574,693	5,947,174	2,318,156	1,865,511	1,074,156	1,497,511
Other Power Supply		11,429,923	972,920	899,589	936,941	1,144,706	1,571,271	1,481,642	691,719	644,523	825,834	772,769	875,270	612,739
Emission Allowances		19,067	2,692	2,368	1,066	752	678	582	2,651	2,961	2,764	2,387	84	82
<u>Operation</u>														
Production		21,161,493	2,494,111	1,837,758	1,690,419	1,960,681	1,658,457	1,585,414	1,672,804	1,971,476	1,947,057	1,373,790	1,100,659	1,868,867
Customer Accounts		5,880,692	(94,065)	555,874	566,811	685,338	430,515	511,093	547,929	399,499	617,354	559,862	532,341	568,141
Customer Service & Information		806,317	75,788	55,876	64,633	45,536	44,290	74,858	33,178	53,007	82,884	112,652	81,941	81,674
Sales Expense		900,652	110,043	65,492	66,104	67,154	66,994	51,406	57,246	68,130	86,013	89,696	85,996	86,378
Transmission		18,995,226	2,919,800	1,525,913	1,406,398	1,998,601	1,542,052	1,441,631	1,999,504	1,805,873	1,073,628	1,080,952	1,131,432	1,069,242
Regional Marketing		1,414,435	162,974	166,543	139,692	161,428	142,700	32,267	28,817	25,610	138,601	138,601	138,601	138,601
Distribution		5,536,427	449,554	381,482	437,831	398,861	640,005	317,519	428,674	416,565	388,680	583,406	634,773	459,077
A&G		19,921,417	2,412,127	1,545,489	1,551,503	1,385,110	1,784,116	1,516,267	1,800,179	1,435,909	1,679,737	1,388,384	1,722,054	1,700,542
Other		(1,968,145)	(184,951)	166,221	(193,826)	(566,279)	(1,205,623)	(809,247)	81,790	723,370	5,100	5,100	5,100	5,100
<u>Maintenance</u>														
Production		19,101,976	2,506,041	1,351,783	1,260,173	1,739,196	1,233,808	3,185,392	778,050	1,974,163	924,243	1,112,524	1,509,124	1,527,479
Transmission		657,769	30,568	6,411	37,949	86,434	43,331	82,241	63,998	41,041	66,354	70,252	67,392	61,798
Regional Marketing		0	0	0	0	0	0	0	0	0	0	0	0	0
Distribution		9,503,355	580,279	422,778	338,181	1,856,858	588,073	1,131,532	1,203,160	1,076,609	671,391	633,475	470,500	590,519
A&G		17,886	63	1,468	(541)	545	2,011	146	136	354	3,340	3,684	3,340	3,340
Operation & Maintenance Expense		101,929,500	11,462,332	8,083,088	7,365,327	9,819,663	6,970,729	9,120,519	8,695,465	9,991,606	7,684,382	7,152,378	7,483,253	8,100,758
Total Operating Expense		231,112,224	25,412,054	18,989,557	16,450,614	21,634,469	16,234,130	18,392,828	20,240,812	22,428,125	19,064,608	17,818,639	17,228,568	17,217,820
Depreciation Expense		34,509,474	2,414,052	2,710,791	2,704,519	2,695,277	2,700,280	2,702,163	2,720,498	2,878,439	3,222,607	3,207,595	3,269,084	3,284,169
Amortization of Deferred Expenses														
Taxes Other Than Income Taxes		10,674,507	868,598	986,354	890,505	744,301	889,128	903,339	895,354	892,236	892,466	918,690	899,672	893,864
Income Taxes		17,396,861	1,283,176	1,464,880	1,464,880	1,464,880	1,464,880	1,464,880	1,464,880	1,464,880	1,464,880	1,464,880	1,464,880	1,464,885
Operating Income		36,196,296	902,765	4,579,171	3,515,197	620,024	2,802,443	1,477,828	4,672,300	5,460,530	5,290,341	2,863,511	2,133,617	1,878,569

**Duke Energy Kentucky
Case No. 2017-00321
Staff First Set Data Requests
Date Received: August 25, 2017**

STAFF-DR-01-047

REQUEST:

Provide the amount of excess deferred federal income taxes resulting from the reductions in the corporate tax rate in 1979 and 1986, as of the end of the most recent calendar year. Show the amounts associated with the 1979 reduction separately from the amounts associated with the 1986 reduction.

RESPONSE:

The total amount of all federal excess deferred taxes is less than \$500k at 12/31/2016 which includes all federal tax rate changes. We maintain our deferred taxes in PowerTax. PowerTax maintains one record for each asset that shows the total book vs. tax timing difference and the associated deferred taxes for that one record. Each time a federal tax rate change occurs the balance of deferred taxes for that records is updated to the new balance including the total amount of the excess deferred taxes. Each individual tax rate change is not stored separately on this record. Therefore we do not maintain a balance of excess deferred taxes distinguished by the year of the tax rate change.

PERSON RESPONSIBLE: Lisa Bellucci

REQUEST:

Provide the following tax data for the most recent calendar year:

- a. Income taxes:
 1. Federal operating income taxes deferred – accelerated tax depreciation.
 2. Federal operating income taxes deferred – other (explain).
 3. Federal income taxes – operating.
 4. Income credits resulting from prior deferrals of federal income taxes.
 5. Investment tax credit net.
 - i. Investment credit realized.
 - ii. Investment credit amortized – Pre-Revenue Act of 1971.
 - iii. Investment credit amortized – Revenue Act of 1971.
 6. The information in Item 48a(1-4) for state income taxes.
 7. A reconciliation of book to federal taxable income as shown in Schedule 48a(1) and a calculation of the book federal income tax expense for the base period using book taxable income as the starting point.
 8. A reconciliation of book to state taxable income as shown in Schedule 48a(2) and a calculation of the book state income tax expense for the base period using book taxable income as the starting point.

9. A copy of federal and state income tax returns for the most recent tax year, including supporting schedules.
 10. A schedule of franchise fees paid to cities, towns, or municipalities during the test year, including the basis of these fees.
- b. An analysis of Kentucky Other Operating Taxes as shown in Schedule 48b.

RESPONSE:

**CONFIDENTIAL PROPRIETARY TRADE SECRET (as to Attachments
STAFF-DR-01-048a C and D)**

- a. (1) through (8) – STAFF-DR-01-048a A Attachment.xlsx provides a reconciliation of book to federal and state taxable income and a calculation of federal and state income tax expense in the format provided for the 12 months ended December 31, 2016. Similar information for the base period can be found in Schedule E-1
- (9) – STAFF-DR-01-048a C CONFIDENTIAL Attachment.pdf and STAFF-DR-01-048 D CONFIDENTIAL Attachment.pdf are the 2015 federal and state income tax returns, respectively, for Duke Energy Kentucky. The Kentucky Corporation Income Tax Return is filed on a consolidated basis with Duke Energy Kentucky's affiliated companies.
- (10). See STAFF-DR-01-048a B Attachment.xlsx for the franchise fees paid. The basis of school and franchise taxes are gross receipts.
- b. STAFF-DR-01-048b Attachment.xlsx provides the Kentucky Other Operating Taxes information requested in the format provided.

PERSON RESPONSIBLE: Lisa Bellucci

STAFF-DR-01-048a(1)-(3),(6)

Duke Energy Kentucky, Inc
Case No. 2017-00321
Federal and State Income Taxes
For the Year Ended December 31, 2016

Description	Current Kentucky	Deferred Blended SIT Acc Tax Depr	Deferred Blended SIT Other	Current Federal	Deferred Federal Acc Tax Depr	Deferred Federal Other	Total
Current Year	(1,251,648)	2,433,984	899,468	(12,090,577)	15,085,667	8,369,773	13,446,667
Current Year - TBBS							-
Prior Year Return True-up	(726,551)	336,519	(153,407)	1,781,818	2,085,719	(3,994,292)	(670,194)
Audit Adjustments				(330,153)		133,106	(197,047)
FIN48				(1,669)			(1,669)
Total	<u>(1,978,199)</u>	<u>2,770,503</u>	<u>746,061</u>	<u>(10,640,581)</u>	<u>17,171,386</u>	<u>4,508,586</u>	<u>12,577,757</u>

Note 1: Amount above reflect only Electric Operating Taxes.

Note 2: Schedule M Detail for items such as depreciation is shown in response DR-01-048a(7) - Tax Reconciliation

Note 3: Deferred Federal Current Year Includes ITC Amortization of \$(21,438).

STAFF-DR-01-048a(4)

Duke Energy Kentucky
Case No. 2017-00321
STAFF-DR-01-048
For the Year Ended December 31, 2016

Income credits resulting from prior deferrals of federal income taxes:

\$ 58,478.00

Income credits resulting from prior deferrals of state income taxes:

\$ - zero

STAFF-DR-01-048a(5)

**Duke Energy Kentucky
Case No. 2017-00321
STAFF-DR-01-048
For the Year Ended December 31, 2016**

Investment Tax Credits - Electric Utility:

i. Investment Tax Credits Realized

\$ - Zero

ii. Investment Tax Credit Amortized - Pre-Revenue Act of 1971:

\$ - Zero

iii. Investment Tax Credit Amortized - Revenue Act of 1971:

\$ 21,438.00

STAFF-DR-01-048a(7)

Duke Energy Kentucky, Inc.
 Case No. 2017-00321
 Reconciliation of Book Net Income and Federal Taxable Income
 12 Months Ended December 31, 2016

Line No.	Item (a)	Total Company (b)	Total Company Non-Operating (c)	Operating	
				Kentucky Retail (d)	Other Jurisdictional (e)
1	Net income per books	42,583,938	1,022,613	32,604,721	8,956,604
2	Add income taxes:				
3	Federal income tax - current	(580,325)	3,152,242	(10,640,581)	6,908,014
4	Federal income tax - deferred depreciation	11,739,344	(3,140,051)	17,171,386	(2,291,991)
5	Federal income tax - deferred other	3,442,088	120,113	4,530,024	(1,208,049)
6	Investment tax credit adjustment	(132,203)	(42,057)	(21,438)	(68,708)
7	Federal income taxes charged to other income and deductions				
8	State income taxes	2,578,256	24,495	1,538,365	1,015,396
9	State income taxes charged to other income and deductions	0			
10	Total	59,631,098	1,137,355	45,182,477	13,311,266
11	Flow through items:				
12	Add (itemize)				
13	Deduct (itemize) AFUDC - Equity	(1,332,221)	(1,332,221)	0	0
14	Book taxable income	58,298,877	(194,866)	45,182,477	13,311,266
15	Differences between book taxable income and taxable income per tax return:				
16	Add (itemize)				
	Asset Retirement Costs - Coal Ash	53,767,767	0	53,767,767	0
	Book Depreciation/Amortization	47,980,829	7,823,192	28,394,580	11,763,057
	Reg Asset/Liab Def Revenue	5,786,160	0	5,786,160	0
	Demand Side Management (DSM) Defer	5,002,257	0	(842,018)	5,844,275
	Reg Asset - Accr Pension FAS158 - FAS87NC	4,894,631	0	3,500,388	1,394,243
	Retirement Plan Expense - Underfunded	3,954,070	0	3,022,414	931,656
	Reg Asset - Accr Pension FAS158 - FAS87Qual	2,633,881	0	1,516,791	1,117,090
	Section 481(a) Casualty Losses	1,531,363	0	1,531,363	0
	Other	6,670,912	781,993	4,492,433	1,396,486
	Total Additions	132,221,870	8,605,185	101,169,878	22,446,807
17	Deduct (itemize)				
	Tax Depreciation/Amortization	(75,751,600)		(73,930,470)	(1,821,130)
	Asset Retirement Obligation - Coal Ash	(51,365,791)		(51,365,791)	0
	Equipment Repairs - Annual Adj	(16,000,000)		(16,000,000)	0
	Regulatory Asset - Deferred Plant Costs	(15,802,280)		(15,802,280)	0
	Tax Gains/Losses	(13,987,236)		(12,201,346)	(1,785,890)
	Reg Asset - Accr Pension FAS158 - FAS106	(8,616,140)		(6,308,826)	(2,307,313)
	ARO Regulatory Asset - Coal Ash	(6,986,949)		(6,986,949)	0
	T&D Repairs - Annual Adj.	(5,200,000)		(5,200,000)	0
	Reg Liab Rsl & Other Misc Dfd Costs	(2,172,195)		0	(2,172,195)
	Reg Asset-Pension Post Retirement PAA-FAS87Qual and Oth	(2,010,947)		(1,490,855)	(520,092)
	Leased Meters - Elec & Gas	(1,343,934)		(791,711)	(552,222)
	Unbilled Revenue - Fuel	(1,049,043)		0	(1,049,043)
	Other	(5,861,029)	(984,471)	(1,589,442)	(3,287,118)
	Total Deductions	(206,147,144)	(984,471)	(191,667,670)	(13,495,003)
18	Taxable income per return	(15,626,397)	7,425,848	(45,315,315)	22,263,070

Computation of Tax:

Provision for Federal Income Tax at 35%	(5,469,239)	2,599,047	(15,860,360)	7,792,075
True Up Entries	1,690,489	553,196	2,021,354	(884,061)
Other Benefits	(253,890)		(253,890)	
NOLs	3,452,315		3,452,315	
Total Federal Income Tax Provision	(580,325)	3,152,243	(10,640,581)	6,908,014

- Note: (1) Provide a calculation of the amount shown on Lines 3 through 7 above.
 (2) Provide a workpaper supporting each calculation including the depreciation for straight-line tax and accelerated tax depreciation.
 (3) Provide a schedule setting forth the basis of allocation of each item of revenue or cost allocated above.

STAFF-DR-01-048a(8)

Duke Energy Kentucky, Inc.
 Case No. 2017-00321
 Reconciliation of Book Net Income and State Taxable Income
 12 Months Ended December 31, 2016

Line No.	Item (a)	Total Company (b)	Total Company Non-Operating (c)	Operating	
				Kentucky Retail (d)	Other Jurisdictional (e)
1	Net income per books	42,583,938	1,022,613	32,604,721	8,956,604
2	Add income taxes:				
3	Federal income tax - current	(580,325)	3,152,242	(10,640,581)	6,908,014
4	Federal income tax - deferred depreciation	11,739,344	(3,140,051)	17,171,386	(2,291,991)
5	Federal income tax - deferred other	3,442,088	120,113	4,530,024	(1,208,049)
6	Investment tax credit adjustment	(132,203)	(42,057)	(21,438)	(68,708)
7	Federal income taxes charged to other income and deductions				
8	State income taxes	2,578,256	24,495	1,538,365	1,015,396
9	State income taxes charged to other income and deductions	0			
10	Total	59,631,098	1,137,355	45,182,477	13,311,266
11	Flow through items:				
12	Add (itemize)				
13	Deduct (itemize) AFUDC - Equity	(1,332,221)	(1,332,221)	0	0
14	Book taxable income	58,298,877	(194,866)	45,182,477	13,311,266
15	Differences between book taxable income and taxable income per tax return:				
16	Add (itemize)				
	Kentucky Bonus Depreciation Adj.	16,684,868	0	13,181,045	3,503,822
	Asset Retirement Costs - Coal Ash	53,767,767	0	53,767,767	0
	Book Depreciation/Amortization	47,980,829	7,823,192	28,394,580	11,763,057
	Reg Asset/Liab Def Revenue	5,786,160	0	5,786,160	0
	Demand Side Management (DSM) Defer	5,002,257	0	(842,018)	5,844,275
	Reg Asset - Accr Pension FAS158 - FAS87NQ	4,894,631	0	3,500,388	1,394,243
	Retirement Plan Expense - Underfunded	3,954,070	0	3,022,414	931,656
	Reg Asset - Accr Pension FAS158 - FAS87Qual	2,633,881	0	1,516,791	1,117,090
	Section 481(a) Casualty Losses	1,531,363	0	1,531,363	0
	Other	6,670,912	781,993	4,492,433	1,396,486
	Total Additions	148,906,738	8,605,185	114,350,923	25,950,629
17	Deduct (itemize)				
	Tax Depreciation/Amortization	(75,751,600)		(73,930,470)	(1,821,130)
	Asset Retirement Obligation - Coal Ash	(51,365,791)		(51,365,791)	0
	Equipment Repairs - Annual Adj	(16,000,000)		(16,000,000)	0
	Regulatory Asset - Deferred Plant Costs	(15,802,280)		(15,802,280)	0
	Tax Gains/Losses	(13,987,236)		(12,201,346)	(1,785,890)
	Reg Asset - Accr Pension FAS158 - FAS106	(8,616,139)		(6,308,826)	(2,307,313)
	ARO Regulatory Asset - Coal Ash	(6,986,949)		(6,986,949)	0
	T&D Repairs - Annual Adj.	(5,200,000)		(5,200,000)	0
	Reg Liab Rsli & Other Misc Dfd Costs	(2,172,195)		0	(2,172,195)
	Reg Asset-Pension Post Retirement PAA-FAS87Qual and Oth	(2,010,947)		(1,490,855)	(520,092)
	Leased Meters - Elec & Gas	(1,343,933)		(791,711)	(552,222)
	Unbilled Revenue - Fuel	(1,049,043)		0	(1,049,043)
	Other	(5,801,258)	(565,130)	(3,404,079)	(1,832,049)
	Total Deductions	(206,087,371)	(565,130)	(193,482,307)	(12,039,934)
18	Taxable income per return	1,118,244	7,845,189	(33,948,907)	27,221,961

Computation of Tax:

Apportionment Percentage	89.0867%	89.0867%	89.0867%	89.0867%
Allocable Income	996,206	6,989,020	(30,243,961)	24,251,147
State Income Tax Rate	6.0000%	6.0000%	6.0000%	6.0000%
Current State Income Tax Expense	59,772	419,341	(1,814,638)	1,455,069

- Note: (1) Provide a calculation of the amount shown on Lines 3 through 7 above.
 (2) Provide a workpaper supporting each calculation including the depreciation for straight-line tax and accelerated tax depreciation.
 (3) Provide a schedule setting forth the basis of allocation of each item of revenue or cost allocated above.

Duke Energy Kentucky
 Franchise Tax Payments
 Year 2016

School Tax												
Filing Period of Return	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16
Month Paid	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
Beechwood	16,641	20,780	19,224	14,432	11,861	10,297	15,403	15,855	15,534	15,392	11,321	13,354
Boone	352,893	390,831	437,420	375,974	314,471	288,749	351,483	354,755	362,753	365,098	320,951	299,195
Bracken	9	10	19	15	8	5	3	2	2	2	2	4
Campbell	97,821	111,370	127,579	115,110	89,438	80,926	94,406	104,625	112,685	108,492	97,683	79,917
Erlanger	40,293	51,668	47,399	36,728	31,400	27,117	38,219	40,047	40,293	38,109	29,289	30,515
Ft Thomas	38,990	46,881	55,107	48,491	31,937	29,411	34,986	39,137	41,674	41,223	35,512	28,873
Gallatin	1,522	2,672	2,235	1,336	961	560	424	417	392	357	437	832
Grant	18,627	23,724	22,191	17,548	15,437	14,671	18,804	18,944	19,560	19,127	14,721	17,730
Kenton	233,675	301,071	292,882	229,484	204,879	183,311	243,377	244,181	248,651	244,682	196,759	199,043
Ludlow	10,995	12,941	13,124	9,985	7,085	6,673	9,046	9,663	10,269	8,288	6,319	8,640
Pendleton	4,233	5,564	6,920	5,169	3,490	2,261	2,560	2,079	2,087	2,251	2,104	2,681
Silver Grove	11,192	11,141	12,750	12,897	11,541	10,760	13,503	13,071	12,803	13,140	11,853	11,838
Southgate	4,315	5,355	6,290	5,212	3,696	3,259	3,709	4,243	4,698	4,578	3,725	3,133
Walton Verona	12,422	15,441	14,602	11,345	10,179	8,873	11,721	12,412	12,377	12,225	9,810	9,706
Williamstown	1,603	2,347	2,729	2,199	1,426	870	782	764	669	716	657	958
Total School Tax	845,230	1,001,795	1,060,472	885,923	737,810	667,742	838,423	860,196	884,447	873,681	741,144	706,420

Franchise Tax												
Filing Period of Return	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16
Month Paid	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
Bellevue	16,366	19,746	22,298	18,068	13,746	11,198	13,626	16,428	17,405	16,502	13,184	11,621
Bromley	980	1,145	1,122	929	813	822	936	962	1,011	828	714	911
Covington	118,945	145,512	156,431	120,053	100,407	83,149	108,704	114,809	119,886	115,592	91,492	95,291
Crescent Springs	11,724	13,870	12,588	10,542	8,955	8,286	11,796	11,556	11,261	11,475	8,969	9,593
Dayton	11,754	14,420	16,897	13,157	10,184	7,700	9,919	11,298	12,145	11,972	9,442	8,135
Erlanger	42,134	51,998	49,003	38,730	33,729	29,805	40,421	41,625	40,966	39,442	31,667	34,363
Ft Thomas	4,267	4,267	4,267	4,267	4,267	4,267	4,267	4,267	4,267	4,267	4,267	4,267
Glencoe	111	174	150	96	72	46	33	33	31	31	35	65
Independence	0	37,302	40,464	29,908	26,542	22,125	27,625	27,874	29,134	29,010	24,041	23,406
Latonia Lakes	0	0	0	0	0	0	0	0	0	0	0	0
Ludlow	10,718	12,606	12,778	9,731	6,945	6,489	8,878	9,487	10,073	8,133	6,209	8,463
Newport	46,876	53,973	64,179	55,591	41,370	37,820	41,255	46,106	52,272	50,837	42,343	36,276
Southgate	2,143	2,810	3,072	2,466	1,822	1,632	1,881	2,296	2,375	2,328	1,832	1,671
Taylor Mill	15,655	19,898	20,401	15,685	13,910	11,786	14,693	15,708	17,069	15,901	12,760	12,051
Wilder	12,839	14,667	15,936	14,910	12,349	12,134	13,938	14,206	14,987	12,225	11,822	10,246
Williamstown	0	0	0	0	0	0	0	1,330	656	697	721	1,116
Woodlawn	392	489	580	456	309	287	317	410	465	426	316	261
Total Franchise Tax	294,904	392,876	420,165	334,589	275,420	237,546	298,290	318,394	334,002	319,665	259,811	257,736

Total Payments	1,140,134	1,394,671	1,480,637	1,220,512	1,013,229	905,288	1,136,714	1,178,590	1,218,449	1,193,346	1,000,954	964,156
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**CONFIDENTIAL PROPRIETARY TRADE
SECRET**

ATTACHMENT STAFF-DR-01-048(a) C

FILED UNDER SEAL

**CONFIDENTIAL PROPRIETARY TRADE
SECRET**

ATTACHMENT STAFF-DR-01-048(a) D

FILED UNDER SEAL

Duke Energy Kentucky, Inc.
Case No. 2017-00321
Analysis of Other Operating Taxes
12 Months Ended December 31, 2016
"000 Omitted"

Line No.	Item (a)	Charged Expense (b)	Charged to Construction (c)	Charged to Other Accounts ⁽¹⁾ (d)	Amounts Accrued (e)	Amount Paid (f)
1	Kentucky Retail					
	(a) State income	(1,978,199)		(673,230)	(1,279,513)	(1,056,148)
	(b) Franchise fees	148				148
	(c) Ad valorem	7,605,436			7,417,470	6,402,672
	(d) Payroll (employers portion)	16,944			(1,617)	26,035
	(e) Other taxes					
2	Total Retail [L1(a) through L1(e)]	5,644,329	0	(673,230)	6,136,340	5,372,707
3	Other jurisdictions	5,947,694			3,297,139	4,816,841
	Total per books (L2 and L3)	11,592,023	0	(673,230)	9,433,479	10,189,548

(1) Explain items in this Column.
 State Inc Tax Adj.

**Duke Energy Kentucky
Case No. 2017-00321
Staff First Set Data Requests
Date Received: August 25, 2017**

STAFF-DR-01-049

REQUEST:

Provide the following information with regard to uncollectible accounts for the three most recent calendar years for electric operations:

- a. Reserve account balance at the beginning of the year;
- b. Charges to reserve account (accounts charged off);
- c. Credits to reserve account;
- d. Current year provision;
- e. Reserve account balance at the end of the year; and
- f. Percent of provision to total revenue.

RESPONSE:

See Staff-DR-01-049 Attachment.

PERSON RESPONSIBLE: David Doss

DUKE ENERGY KENTUCKY, INC.
Reserve for Uncollectible Accounts - Account 144
Years 2014 through 2016

		<u>2014</u>		<u>2015</u>		<u>2016</u>
a. Balance - Beginning of Year	\$	-	\$	-	\$	-
b. Charge Offs	\$	-	\$	-	\$	-
c. Recoveries	\$	-	\$	-	\$	-
d. Provision	\$	-	\$	-	\$	-
e. Balance - End of Year	\$	-	\$	-	\$	-
f. Provision - Electric Operations	\$	-	\$	-	\$	-
f. Percent of Electric Revenue		0.000%		0.000%		0.000%

Note:

(a) All retail accounts receivable are sold to Cinergy Receivables LLC, therefore transferring the risk of uncollectibility to the purchaser and eliminating the need for a reserve for uncollectible accounts on Duke Energy Kentucky.

REQUEST:

Provide the utility's written policies on the compensation of outside attorneys, auditors, consultants, and all other professional service providers. Include a schedule of fees, per diems, and other compensation in effect during the base period. Include all agreements, contracts, memoranda of understanding, and any other documentation that explains the nature and type of reimbursement paid for professional services. Indicate if any changes have occurred since the test year of the utility's last base rate case, the effective date of these changes, and the reason for these changes.

RESPONSE:

**CONFIDENTIAL PROPRIETARY TRADE SECRET (As to Attachments provided
on CD)**

Objection. This interrogatory seeks to elicit documents protected by attorney-client privilege and work product or that is otherwise considered confidential and privileged. Without waiving said objection and to the extent discoverable, Duke Energy has a corporate wide "Purchasing Controls Policy" that defines the roles, responsibilities and requirements related to the procurement process at Duke Energy Corporation and its subsidiaries (Duke Energy or the Company). Specific topics addressed in the policy include required approvals, the sourcing process, contract formation, segregation of

duties and standards of business conduct. This policy does not differentiate between materials or services and there can be exceptions to the policy. Duke Energy's Supply Chain competitively bids services to ensure our customers, shareholders and leaders receive the most value for the goods being purchased.

Each agreement which is competitively negotiated is deemed confidential, inclusive of contractual fees. Each agreement's terms and conditions, as well as the fee structure are specific to the Supplier. The fundamental sourcing process that takes place includes actively selecting qualified bidders, developing the sourcing strategy such as determining if a single source or dual sources are the best approach, managing the bidding process, negotiating terms and conditions, pricing, and any other commercial provisions; and ensuring compliance with this policy.

Due to the voluminous nature of the information requested, please see CONFIDENTIAL STAFF-DR-01-050 Attachments provided on CD for copies of the Company's purchasing controls policies, delegation of authority, standard terms and conditions for professional services, and master agreement templates, as well as, confidential agreements and other documentation for professional services.

PERSON RESPONSIBLE: N/A

**CONFIDENTIAL STAFF-DR-01-050
ATTACHMENT IS BEING PROVIDED
ON CD AND IS BEING PROVIDED
UNDER SEAL OF A PETITION FOR
CONFIDENTIAL TREATMENT**

**Duke Energy Kentucky
Case No. 2017-00321
Staff First Set Data Requests
Date Received: August 25, 2017**

**STAFF-DR-01-051
PUBLIC**

REQUEST:

Provide a detailed analysis of expenses for professional services during the most recent 12-month period for which information is available at the time the application is filed, as shown in Schedule 51, and all work papers supporting the analysis. At a minimum, the work papers should show the payee, dollar amount, reference (i.e., voucher no., etc.), account charged, hourly rates and time charged to the company according to each invoice, and a description of the services provided.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET (As to Attachment Only)

See Confidential STAFF-DR-01-051 Attachment. The line items where the vendor is blank is a charge resulting from an allocation. The Company can provide detail behind individual line items but it is a manual process for each line item to research the allocation pool to go back to the original invoice and vendor.

See response to STAFF-DR-01-059 for detail related to rate case expenses.

PERSON RESPONSIBLE: David Doss

**CONFIDENTIAL PROPRIETARY
TRADE SECRET
ATTACHMENT STAFF-DR-01-051
FILED UNDER SEAL**

REQUEST:

Provide the following information. If any amounts were allocated, show a calculation of the factor used to allocate each amount.

- a. A detailed analysis of charges booked for advertising expenditures during the most recent 12-month period for which information is available at the time the application is filed. Include a complete breakdown of Account No. 913 – Advertising Expenses, and any other advertising expenditures included in any other expense accounts, as shown in Schedule 52a. The analysis should specify the purpose of the expenditure and the expected benefit to be derived.
- b. An analysis of Account No. 930 – Miscellaneous General Expenses for the most recent 12-month period for which information is available at the time the application is filed. Include a complete breakdown of this account as shown in Format 52b and provide detailed work papers supporting this analysis. At a minimum, the analysis should show the date, vendor, reference (i.e., voucher no., etc.), dollar amount, and brief description of each expenditure of \$500 or more, provided that lesser items are grouped by classes as shown in Schedule 52b.
- c. An analysis of Account No. 426 – Other Income Deductions for the most recent 12-month period for which information is available at the time the application is filed. Include a complete breakdown of this account as shown in Schedule 52c,

and provide detailed work papers supporting this analysis. At a minimum, the analysis should show the date, vendor, reference (i.e., voucher no., etc.), dollar amount, and brief description of each expenditure of \$500 or more, provided that lesser items are grouped by classes as shown in Schedule 52c.

RESPONSE:

- a. See STAFF-DR-01-052(a) Attachment. Advertising expenses have not been included in the forecasted test period revenue requirement.
- b. See STAFF-DR-01-052(b) Attachment.
- c. See STAFF-DR-01-052(c) Attachment. All amounts in Account No. 426 are charged below the line and, thus, not included in the forecasted test period revenue requirement.

PERSON RESPONSIBLE: David Doss

Duke Energy Kentucky, Inc.
 Case No. 2017-00321

Analysis of Advertising Expenses
 (Including Account No. 913)
 For the 12 months Ended June 30, 2017

LINE NO.	ITEM (A)	SALES OR PROMOTIONAL ADVERTISING (B)	INSTITUTIONAL ADVERTISING (C)	CONSERVATION ADVERTISING (D)	SAFETY (E)	RATE CASE (F)	OTHER (G)	TOTAL (H)
1	<u>Newspaper</u>							-
2								
3	<u>Magazines and Other</u>							-
4								
5	<u>Television</u>							-
6								
7	<u>Radio</u>							-
8								
9	<u>Direct Mail</u>			2,942	2,384			5,327
10								
11	<u>Sales Aids</u>						37,715	37,715
12								
13	<u>Undetermined</u>						35,176	35,176
14								
15	Total	-	-	2,942	2,384	-	72,891	78,217
16								
17	Amount Assigned to							
18	KY Jurisdictional	-	-	2,942	2,384	-	72,891	78,217

Note: For informational purposes only. Duke Energy Kentucky has excluded these costs in their application to increase rates.

* This analysis of advertising expenses includes amounts reflected in account 0930150, which are also reflected in DR 52B, which is an analysis of 930 accounts.

	Actuals 2016	Actuals 2016	Actuals 2016	Actuals 2016	Actuals 2016	Actuals 2016	Actuals 2017	Actuals 2017	Actuals 2017	Actuals 2017	Actuals 2017	Actuals 2017	
	Jul - July Periodic	Aug - August Periodic	Sep - September Periodic	Oct - October Periodic	Nov - November Periodic	Dec - December Periodic	Jan - January Periodic	Feb - February Periodic	Mar - March Periodic	Apr - April Periodic	May Periodic	Jun - June Periodic	
0913001 - 0913001 - Advertising Expense	3,500.84	5,277.12	4,125.59	1,347.83	4,743.72	19,556.04	1,435.79	1,728.53	1,778.71	3,810.22	8,560.26	(2,846.96)	53,017.69
0909650 - 0909650 - Misc Advertising Expenses	-	1,176.69	-	2,421.79	223.22	642.89	1,191.71	-	492.18	-	-	0.33	6,148.81
0930150 - 0930150 - Miscellaneous Advertising Exp	852.41	998.84	2,394.69	1,561.96	1,574.20	1,259.71	1,713.41	1,850.49	1,153.24	2,167.78	3,201.65	322.58	19,050.96
													<u>78,217.46</u>

DuJe Energy Kentucky, Inc.
Case No. 2017-00321
Analysis of Account No. 930 - Miscellaneous General Expenses
For the 12 Months Ended June 30, 2017

<u>Line No.</u>	<u>Item (a)</u>	<u>Amount (b)</u>
1	Industry Association Dues	40,641
2	Stockholder and Debt Service Expenses	22,884
3	Institutional Advertising	
4	Conservation Advertising	1,142
5	Rate Department Load Expenses	
6	Directors' Fees and Expenses	56,505
7	Dues and Subscriptions	32,825
8	Miscellaneous	460,466
9	Total	<u>614,462</u>
10	Amount Assigned to Kentucky Jurisdictional	<u>614,462</u>

* This schedule includes amounts in 0930150 and 0930700 accounts, which are also represented in DR 52a and DR 58.

	Actuals 2016 Jul - July Periodic	Actuals 2016 Aug - August Periodic	Actuals 2016 Sep - September Periodic	Actuals 2016 Oct - October Periodic	Actuals 2016 Nov - November Periodic	Actuals 2016 Dec - December Periodic	Actuals 2017 Jan - January Periodic	Actuals 2017 Feb - February Periodic	Actuals 2017 Mar - March Periodic	Actuals 2017 Apr - April Periodic	Actuals 2017 May Periodic	Actuals 2017 Jun - June Periodic	
0930150 - 0930150 - Miscellaneous Advertising Exp	852.41	998.84	2,394.69	1,561.96	1,574.20	1,259.71	1,713.41	1,850.49	1,153.24	2,167.78	3,201.65	322.58	19,050.96
0930200 - 0930200 - Misc General Expenses	15,464.36	36,853.32	77,455.10	27,537.00	26,877.08	26,195.26	24,147.67	32,100.38	43,448.77	34,388.44	38,273.61	30,219.91	412,960.90
0930210 - 0930210 - Industry Association Dues	-	179.00	-	-	-	-	47,702.17	-	(7,240.35)	-	-	-	40,640.82
0930220 - 0930220 - Exp of Servicing Securities	0.21	(121.57)	424.00	(540.82)	(41.52)	(40.87)	-	-	12,039.52	5,000.24	6,505.26	(340.41)	22,884.04
0930230 - 0930230 - Dues To Various Organizations	-	-	3,916.97	5,317.83	8,738.67	10,398.60	946.68	61.80	958.33	1,670.55	34.70	766.50	32,810.63
0930240 - 0930240 - Director'S Expenses	6,741.88	793.40	762.70	5,491.45	314.98	6,826.35	7,167.26	13.07	487.64	5,174.40	22,645.21	95.20	56,513.54
0930250 - 0930250 - Buy/Sell Transf Employee Homes	1,420.13	3,524.42	3,621.69	1,088.22	1,566.70	3,346.51	2,977.86	(235.95)	1,124.50	1,153.74	1,764.86	1,213.65	22,566.33
0930600 - 0930600 - Leased Circuit Charges - Other	-	-	-	-	-	-	-	11.85	15.10	-	-	-	26.95
0930700 - 0930700 - Research and Development	456.52	718.90	131.27	440.89	1,483.32	501.03	45.04	465.44	71.49	495.89	257.60	117.48	5,184.87
0930940 - 0930940 - General Expenses	142.74	255.48	296.77	59.68	34.83	260.38	86.02	456.69	52.57	43.11	100.90	33.47	1,822.64
	25,078.25	43,201.79	89,003.19	40,956.21	40,548.26	48,746.97	84,786.11	34,723.77	52,110.81	50,094.15	72,783.79	32,428.38	614,461.68

Duke Energy Kentucky, Inc.
Case No. 2017-00321
Analysis of Account No. 426 - Other Income Deductions
For the 12 Months Ended June 30, 2017

Line No.	Item (a)	Amount (b)
1	Donations	300,252
2	Civic Activities	-
3	Political Activities	420,511
4	Other	2,580,571
5	Total	<u>3,301,334</u>

Note: For informational purposes only.

Duke Energy Kentucky has excluded these costs in their application to increase rates.

The "Other" category is comprised primarily of costs associated with the Sale of A/R to CRC (\$1.4M) and an impairment recorded on old meters related to the AMI initiative (\$1.2M)

	Actuals 2016	Actuals 2016	Actuals 2016	Actuals 2016	Actuals 2016	Actuals 2016	Actuals 2017	Actuals 2017	Actuals 2017	Actuals 2017	Actuals 2017	Actuals 2017	
	Jul - July Periodic	Aug - August Periodic	Sep - September Periodic	Oct - October Periodic	Nov - November Periodic	Dec - December Periodic	Jan - January Periodic	Feb - February Periodic	Mar - March Periodic	Apr - April Periodic	May Periodic	Jun - June Periodic	
0426100 - 0426100 - Donations	17,316.52	3,899.63	16,099.21	25,989.56	39,792.93	48,103.55	3,599.96	11,700.65	16,983.85	20,853.55	53,855.92	16,188.44	
0426512 - 0426512 - Donations	794.74	652.18	847.18	837.22	922.39	1,596.74	14,577.47	1,459.23	1,235.31	1,152.03	785.17	1,008.50	
F_DONATIONS - Donations (426.1)	18,111.26	4,551.81	16,946.39	26,826.78	40,715.32	49,700.29	18,177.43	13,159.88	18,219.16	22,005.58	54,641.09	17,196.94	300,251.93
0426300 - 0426300 - Penalties	8,087.20	-	-	-	-	0.19	25,000.00	-	-	-	0.62	0.71	
F_PENALTIES - Penalties (426.3)	8,087.20	-	-	-	-	0.19	25,000.00	-	-	-	0.62	0.71	33,088.72
0426400 - 0426400 - Exp/Civic and Political Activity	10,968.65	9,970.59	120,256.49	22,444.94	26,295.47	24,176.95	28,617.10	28,501.89	43,749.72	32,039.86	35,382.55	38,106.50	
F_EXP_CIVIC_POL - Exp. For Certain Civic, Political a	10,968.65	9,970.59	120,256.49	22,444.94	26,295.47	24,176.95	28,617.10	28,501.89	43,749.72	32,039.86	35,382.55	38,106.50	420,510.71
0426510 - 0426510 - Other	-	-	1,082,917.13	127,755.48	(163,313.51)	(1,047,271.45)	-	-	-	-	-	-	
0426509 - 0426509 - Loss on Sale of A/R	-	-	-	-	-	1,210,202.27	92,254.52	120,320.64	7,438.08	85,550.99	39,605.24	62,976.16	
0426591 - 0426591 - I/C - Loss on Sale of A/R	-	-	-	-	-	(640,209.93)	(2,089.67)	(51,631.21)	46,244.63	(31,065.85)	17,571.90	(4,352.78)	
0426540 - 0426540 - Employee Service Club Dues	4.21	12.96	13.14	2.48	2.16	(1.55)	16.68	2.95	-	-	(0.05)	-	
0426553 - 0426553 - PpandE Impairments	-	-	-	-	-	-	-	-	-	-	1,190,000.00	-	
0426891 - 0426891 - IC Sale of AR Fees VIE	26,524.64	27,478.56	27,132.16	29,287.65	29,103.32	32,203.75	39,961.71	42,164.47	38,314.73	40,189.48	36,773.17	35,392.97	
F_OTH_DED - Other Deductions (426.5)	26,528.85	27,491.52	1,110,062.43	157,045.61	(134,208.03)	(445,076.91)	130,143.24	110,856.85	91,997.44	94,674.62	1,283,950.26	94,016.35	2,547,482.23

**Duke Energy Kentucky
Case No. 2017-00321
Staff First Set Data Requests
Date Received: August 25, 2017**

STAFF-DR-01-053

REQUEST:

Provide a copy of the cost-of-service study and billing analysis filed with the utility's rate application in Excel spreadsheet format with all formulas intact and unprotected and with all columns and rows accessible.

RESPONSE:

A copy of the billing analysis (i.e., Schedule M and N) for the Test and Base periods is provided in STAFF-DR-01-053 Attachment A.XLSX and STAFF-DR-01-053 Attachment B.XLSX respectively; provided on a CD.

A copy of the cost-of-service study is provided in response to STAFF-DR-01-029.

PERSON RESPONSIBLE: James E. Ziolkowski
Bruce Sailors

REQUEST:

Regarding the utility's employee compensation policy:

- a. Provide the utility's written compensation policy as approved by the Board of Directors.
- b. Provide a narrative description of the compensation policy, including the reasons for establishing the policy and the utility's objectives for the policy.
- c. Explain whether the compensation policy was developed with the assistance of an outside consultant. If the compensation policy was developed or reviewed by a consultant, provide any study or report provided by the consultant.
- d. Explain when the utility's compensation policy was last reviewed or given consideration by the Board of Directors.

RESPONSE:

**CONFIDENTIAL PROPRIETARY TRADE SECRET (As to Attachment
STAFF-DR-01-054(c) only)**

- a. The Compensation Committee of the Board of Directors establishes and reviews the overall compensation philosophy of the Corporation, confirms that our policies and philosophy do not encourage excessive or inappropriate risk-taking by our employees, reviews and approves the salaries and other compensation of certain employees, including all executive officers of Duke Energy, reviews and

approves compensatory agreements with executive officers, approves equity grants and reviews the effectiveness of, and approves changes to, compensation programs. Please See STAFF-DR-01-54(a). Attached for your reference is the Compensation Committee Charter.

- b. Our compensation philosophy is described on pages 6-12 of Tom Silinski's direct testimony.
- c. The Compensation Committee has engaged FW Cook as its independent compensation consultant. The compensation consultant generally attends each committee meeting and provides advice to the committee at the meetings, including reviewing and commenting on market compensation data used to establish the compensation of the executive officers and directors. The consultant has been instructed that it shall provide completely independent advice to the Compensation Committee and is not permitted to provide any services to Duke Energy other than at the direction of the Compensation Committee. Please see CONFIDENTIAL ATTACHMENT STAFF-DR-01-54(c) the annual review conducted by FW Cook in 2017.
- d. Annually, our compensation philosophy is described in detail in the Compensation Discussion and Analysis (CD&A) of the proxy statement. The Compensation Committee discusses the CD&A with management and, based on such review and discussions, recommends that the CD&A be included in the proxy statement.

PERSON RESPONSIBLE: Thomas Silinski

**CHARTER OF THE
COMPENSATION COMMITTEE
OF THE
BOARD OF DIRECTORS
OF
DUKE ENERGY CORPORATION**

(Amended and Restated as of May 2, 2013)

I. General Focus

The Compensation Committee (the "Committee") shall discharge the responsibilities of the Board of Directors (the "Board") with respect to the Corporation's compensation programs and compensation of the Corporation's executives.

II. Structure and Operations

The Committee shall be comprised of three or more members of the Board, each of whom is determined by the Board to be "independent" under the rules of the New York Stock Exchange, Inc. ("NYSE"). At least two members must satisfy the requirements of a "non-employee director" for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and the requirements of an "outside director" for purposes of Section 162(m) of the Internal Revenue Code. The Board shall select members based upon their knowledge and experience in compensation matters and with care to avoid any conflicts of interest.

Each member of the Committee shall be appointed by the Board and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. The members of the Committee may be removed, with or without cause, by majority vote of the Board.

The Board shall elect the Chair of the Committee. The Chair will approve the agendas for Committee meetings.

In fulfilling its responsibilities, the Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee of the Committee, including to a subcommittee comprised solely of one director. The Committee also shall be entitled to delegate its authority to one or more directors (whether or not such directors serve on the Committee) as the Committee deems appropriate, provided, however, that the Committee shall not delegate any power or authority required by law, regulation or listing standard to be exercised by the Committee as a whole.

III. Meetings

The Committee shall meet as frequently as circumstances dictate. The Chair of the Committee or a majority of the members of the Committee may call a special meeting of the Committee.

All non-management directors who are not members of the Committee may attend meetings of the Committee, but may not vote. Additionally, the Committee may invite to its meetings any director, member(s) of management of the Corporation and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any person it deems appropriate in order to carry out its responsibilities.

A majority of the Committee members, but not less than two, will constitute a quorum. A majority of the Committee members present at any Committee meeting at which a quorum is present may act on behalf of the Committee. The Committee may meet by telephone or videoconference and may take action by unanimous written consent.

The Committee shall appoint a person, who need not be a member, to act as secretary, and minutes of the Committee's proceedings shall be kept in minute books provided for that purpose. The agenda of each Committee meeting will be prepared by the secretary and, whenever reasonably practicable, circulated to each Committee member prior to each meeting.

IV. Responsibilities and Duties

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities outlined in Section I of this Charter. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee outlined in Section I of this Charter.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate and shall have the sole authority to retain or terminate outside counsel or other experts for this purpose, including the sole authority to approve the fees payable to such counsel or experts and any other terms of retention.

Setting Compensation for Executive Officers and Directors

1. Establish and review the overall compensation philosophy of the Corporation.
2. Based upon input from the Corporate Governance Committee regarding the performance of the Chief Executive Officer and other executive officers, review and approve the annual salary, bonus, stock options and other benefits, direct and indirect, of the Chief Executive Officer and other executive officers.
3. In connection with executive compensation programs:
 - (i) Review and recommend to the full Board, or approve, new executive compensation programs;

- (ii) Review on a periodic basis the operations of the Corporation's executive compensation programs to determine whether they are properly coordinated and achieving their intended purpose(s), including whether the Corporation's compensation programs encourage excessive risk-taking and discuss, at least annually, the relationship between risk management policies and practices and compensation, and evaluate compensation policies and practices that could mitigate any such risk;
 - (iii) Review on a periodic basis the aggregate amount of compensation paid or potentially payable to the Chief Executive Officer and other executive officers through the use of tally sheets or such other method as the Committee may determine; and
 - (iv) Take steps to modify any executive compensation program that yields payments and benefits that are not reasonably related to executive and corporate performance.
 - (v) The Committee shall consider the results of shareholder advisory votes regarding named executive officer compensation when evaluating and determining executive compensation (and shall recommend the frequency with which the Corporation shall conduct future shareholder advisory votes regarding executive compensation).
4. Review and recommend to the full Board compensation of directors.
 5. Review and make recommendations to the full Board, or approve, any contracts or other transactions with executive officers of the Corporation, including consulting arrangements, employment contracts and severance or termination arrangements, or any revisions thereto. Notwithstanding any other provision of this Charter, the Committee shall review and make recommendations to the Board for approval of any consulting arrangement, employment contract, severance or termination arrangement with the Chief Executive Officer, or any revision thereto.
 6. Review and approve annual performance goals for performance-based compensation that is intended to be tax deductible under Section 162(m) of the Internal Revenue Code and determine whether the performance goals and objectives are attained.

Monitoring Incentive and Equity-Based Compensation Plans

7. Review the Corporation's executive compensation plans, including incentive-compensation and equity-based plans, in light of the goals and objectives of these plans, and amend, or recommend that the Board amend, these plans if the Committee deems it appropriate.

8. Administer any short-term incentive plan covering executive officers of the Corporation; determine whether performance targets have been met and determine the amounts and terms of any awards.
9. Review and recommend for Board approval all equity compensation plans to be submitted for shareholder approval under the NYSE listing standards; provided, however, that any equity compensation plan that satisfies an exception to the NYSE's listing standards shall not be required to be approved by the Corporation's shareholders.
10. Review and make recommendations to the Board, or approve, all awards of shares, share options or other awards pursuant to the Corporation's equity-based plans; provided that the authority to issue such awards to employees who are not executive officers may be delegated as above described.

Reports

11. Review and discuss with management the Corporation's compensation discussion and analysis ("CD&A"), and based on that review and discussion, recommend to the Board that the CD&A be included in the Corporation's annual proxy statement or annual report on Form 10-K, and prepare the Compensation Committee Report in accordance with the rules and regulations of the Securities and Exchange Commission for inclusion in the Corporation's annual proxy statement or annual report on Form 10-K.
12. Report regularly to the Board (i) following meetings of the Committee, (ii) with respect to such other matters as are relevant to the Committee's discharge of its responsibilities and (iii) with respect to such recommendations as the Committee may deem appropriate. The report to the Board may take the form of an oral report by the Chair or any other member of the Committee designated by the Committee to make such report.
13. Maintain minutes or other records of meetings and activities of the Committee.

Advisors

14. The Committee has the sole authority to select, oversee and terminate compensation consultants, legal counsel or other advisors to advise the Committee, and to approve the terms of any such engagement and the fees of any such compensation consultant, legal counsel or other advisor. In selecting a compensation consultant, legal counsel or other advisor, the Committee shall take into account factors (including factors related to the independence of such compensation consultant, legal counsel or other advisor) it considers appropriate or as may be required by applicable law or NYSE listing standards. The Committee shall receive appropriate funding from the Corporation for the payment of compensation to the compensation consultants, legal counsel or other advisors retained by the Committee pursuant to the provisions of this Charter.

V. Annual Performance Evaluation

The Committee shall perform a review and evaluation, at least annually, of the performance of the Committee and its members, including a review of the compliance of the Committee with this Charter. In addition, the Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board any modifications to this Charter that the Committee considers necessary or valuable. The Committee shall conduct such evaluations and reviews in such manner as it deems appropriate.

**CONFIDENTIAL PROPRIETARY TRADE
SECRET**

ATTACHMENT STAFF-DR-01-054(c)

FILED UNDER SEAL

STAFF-DR-01-055

REQUEST:

Explain whether the utility's expenses for wages, salaries, benefits and other compensation included in the base period, and any adjustments to the base period, are compliant with the Board of Director's compensation policy.

RESPONSE:

The Compensation Committee has approved an executive compensation program that is designed to: (1) link pay to performance, (2) attract and retain talented executive officers and key employees, (3) emphasize performance-based compensation to motivate executives and key employees, (4) reward individual performance and (5) encourage long-term commitment to Duke Energy and align the interests of executives with shareholders.

We meet these objectives through the appropriate mix of compensation, including base salary, short-term incentives and long-term incentives. Our base pay programs are described in detail on pages 13-18 and the incentive pay programs are described on pages 18-31 of Tom Silinski's direct testimony.

PERSON RESPONSIBLE: Thomas Silinski

REQUEST:

Explain, if prior to reflecting any adjustments to wages, salaries, benefits, and other compensation in the rate application, whether the utility, through an outside consultant or otherwise, performed a study or survey to compare its wages, salaries, benefits, and other compensation to those of other utilities in the region, or to other local or regional enterprises.

- a. If comparisons were performed, provide and discuss the results of such comparisons. Include the results of the study or survey with your response, including all work papers.
- b. If comparisons were not performed, explain why such comparisons were not performed.

RESPONSE:

As discussed throughout the direct testimony of Thomas Silinski, Duke Energy places a priority on attracting and retaining a diverse, high-performing workforce. An important way we do this is by providing a comprehensive, competitive total rewards package of pay and benefits that includes base pay, incentive pay opportunities and benefits. Duke Energy employs a market-based strategy, meaning that comparisons are made against similar large-revenue companies within the industries we operate. Rarely are those comparisons made at the local level, however, because skilled labor jobs are typically

recruited at a regional level, comparisons are made regionally for competitive pay purposes for those positions. For most other positions, the strategy for pay uses annual compensation surveys to establish salary ranges and ensure jobs are paid competitively in base and in total direct compensation (base + incentives) as compared to jobs at companies that are similar to Duke Energy in size and revenue. The data from these surveys is analyzed to determine the targeted level of pay for jobs throughout the Companies. As referenced in the response to Question 35 of the Staff's First Request, a complete list of the salary surveys Duke Energy is currently participating in is reflected in Attachment TS-4 to Mr. Silinski's testimony. As discussed in its response to STAFF-DR-035, these survey documents are voluminous in nature and are considered to be proprietary by the vendor and subject to licensing agreements. As a result, to the extent permitted by these vendors, the Company will make available for the Commission's review, any of the surveys at a time and place that is convenient to the Commission and the Company. See also, Attachments TS-1 through TS-6 for other analysis already provided.

Because survey data is analyzed, Duke Energy believes that its base pay, short-term and long-term incentive compensation programs are market competitive, reasonable, and necessary to attract, retain and motivate qualified employees that Duke Energy needs to provide safe, reliable, effective, efficient and economical electric service to Duke Energy Kentucky's retail customers. In addition, Duke Energy routinely examines its benefits to confirm how we compare with national trends among comparable employers, and we consider the most effective ways to serve our diverse workforce who reside in over 25 states. We benchmark our programs against other large employers from both the

utility industry and general industry, so that we are positioned to attract and retain qualified employees needed to support our customers. Duke Energy leverages its consultants, vendor partners and nationally recognized surveys to evaluate the competitiveness of its benefits and costs. These surveys indicate that Duke Energy's benefit plans and employee contributions are in line with its utility industry and general industry peers, making them reasonable and necessary in order to compete with other employers for qualified talent.

PERSON RESPONSIBLE: Thomas Silinski

Duke Energy Kentucky
Case No. 2017-00321
Staff First Set Data Requests
Date Received: August 25, 2017

STAFF-DR-01-057

REQUEST:

List all present or proposed research efforts dealing with the pricing of electricity and the current status of such efforts.

RESPONSE:

The following research efforts deal with the pricing of electricity.

- First, the Company monitors the rates of our peer companies in Kentucky and rate activities affecting these companies. The Company expects to continue to monitor these electricity pricing activities in the future.
- Second, the Company subscribes to industry publications which report on pricing of electricity; for example, the EEI Typical Bills and Average Rates Report. The Company expects to continue to subscribe to the same or similar publications in the future.
- Lastly, in Case No. 2016-00152, the Company has committed to file for Commission approval of a 2+ year pilot to research the Peak Time Rebate rate structure. This effort is in a preliminary planning phase and will be developed over the next 12 to 24 months.

PERSON RESPONSIBLE: Don Wathen
Bruce Sailors

REQUEST:

Provide an analysis of the utility's expenses for research and development activities for the base period and the three most recent calendar years. The analysis should include the following:

- a. Basis of fees paid to research organizations and the utility's portion of the total revenue of each organization. Where the contribution is monthly, provide the current rate and the effective date.
- b. Details of the research activities conducted by each organization.
- c. Details of services and other benefits provided to the utility by each organization.
- d. Annual expenditures of each organization with a basic description of the nature of costs incurred by the organization.
- e. Details of the expected benefits to the utility.

RESPONSE:

See STAFF-DR-01-058 Attachment.

PERSON RESPONSIBLE: David Doss

Duke Energy Kentucky, Inc.
Case No. 2017-00321
Analysis of R&D Activities
For the 3 Most Recent Calendar Years and Base Period

Year NO.	Costs Incurred Internally (A) ^{1,4}	Costs Incurred Externally (B) ^{1,4}	Amounts Paid to EPRI (C) ^{1,3}	Amounts Paid to Others (D) ^{1,4}	Amounts Paid to UK (E) ²	Sum
2014	1,015	4,620	309,836	26,232	200,000	541,703
2015	172	3,367	442,476	7,817	200,000	653,832
2016	(427)	5,736	530,339	2,346	200,000	737,993
Base Period	299	1,538	287,211	-	50,000	339,048
	1,059	15,260	1,569,862	36,395	650,000	2,272,576

Notes:

- 1) For 2014-2016, columns A-D are reflected in FERC Form 1; page 352-353
- 2) DEK is committed to conditionally funding the Carbon Management Research Group, (CMRG), \$200,000 per year (\$50K quarterly) regarding the management of carbon and carbon dioxide associated with existing coal-fired electric generating facilities in Kentucky.
 Per order 2008-00308, these amounts are recorded to a regulatory asset account (182.3).
 Only 1 quarter of payment is reflected for the first 5 month of 2017.
- 3) The Electric Power Research Institute, (EPRI), conducts research, development, and demonstration projects. EPRI focuses on electricity generation, delivery and use.
- 4) This analysis includes amounts in account 0930700 which are also represented in DR 52B, which is an analysis of 930 accounts.

Sum of Monetary Amount JD		Year					
Resource Type ID CB	Resource Type Long Descr CB	2014	2015	2016	Base Period	Grand Total	
11000	Labor	665.67	49.41	99.62	69.51	884.21	Internal
11001	Premium Pay		0.14			0.14	Internal
11002	Labor-Union		31.68	34.70		66.38	Internal
12000	Overtime		7.79	28.94	96.70	133.43	Internal
12004	Overtime-Union		0.66	4.52		5.18	Internal
18001	Unproductive Labor Allocated	97.18	13.53	35.18	23.77	169.66	Internal
18005	Unproduct Labor Alloc-Union		4.84	27.18		32.02	Internal
18400	Incentives Allocated	75.51	7.08	17.20	19.95	119.74	Internal
18401	Incentives Allocated-Union		1.11	2.45		3.56	Internal
19500	Service Company Overhead	161.38	1.88			163.26	Internal
21000	Direct Material/Inventory Cost	22.48	7.46			29.94	External
30000	Direct Purchases	4,200.01	216.92	242.76	774.38	5,434.07	External
31000	Direct Material Purchases	18.90	1,955.67	4,892.47	1,146.78	8,013.82	External
33000	Office Supplies & Expenses	-				-	External
33001	Postage & Freight		3.06			3.06	External
35000	Direct Mat/Purchases Accrual	(2,871.00)	-	-	(537.09)	(3,408.09)	External
36001	IT Software Purchase			39.20		39.20	External
40000	Travel Expenses	5.99	5.36	10.94	13.28	35.57	External
40001	Air Travel Cost	0.40			0.28	0.68	External
40007	PersMobileDevice reimbursement	0.00	0.27			0.27	External
41000	Meals and Entertainment (50%)	0.58	12.75	1.37		14.70	External
42000	Personal Vehicle Mileage Reimb	(0.00)	1.35		3.93	5.28	External
49002	Dues - Deductible	-		12.31		12.31	External
50000	Vehicle & Equip. Chargeback	0.75	18.55	19.15		38.45	External
60004	Contract Services	2,871.00				2,871.00	External
60009	Vendor EMP EXP - Deductible		135.81		20.39	156.20	External
63000	Contract/Outside Services NLBR			-		-	External
66001	Telephone/Communications	0.01				0.01	External
69000	Consultant	19,570.88	196.70	349.44	115.38	20,232.40	External
69030	SA Vndr Emp Exp - 100% Deduct				0.38	0.38	External
69400	Turnkey Service Contract Labor		84.68	147.87		232.55	External
69500	Other Contracts		728.62	20.01		748.63	External
78000	Allocated S&E (Non-Labor)	15.61	54.17	117.76	88.85	276.39	Internal
99810	Accounting Entry			(795.00)		(795.00)	Internal
Grand Total		24,835.35	3,539.49	5,308.07	1,836.49	35,519.40	
		-5264.47					

5,635.00
 19,200.35

Bus Unit ID	CB	Journal ID	Fiscal Year	Accounting	Vendor Nu	Oper Unit	I Resp	Cente	Resource T	Process ID	Monetary Amount	JD
75084	ACCRUL05:	2017	2	VODK	R138	63000	EPRIDUE				30,331.43	
75084	ACCRUL05:	2017	2	VOTK	R138	63000	EPRIDUE				63,384.15	
75084	ACCRUL05:	2017	3	VODK	R138	63000	EPRIDUE				-30,331.43	
75084	ACCRUL05:	2017	3	VOTK	R138	63000	EPRIDUE				-63,384.15	
75084	APACR310:	2017	3	70859 VODK	R138	63000	EPRIDUE				30,331.38	
75084	APACR310:	2017	3	70859 VOTK	R138	63000	EPRIDUE				63,384.15	
75084	APACR420:	2017	4	70859 VODK	R138	63000	EPRIDUE				30,331.43	
75084	APACR420:	2017	4	70859 VOTK	R138	63000	EPRIDUE				63,384.15	
75084	MISPRJ163	2017	3	VODK	R138	63000	EPRIDUE				0	
75084	MISPRJ163	2017	3	VOTK	R138	63000	EPRIDUE				0	
75085	ACCRUL05:	2017	2	MKKE	R138	63000	EPRIDUE				1,935.15	
75085	ACCRUL05:	2017	2	NEKY	R138	63000	EPRIDUE				2,993.12	
75085	ACCRUL05:	2017	3	MKKE	R138	63000	EPRIDUE				-1,935.15	
75085	ACCRUL05:	2017	3	NEKY	R138	63000	EPRIDUE				-2,993.12	
75085	APACR310:	2017	3	70859 MKKE	R138	63000	EPRIDUE				1,935.15	
75085	APACR310:	2017	3	70859 NEKY	R138	63000	EPRIDUE				2,993.12	
75085	APACR378:	2017	3	70859 MKKE	R138	63000	EPRIDUE				1,414.58	
75085	APACR420:	2017	4	70859 MKKE	R138	63000	EPRIDUE				1,935.15	
75085	APACR420:	2017	4	70859 NEKY	R138	63000	EPRIDUE				2,993.12	
75085	MISPRJ163	2017	3	MKKE	R138	63000	EPRIDUE				0	
75085	MISPRJ163	2017	3	NEKY	R138	63000	EPRIDUE				0	
											198,702.23	

Filter on Resource Type 63000
 Process ID = EPRIDUE

Bus Unit IC	Journal ID	Fiscal Year	Accounting Vendor Nu	Oper Unit	II Resp Cent	Resource T	Process ID	Account ID CB	Monetary Amount JD
20013	ACCRUL05	2017	2	REPO	R138	63000	BR&D	506000	1,396,038.27
20013	ACCRUL05	2017	3	REPO	R138	63000	BR&D	506000	-1,396,038.27
20013	APACR309	2017	3	70859 REPO	R138	63000	BR&D	506000	1,396,038.27
20013	APACR419	2017	4	70859 REPO	R138	63000	BR&D	506000	1,396,038.27
20013	SRVTRKPLC	2017	3	POOL	R138	63000	BR&D	506000	-1,396,038.27
20013	SRVTRKPLC	2017	3	REPO	R138	63000	BR&D	506000	1,396,038.27
20013	SRVTRKPLC	2017	3	POOL	R138	63000	BR&D	506000	1,396,038.27
20013	SRVTRKPLC	2017	3	REPO	R138	63000	BR&D	506000	-1,396,038.27
									2,792,076.54
Alloc Factor									3.17%
DEK Portion									88,508.83

Filter on Resource Type 63000
 Process ID = BR&D

REQUEST:

Provide the following information concerning the costs for the preparation of this case:

- a. A detailed schedule of expenses incurred to date for the following categories:
 - 1) Accounting;
 - 2) Engineering;
 - 3) Legal;
 - 4) Consultants; and
 - 5) Other Expenses (Identify separately).

For each category, the schedule should include the date of each transaction, check number or other document reference, the vendor, the hours worked, the rates per hour, amount, a description of the services performed, and the account number in which the expenditure was recorded. Provide copies of contracts or other documentation that support charges incurred in the preparation of this case. Identify any costs incurred for this case that occurred during the base period.

- b. An itemized estimate of the total cost to be incurred for this case. Expenses should be broken down into the same categories as identified in (a) above, with an estimate of the hours to be worked and the rates per hour. Include a detailed explanation of how the estimate was determined, along with all supporting work papers and calculations.

- c. Provide monthly updates of the actual costs incurred in conjunction with this rate case, reported in the manner requested in (a) above. Updates will be due when the utility files its monthly financial statements with the Commission, through the month of the public hearing.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET INFORMATION
(As to Attachments STAFF-DR-01-059 B & C Only)

- a. Objection to the extent this request includes information that is protected under the doctrine of attorney client privilege. Without waiving said objection, please see STAFF-DR-01-059 Attachment A (Section A: Expenses incurred to date) for a schedule of actual rate case expenses incurred to date. STAFF-DR-01-059 Attachment B CONFIDENTIAL - Invoices contains supporting invoice documentation for non-privileged expenses incurred to date. STAFF-DR-01-059 Attachment C CONFIDENTIAL contains supporting contracts and letters of arrangement. All actual costs incurred to date have occurred during the base period.
- b. STAFF-DR-01-059 Attachment A also includes estimated remaining costs to be incurred (Section B: Itemized estimates of total costs to be incurred) with a total estimated cost to be incurred for this case. Estimates for the depreciation study, demolition study and rate of return were based on information received from the expert witnesses. The other expenses were estimated by reviewing the actual expenses incurred in the Company's most recent two rate cases filed with this Commission and applying professional judgement and knowledge of the issues involved in this case. A comparison of the current case estimate with the actual

and estimated expenses of the prior two cases is included in the filing on Schedule F-6.

- c. Monthly updates of actual costs incurred in conjunction with this rate case will be included along with the monthly financial statements filed with the Commission through the month of the public hearing.

PERSON RESPONSIBLE: Sarah E. Lawler

Document/ Journal Entry No.	Invoice Date	Payment Date	Vendor Name / Description	Hours Worked	Rate Per Hour	Consultants					Publish Legal Notices	Transport/ Lodging/Meals	Misc.	Total		
						Accounting	Engineering	Legal	Depreciation Study	Rate of Return					Demolition Study	
A) EXPENSES INCURRED TO DATE																
January 2017																
APACR13979	18-Dec-16	10-Jan-17	Gannett Fleming Valuation and Rate Consultants, LLC Consulting Work	2.00	\$245.00				490.00					490.00		
APACR13979	18-Dec-16	10-Jan-17	Gannett Fleming Valuation and Rate Consultants, LLC Consulting Work	1.50	\$105.00				157.50					157.50		
Total January 2017									0.00	0.00	0.00	0.00	0.00	647.50		
Total Actual Costs to Date									0.00	0.00	0.00	0.00	0.00	647.50		
February 2017																
EXACCT9075	31-Jan-17	31-Jul-17	Employee 1 Travel - 50% charged to OH and 50% charged to KY	N/A - Travel	N/A - Travel							445.51		445.51		
Total February 2017									0.00	0.00	0.00	445.51	0.00	445.51		
Total Actual Costs to Date									0.00	0.00	0.00	445.51	0.00	1,093.01		
March 2017																
APACR34537	7-Mar-17	17-Mar-17	Gannett Fleming Valuation and Rate Consultants, LLC Consulting Work	3.00	160.00				480.00					480.00		
APACR34537	7-Mar-17	17-Mar-17	Gannett Fleming Valuation and Rate Consultants, LLC Consulting Work	16.00	250.00				4,000.00					4,000.00		
APACR34537	7-Mar-17	17-Mar-17	Gannett Fleming Valuation and Rate Consultants, LLC Consulting Work	1.50	105.00				157.50					157.50		
APACR34537	7-Mar-17	17-Mar-17	Gannett Fleming Valuation and Rate Consultants, LLC Consulting Work	N/A - Travel	N/A - Travel				323.92					323.92		
EXACCT5687	21-Mar-17	27-Mar-17	Employee 2 Travel - 50% charged to OH and 50% charged to KY	N/A - Travel	N/A - Travel							367.45		367.45		
EXACCT5687	21-Mar-17	27-Mar-17	Employee 2 Travel - 50% charged to OH and 50% charged to KY	N/A - Travel	N/A - Travel							188.22		188.22		
Total March 2017									0.00	0.00	0.00	555.67	0.00	5,517.09		
Total Actual Costs to Date									0.00	0.00	0.00	1,001.18	0.00	6,610.10		
April 2017																
Total April 2017									0.00	0.00	0.00	0.00	0.00	0.00		
Total Actual Costs to Date									0.00	0.00	0.00	1,001.18	0.00	6,610.10		
May 2017																
APACR50122	27-Apr-17	4-May-17	Gannett Fleming Valuation and Rate Consultants, LLC Consulting Work	3.50	160.00				560.00					560.00		
APACR50122	27-Apr-17	4-May-17	Gannett Fleming Valuation and Rate Consultants, LLC Consulting Work	1.00	250.00				250.00					250.00		
APACR50122	27-Apr-17	4-May-17	Gannett Fleming Valuation and Rate Consultants, LLC Consulting Work	1.50	105.00				157.50					157.50		
APACR50122	27-Apr-17	4-May-17	Gannett Fleming Valuation and Rate Consultants, LLC Consulting Work	N/A - Travel	N/A - Travel				1,452.60					1,452.60		
APACR52970	9-May-17	15-May-17	Gannett Fleming Valuation and Rate Consultants, LLC Consulting Work	33.50	160.00				5,360.00					5,360.00		
APACR52970	9-May-17	15-May-17	Gannett Fleming Valuation and Rate Consultants, LLC Consulting Work	9.00	250.00				2,250.00					2,250.00		
APACR52970	9-May-17	15-May-17	Gannett Fleming Valuation and Rate Consultants, LLC Consulting Work	0.50	105.00				52.50					52.50		
APACR52970	9-May-17	15-May-17	Gannett Fleming Valuation and Rate Consultants, LLC Consulting Work	N/A - Travel	N/A - Travel				15.00					15.00		
PGFSC18943	10-May-17	23-Jun-17	Burns McDonnell Consulting Work	N/A	N/A						8,000.00			8,000.00		
0001858671	9-Mar-17	2-May-17	Goss Samford Professional Legal Services	0.40	175.00			66.50						66.50		
0001858671	9-Mar-17	2-May-17	Goss Samford Professional Legal Services	4.50	245.00			1,047.37						1,047.37		
0001858671	7-Apr-17	2-May-17	Goss Samford Professional Legal Services	1.30	175.00			216.16						216.16		
0001858671	7-Apr-17	2-May-17	Goss Samford Professional Legal Services	6.20	245.00			1,443.01						1,443.01		
0001858671	14-Mar-17	2-May-17	Dr. Roger A Morin Consulting Work	N/A	N/A					31,000.00				31,000.00		
APACR58179	1-May-17	1-May-17	Goss Samford Professional Legal Services	21.10	175.00			3,507.86						3,507.86		
APACR58179	1-May-17	1-May-17	Goss Samford Professional Legal Services	27.70	245.00			6,447.19						6,447.19		
Total May 2017									0.00	0.00	12,728.09	10,097.60	31,000.00	8,000.00	0.00	61,825.69
Total Actual Costs to Date									0.00	0.00	12,728.09	15,706.52	31,000.00	8,000.00	0.00	68,435.79
June 2016																
APACR60615	23-May-17	7-Jun-17	Gannett Fleming Valuation and Rate Consultants, LLC Consulting Work	14.50	160.00				2,320.00					2,320.00		
APACR60615	23-May-17	7-Jun-17	Gannett Fleming Valuation and Rate Consultants, LLC Consulting Work	11.00	250.00				2,750.00					2,750.00		
PGFSC18943	27-Feb-17	13-Apr-17	Burns McDonnell Consulting Work	N/A	N/A						72,000.00			72,000.00		
Total June 2017									0.00	0.00	0.00	5,070.00	0.00	72,000.00	0.00	77,070.00
Total Actual Costs to Date									0.00	0.00	12,728.09	20,776.52	31,000.00	80,000.00	0.00	145,505.79

Document/ Journal Entry No.	Invoice Date	Payment Date	Vendor Name / Description	Hours Worked	Rate Per Hour	Consultants		Demolition Study	Publish Legal Notices	Transport/ Lodging/Meals	Misc.	Total			
						Accounting	Engineering						Legal	Depreciation Study	Rate of Return
July 2017															
APACR70392	23-Jun-17	7-Jul-17	Gannett Fleming Valuation and Rate Consultants, LLC Consulting Work	8.50	160.00			1,360.00				1,360.00			
APACR70392	23-Jun-17	7-Jul-17	Gannett Fleming Valuation and Rate Consultants, LLC Consulting Work	5.00	250.00			1,250.00				1,250.00			
APACR70392	23-Jun-17	7-Jul-17	Gannett Fleming Valuation and Rate Consultants, LLC Consulting Work	1.00	105.00			105.00				105.00			
APACR76285	24-Jul-17	27-Jul-17	Gannett Fleming Valuation and Rate Consultants, LLC Consulting Work	6.50	160.00			1,040.00				1,040.00			
APACR76285	24-Jul-17	27-Jul-17	Gannett Fleming Valuation and Rate Consultants, LLC Consulting Work	11.00	250.00			2,750.00				2,750.00			
APACR76285	24-Jul-17	27-Jul-17	Gannett Fleming Valuation and Rate Consultants, LLC Consulting Work	5.00	105.00			525.00				525.00			
APACR70398	1-Jul-17	1-Jul-17	Goss Samford Professional Legal Services	11.50	175.00			1,911.91				1,911.91			
APACR70398	1-Jul-17	1-Jul-17	Goss Samford Professional Legal Services	9.40	245.00			2,187.81				2,187.81			
APACR72943	1-Jul-17	1-Jul-17	Goss Samford Professional Legal Services	0.10	175.00			16.62				16.62			
APACR72943	1-Jul-17	1-Jul-17	Goss Samford Professional Legal Services	3.10	245.00			721.53				721.53			
Total July 2017															
Total Actual Costs to Date						0.00	0.00	4,837.87	7,030.00	0.00	0.00	0.00	0.00	11,867.87	
						0.00	0.00	17,565.96	27,806.52	31,000.00	80,000.00	0.00	1,001.18	0.00	157,373.66
August 2017															
APACR86366	24-Aug-17	29-Aug-17	Gannett Fleming Valuation and Rate Consultants, LLC Consulting Work	1.50	160.00			240.00				240.00			
APACR86366	24-Aug-17	29-Aug-17	Gannett Fleming Valuation and Rate Consultants, LLC Consulting Work	3.00	250.00			750.00				750.00			
APACR86366	24-Aug-17	29-Aug-17	Gannett Fleming Valuation and Rate Consultants, LLC Consulting Work	5.50	105.00			577.50				577.50			
APACR83017	1-Aug-17	1-Aug-17	Goss Samford Professional Legal Services	52.40	175.00			8,710.65				8,710.65			
APACR83017	1-Aug-17	1-Aug-17	Goss Samford Professional Legal Services	40.50	245.00			9,425.47				9,425.47			
APACR83017	1-Aug-17	1-Aug-17	Goss Samford Professional Legal Services	N/A	N/A			216.00				216.00			
Total August 2017															
Total Actual Costs to Date						0.00	0.00	18,352.12	1,567.50	0.00	0.00	0.00	0.00	19,919.62	
						0.00	0.00	35,918.08	29,374.02	31,000.00	80,000.00	0.00	1,001.18	0.00	177,293.28
B) ITEMIZED ESTIMATE OF TOTAL COSTS TO BE INCURRED															
			Professional Legal Services	717.96	210.00			150,771.92				150,771.92			
			Depreciation Study Consulting Work	285.16	160.00			45,625.98				45,625.98			
			Non Hour Based Costs	N/A	N/A				49,000.00	81,000.00	78,998.82	20,000.00	228,998.82		
Total Estimate Costs to be Incurred						0.00	0.00	150,771.92	45,625.98	49,000.00	0.00	81,000.00	78,998.82	20,000.00	425,396.72
TOTAL PROJECTED EXPENSES ASSOCIATED WITH THE RATE CASE						0.00	0.00	186,690.00	75,000.00	80,000.00	80,000.00	81,000.00	80,000.00	20,000.00	602,690.00

**CONFIDENTIAL PROPRIETARY TRADE
SECRET**

ATTACHMENT STAFF-DR-01-059(B)

FILED UNDER SEAL

**CONFIDENTIAL PROPRIETARY TRADE
SECRET**

ATTACHMENT STAFF-DR-01-059(C)

FILED UNDER SEAL

STAFF-DR-01-060

REQUEST:

Provide the following information for the most recent calendar year concerning the utility and any affiliated service corporation or corporate service division/unit:

- a. A schedule detailing the costs, those directly charged, and those allocated by, the utility to the service corporation. Indicate the utility's accounts where these costs were originally recorded. For costs that are allocated, include a description of the allocation factors utilized.
- b. A schedule detailing the costs, those directly charged, and those allocated by, the service corporation to the utility. Identify the utility's accounts where these costs were recorded. For costs that are allocated, include a description of the allocation factors utilized.

RESPONSE:

- a. No costs were directly charged or allocated by the utility to the service corporation.
- b. See Attached Schedule STAFF-DR-01-060(b).pdf

PERSON RESPONSIBLE: Jeff Setser

2016 DEBS to DE Kentucky (ties to Page 429 Ferc Form 1)

Sum of amount		Column Labels		
Row Labels	Method	Allocated	Direct	Grand Total
105100	Direct		2,623.21	2,623.21
107000	Customers	416,102.86		416,102.86
	Direct		24,647,622.12	24,647,622.12
107888	Employees	0.14		0.14
108600	Direct		19,975.00	19,975.00
108620	Direct		33,583.85	33,583.85
108640	Direct		34,444.34	34,444.34
163000	Direct		-	-
163110	Direct		1,193,792.48	1,193,792.48
	Procurement	665,918.28		665,918.28
163120	Direct		54,241.33	54,241.33
182401	Direct		(5,002,257.27)	(5,002,257.27)
182715	Direct		1,312,471.89	1,312,471.89
183000	Direct		(205,082.12)	(205,082.12)
185000	Direct		-	-
186027	Direct		348.00	348.00
186120	Direct		2,836,440.82	2,836,440.82
186301	Direct		275,994.14	275,994.14
228280	Direct		73.49	73.49
228440	Direct		219.30	219.30
230315	Direct		2,518.90	2,518.90
253070	Direct		384.73	384.73
401100	Workstations		-	-
402000	Servers	(32.09)		(32.09)
	Workstations	0.00		0.00
407354	Direct		2,223,229.04	2,223,229.04
407355	Direct		2,793,989.89	2,793,989.89
408040	Three Factor Formula	97,641.01		97,641.01
408050	Direct		17,318.97	17,318.97
408120	Three Factor Formula	108.68		108.68
408121	Direct		17,716.48	17,716.48
	Three Factor Formula	5,062.25		5,062.25
408150	Interest	11.61		11.61
408205	Three Factor Formula	591.41		591.41
408470	Three Factor Formula	(0.00)		(0.00)
408800	Three Factor Formula	704.06		704.06
408851	Three Factor Formula	(112.05)		(112.05)
408960	Circuit Miles	7,013.11		7,013.11
	Circuit Miles and Electric Peak Load	121.83		121.83
	Construction	50,680.17		50,680.17
	CPU Seconds (MIPS)	4,400.11		4,400.11
	Customers	138,338.05		138,338.05
	Customers and Employees	261.42		261.42
	Direct		1,026,005.51	1,026,005.51
	Electric Peak Load	104.40		104.40
	Employees	35,061.54		35,061.54
	Generation Capacity	31,600.48		31,600.48
	Procurement	9,256.37		9,256.37

408960	Sales	1,888.49		1,888.49
	Servers	24,548.22		24,548.22
	Square Footage	6,050.22		6,050.22
	Three Factor Formula	128,705.67		128,705.67
	Workstations	20,428.83		20,428.83
415100	Direct		(50.00)	(50.00)
415530	Direct		(514,137.20)	(514,137.20)
416330	Direct		120,390.35	120,390.35
417007	Construction	624.34		624.34
	Customers	112.84		112.84
	Direct		81.00	81.00
	Electric Peak Load	15.34		15.34
	Employees	19.50		19.50
	Square Footage	(1,717.15)		(1,717.15)
417310	Direct		-	-
417320	Direct		6,367.99	6,367.99
	Employees	26.71		26.71
	Procurement	0.39		0.39
	Sales	28.74		28.74
	Three Factor Formula	2.05		2.05
419040	Interest	(27.22)		(27.22)
419240	Interest	(8.65)		(8.65)
	Three Factor Formula	(7.29)		(7.29)
421060	Direct		90.83	90.83
421100	Procurement	0.06		0.06
421600	Direct		-	-
426100	Customers	296.72		296.72
	Customers and Employees	2,313.60		2,313.60
	Direct		359,560.61	359,560.61
	Employees	461.06		461.06
	Procurement	849.15		849.15
	Three Factor Formula	21,401.48		21,401.48
426300	Three Factor Formula	0.26		0.26
426400	Customers and Employees	17,136.76		17,136.76
	Direct		380,152.19	380,152.19
	Employees	211.32		211.32
	Three Factor Formula	79,309.89		79,309.89
426500	Three Factor Formula	0.00		0.00
426510	Direct		37.65	37.65
	Three Factor Formula	11.21		11.21
426512	Direct		32,539.90	32,539.90
426540	Direct		5,436.20	5,436.20
	Employees	(0.00)		(0.00)
	Three Factor Formula	72.18		72.18
431000	Three Factor Formula	38.65		38.65
431002	Direct		78,440.00	78,440.00
431400	Three Factor Formula	6,264.46		6,264.46
431550	Interest	80,832.71		80,832.71
431900	Direct		153,877.33	153,877.33
442100	Customers	-		-
451100	Direct		(37,143.00)	(37,143.00)
454300	Direct		(11,122.79)	(11,122.79)

454400	Construction	(140.60)		(140.60)
	Direct		(22,100.00)	(22,100.00)
	Employees	(856.50)		(856.50)
457100	Direct		(0.09)	(0.09)
457204	Direct		(214,730.12)	(214,730.12)
457700	Three Factor Formula	(1.74)		(1.74)
	Workstations	-		-
500000	Construction	30.75		30.75
	Direct		2,097,046.65	2,097,046.65
	Employees	136.58		136.58
	Generation Capacity	336,797.00		336,797.00
	Three Factor Formula	64.17		64.17
	Workstations	(6.64)		(6.64)
501150	Direct		85,600.03	85,600.03
	Generation Capacity	193.02		193.02
	Sales	110.10		110.10
501160	Direct		591.03	591.03
501190	Employees	0.26		0.26
501350	Direct		4,836.38	4,836.38
502100	Direct		209,824.87	209,824.87
	Generation Capacity	44,197.26		44,197.26
506000	Construction	9.35		9.35
	Customers	154.20		154.20
	Direct		811,190.44	811,190.44
	Generation Capacity	169,137.70		169,137.70
	Sales	40.18		40.18
	Three Factor Formula	1,371.91		1,371.91
	Workstations	27.94		27.94
510000	Direct		2,378,055.37	2,378,055.37
	Generation Capacity	87,580.11		87,580.11
510100	Direct		21,708.61	21,708.61
	Generation Capacity	1,078.30		1,078.30
511000	Construction	19.78		19.78
	Direct		63,570.43	63,570.43
	Employees	14.71		14.71
	Three Factor Formula	74.88		74.88
512100	Direct		112,767.01	112,767.01
	Generation Capacity	10.48		10.48
513100	Direct		81,492.70	81,492.70
	Generation Capacity	12,051.88		12,051.88
514000	Direct		378,760.48	378,760.48
	Three Factor Formula	114.65		114.65
514300	Generation Capacity	5.00		5.00
524000	Customers	-		-
	Direct		(32.63)	(32.63)
	Employees	-		-
	Generation Capacity	-		-
	Square Footage	0.28		0.28
	Three Factor Formula	39.28		39.28
	Workstations	0.27		0.27
535000	Direct		(5.12)	(5.12)
	Three Factor Formula	6.77		6.77

546000	Direct		294,517.59	294,517.59
548100	Direct		6,216.75	6,216.75
	Generation Capacity	2.79		2.79
549000	Direct		261,149.55	261,149.55
	Employees	0.02		0.02
	Generation Capacity	331.56		331.56
	Three Factor Formula	27.63		27.63
551000	Direct		2,895.75	2,895.75
	Generation Capacity	5.35		5.35
552000	Direct		11,687.36	11,687.36
553000	Direct		41,916.00	41,916.00
556000	Direct		1,080.06	1,080.06
557000	Customers	228.89		228.89
	Direct		3,835,113.68	3,835,113.68
	Generation Capacity	0.00		0.00
	Three Factor Formula	21.06		21.06
560000	Circuit Miles	(0.99)		(0.99)
	Direct		2,436.57	2,436.57
561100	Circuit Miles	954.00		954.00
	Circuit Miles and Electric Peak Load	(590.20)		(590.20)
	Customers	2.92		2.92
	Direct		100,886.20	100,886.20
561200	Circuit Miles	1,144.41		1,144.41
	Circuit Miles and Electric Peak Load	1,107.54		1,107.54
	Direct		475,588.70	475,588.70
	Three Factor Formula	42.13		42.13
561300	Circuit Miles	155.48		155.48
	Circuit Miles and Electric Peak Load	192.32		192.32
	Direct		66,500.58	66,500.58
561400	Direct		610,763.84	610,763.84
561500	Direct		6,219.38	6,219.38
562000	Direct		61,911.51	61,911.51
563000	Direct		9,547.96	9,547.96
565000	Direct		11,409,873.44	11,409,873.44
566000	Circuit Miles	81.27		81.27
	Construction	928.50		928.50
	Direct		500,127.99	500,127.99
	Employees	13.94		13.94
	Three Factor Formula	127.88		127.88
	Workstations	5.68		5.68
566100	Direct		610.29	610.29
567000	Direct		445.00	445.00
569000	Direct		24,183.26	24,183.26
569100	Direct		2,498.79	2,498.79
	Workstations	10.81		10.81
569200	Direct		197,695.85	197,695.85
	Servers	4.33		4.33
	Workstations	53.59		53.59
570100	Direct		168,831.81	168,831.81
570200	Direct		7,857.59	7,857.59
571000	Circuit Miles	120.83		120.83
	Direct		49,425.55	49,425.55

575700	Direct		1,689,045.02	1,689,045.02
580000	Direct		65,681.60	65,681.60
	Workstations	9.42		9.42
581004	Customers	95.00		95.00
	Direct		414,578.22	414,578.22
	Employees	4.37		4.37
582100	Direct		105,928.78	105,928.78
583100	Direct		132,765.07	132,765.07
584000	Direct		32,539.49	32,539.49
586000	Customers	1,694.17		1,694.17
	Direct		146,972.74	146,972.74
587000	Construction	892.50		892.50
	Direct		225,625.42	225,625.42
588100	Circuit Miles	17.57		17.57
	Construction	16,608.82		16,608.82
	Customers	203,773.58		203,773.58
	Direct		1,044,805.30	1,044,805.30
	Employees	12.20		12.20
	Inventory	462.50		462.50
	Sales	1.46		1.46
	Three Factor Formula	(5,103.51)		(5,103.51)
	Workstations	40.71		40.71
591000	Construction	13.84		13.84
	Direct		5,549.40	5,549.40
592100	Construction	0.37		0.37
	Direct		257,843.13	257,843.13
593000	Circuit Miles	42.68		42.68
	Construction	203.15		203.15
	Customers	213.20		213.20
	Direct		1,342,066.14	1,342,066.14
594000	Direct		148,128.87	148,128.87
595100	Direct		24,895.16	24,895.16
596000	Direct		347,726.37	347,726.37
597000	Direct		276,482.96	276,482.96
717000	Direct		16,654.70	16,654.70
735000	Direct		20,691.49	20,691.49
742000	Direct		79,421.54	79,421.54
807000	Direct		364,581.84	364,581.84
813001	Direct		875,719.10	875,719.10
820000	Direct		(40.21)	(40.21)
850001	Direct		6,884.69	6,884.69
856001	Direct		0.00	0.00
870000	Direct		(1,491.34)	(1,491.34)
871000	Direct		191,977.59	191,977.59
874000	Direct		919,797.79	919,797.79
875000	Direct		13,494.60	13,494.60
876000	Direct		38,355.19	38,355.19
878000	Direct		577,137.66	577,137.66
879000	Direct		457,714.63	457,714.63
880000	Direct		1,446,419.86	1,446,419.86
	Three Factor Formula	0.01		0.01
885000	Direct		(2,635.11)	(2,635.11)

887000	Direct		304,384.42	304,384.42
889000	Direct		33,869.85	33,869.85
890000	Direct		1,097.00	1,097.00
892000	Direct		336,742.80	336,742.80
893000	Direct		515,018.59	515,018.59
894000	Direct		14,210.30	14,210.30
901000	Customers	54.41		54.41
	Direct		163,643.73	163,643.73
902000	Direct		106,695.24	106,695.24
	Employees	0.77		0.77
903000	Circuit Miles	198.56		198.56
	Construction	41.45		41.45
	Customers	2,754,204.30		2,754,204.30
	Direct		1,019,580.57	1,019,580.57
	Employees	9.15		9.15
	Three Factor Formula	219.02		219.02
	Workstations	558.50		558.50
903100	Customers	2,248.96		2,248.96
	Direct		67,751.45	67,751.45
	Employees	0.18		0.18
	Three Factor Formula	3.88		3.88
903200	Customers	111,871.61		111,871.61
	Direct		1,465,031.92	1,465,031.92
	Employees	0.17		0.17
	Sales	2.95		2.95
	Three Factor Formula	13.66		13.66
903300	Customers	(2,863.45)		(2,863.45)
	Direct		77,857.70	77,857.70
	Employees	1.48		1.48
	Three Factor Formula	3.58		3.58
903400	Customers	5,219.57		5,219.57
	Direct		240.33	240.33
903750	Generation Capacity	864.49		864.49
904001	Direct		(23,082.93)	(23,082.93)
	Square Footage	0.25		0.25
905000	Customers	208.17		208.17
908000	Employees	4.02		4.02
908160	Direct		166,818.65	166,818.65
	Three Factor Formula	0.55		0.55
909650	Customers	(846.62)		(846.62)
	Direct		7,525.58	7,525.58
	Three Factor Formula	60.19		60.19
910000	Construction	51.76		51.76
	Customers	14,639.94		14,639.94
	Direct		1,873.33	1,873.33
	Three Factor Formula	111.97		111.97
910100	Customers	57,257.00		57,257.00
	Direct		248,395.13	248,395.13
	Sales	4,557.71		4,557.71
	Three Factor Formula	1,709.29		1,709.29
912000	Customers	5.04		5.04
	Direct		576,944.34	576,944.34

912000	Sales	3.89		3.89
	Three Factor Formula	751.18		751.18
913001	Customers	134.92		134.92
	Direct		20,237.54	20,237.54
	Sales	6,353.98		6,353.98
	Three Factor Formula	16.45		16.45
920000	Circuit Miles	111,411.58		111,411.58
	Circuit Miles and Electric Peak Load	2,054.23		2,054.23
	Construction	841,324.54		841,324.54
	CPU Seconds (MIPS)	68,927.74		68,927.74
	Customers	236,493.01		236,493.01
	Customers and Employees	4,304.75		4,304.75
	Direct		2,332,236.45	2,332,236.45
	Electric Peak Load	3,484.91		3,484.91
	Employees	579,194.80		579,194.80
	Generation Capacity	125,779.76		125,779.76
	Procurement	162,290.60		162,290.60
	Sales	19,536.55		19,536.55
	Servers	385,958.49		385,958.49
	Square Footage	94,691.15		94,691.15
	Three Factor Formula	3,661,173.11		3,661,173.11
	Workstations	301,753.65		301,753.65
921100	Circuit Miles	4,908.98		4,908.98
	Circuit Miles and Electric Peak Load	223.22		223.22
	Construction	53,579.79		53,579.79
	CPU Seconds (MIPS)	1,044.36		1,044.36
	Customers	19,357.62		19,357.62
	Customers and Employees	327.28		327.28
	Direct		105,351.28	105,351.28
	Electric Peak Load	487.67		487.67
	Employees	38,261.02		38,261.02
	Generation Capacity	7,758.50		7,758.50
	Procurement	8,805.62		8,805.62
	Sales	3,535.62		3,535.62
	Servers	13,479.75		13,479.75
	Square Footage	14,761.85		14,761.85
	Three Factor Formula	129,037.88		129,037.88
	Workstations	11,123.81		11,123.81
921101	Employees	12.85		12.85
	Workstations	1.16		1.16
921110	Construction	1,373.04		1,373.04
	Customers	13.50		13.50
	Direct		3,820.18	3,820.18
	Employees	7.31		7.31
	Three Factor Formula	(814.16)		(814.16)
921200	Circuit Miles	61,086.95		61,086.95
	Circuit Miles and Electric Peak Load	5,310.17		5,310.17
	Construction	14,821.68		14,821.68
	CPU Seconds (MIPS)	10.02		10.02
	Customers	5,996.45		5,996.45
	Customers and Employees	110.76		110.76
	Direct		265,616.44	265,616.44

921200	Electric Peak Load	92.46		92.46
	Employees	201,596.26		201,596.26
	Generation Capacity	5,370.64		5,370.64
	Procurement	2,530.31		2,530.31
	Sales	1,171.56		1,171.56
	Servers	32,528.15		32,528.15
	Square Footage	15,834.13		15,834.13
	Three Factor Formula	169,535.32		169,535.32
	Workstations	17,732.29		17,732.29
921300	Construction	3.04		3.04
	Employees	255.82		255.82
	Three Factor Formula	10.03		10.03
921400	Circuit Miles	192.21		192.21
	Construction	8,362.28		8,362.28
	CPU Seconds (MIPS)	154,858.76		154,858.76
	Customers	53,169.18		53,169.18
	Customers and Employees	4.03		4.03
	Direct		132,193.41	132,193.41
	Employees	3,531.65		3,531.65
	Generation Capacity	22,142.60		22,142.60
	Procurement	25,047.77		25,047.77
	Sales	24,620.69		24,620.69
	Servers	271,349.20		271,349.20
	Square Footage	3.09		3.09
	Three Factor Formula	68,570.31		68,570.31
	Workstations	77,513.11		77,513.11
921540	Construction	12.19		12.19
	CPU Seconds (MIPS)	66,147.03		66,147.03
	Customers	1,264.74		1,264.74
	Direct		(1,531.95)	(1,531.95)
	Employees	33,058.00		33,058.00
	Procurement	598.19		598.19
	Servers	246,315.38		246,315.38
	Three Factor Formula	97,245.03		97,245.03
	Workstations	60,155.27		60,155.27
921600	Construction	64.09		64.09
	Customers	890.21		890.21
	Direct		(165.03)	(165.03)
	Employees	94.70		94.70
	Generation Capacity	59.33		59.33
	Servers	16.12		16.12
	Three Factor Formula	(958.03)		(958.03)
	Workstations	1.38		1.38
921800	Employees	3.01		3.01
921900	Employees	5.18		5.18
921980	Circuit Miles	103.85		103.85
	Construction	51.93		51.93
	Customers	29.26		29.26
	Direct		(116.40)	(116.40)
	Employees	897.63		897.63
	Generation Capacity	405.84		405.84
	Three Factor Formula	1,428,806.06		1,428,806.06

922000	Customers	1,150.79		1,150.79
	Workstations	4.92		4.92
922100	Employees	0.35		0.35
923000	Circuit Miles	11,325.64		11,325.64
	Circuit Miles and Electric Peak Load	59.13		59.13
	Construction	77,027.08		77,027.08
	CPU Seconds (MIPS)	13,063.90		13,063.90
	Customers	77,088.22		77,088.22
	Customers and Employees	1,529.75		1,529.75
	Direct		438,910.59	438,910.59
	Electric Peak Load	62.94		62.94
	Employees	283,099.62		283,099.62
	Generation Capacity	79,467.50		79,467.50
	Procurement	41,542.62		41,542.62
	Sales	10,065.81		10,065.81
	Servers	126,712.00		126,712.00
	Square Footage	29,597.12		29,597.12
	Three Factor Formula	1,030,277.41		1,030,277.41
	Workstations	189,135.67		189,135.67
923980	Employees	2,244.66		2,244.66
	Square Footage	(29,719.17)		(29,719.17)
924000	Three Factor Formula	6,354.70		6,354.70
	Workstations	31.85		31.85
924980	Three Factor Formula	230,082.72		230,082.72
925000	Direct		84,763.25	84,763.25
	Generation Capacity	319.07		319.07
	Three Factor Formula	3,870.67		3,870.67
925200	Three Factor Formula	14,048.57		14,048.57
925300	Direct		-	-
925980	Three Factor Formula	17,417.40		17,417.40
926000	Circuit Miles and Electric Peak Load	222.72		222.72
	Construction	385.53		385.53
	Customers	864.51		864.51
	Direct		(322.32)	(322.32)
	Electric Peak Load	1,685.10		1,685.10
	Employees	530.89		530.89
	Generation Capacity	148.36		148.36
	Procurement	11,288.35		11,288.35
	Sales	8.41		8.41
	Three Factor Formula	293,259.36		293,259.36
	Workstations	174.16		174.16
926430	Construction	21.94		21.94
	Customers	93.95		93.95
	Three Factor Formula	0.58		0.58
926600	Circuit Miles	18,663.23		18,663.23
	Circuit Miles and Electric Peak Load	335.55		335.55
	Construction	136,506.34		136,506.34
	CPU Seconds (MIPS)	11,821.28		11,821.28
	Customers	372,968.66		372,968.66
	Customers and Employees	731.38		731.38
	Direct		2,739,783.31	2,739,783.31
	Electric Peak Load	277.98		277.98

926600	Employees	94,503.06		94,503.06
	Generation Capacity	85,510.41		85,510.41
	Procurement	24,801.27		24,801.27
	Sales	5,087.83		5,087.83
	Servers	66,325.83		66,325.83
	Square Footage	16,336.90		16,336.90
	Three Factor Formula	328,918.14		328,918.14
	Workstations	54,619.02		54,619.02
928000	Employees	101.54		101.54
928006	Direct		917,563.42	917,563.42
928029	Three Factor Formula	-		-
928053	Direct		-	-
	Three Factor Formula	0.00		0.00
930150	Three Factor Formula	27,571.26		27,571.26
930200	CPU Seconds (MIPS)	(9,810.78)		(9,810.78)
	Customers	(430.10)		(430.10)
	Direct		139,048.62	139,048.62
	Employees	(445,883.73)		(445,883.73)
	GOV OH misc?	873,006.70		873,006.70
	Procurement	(15,090.87)		(15,090.87)
	Servers	(256,788.67)		(256,788.67)
	Square Footage	(2,652.45)		(2,652.45)
	Three Factor Formula	(80,595.54)		(80,595.54)
	Workstations	(173,484.16)		(173,484.16)
930210	Customers and Employees	63,845.17		63,845.17
930220	Direct		10,928.00	10,928.00
	Three Factor Formula	179.31		179.31
930230	Customers	7.03		7.03
	Direct		44,535.65	44,535.65
	Procurement	352.44		352.44
	Three Factor Formula	5,956.33		5,956.33
930240	Three Factor Formula	58,691.23		58,691.23
	Workstations	4.09		4.09
930250	Circuit Miles	648.68		648.68
	Circuit Miles and Electric Peak Load	0.41		0.41
	Construction	8,543.24		8,543.24
	Customers	2,736.38		2,736.38
	Direct		(4,956.06)	(4,956.06)
	Employees	1,297.67		1,297.67
	Generation Capacity	5,378.76		5,378.76
	Procurement	2,272.24		2,272.24
	Square Footage	2,510.97		2,510.97
	Three Factor Formula	15,480.92		15,480.92
	Workstations	497.30		497.30
930700	Direct		-	-
	Employees	4.31		4.31
	Three Factor Formula	7,150.96		7,150.96
930940	Customers	35.85		35.85
	Direct		106.48	106.48
	Employees	986.93		986.93
	Generation Capacity	200.00		200.00
	Three Factor Formula	1,282.44		1,282.44

930940	Workstations	159.77		159.77
931001	Circuit Miles	29,585.18		29,585.18
	Construction	8,394.26		8,394.26
	Customers	65,705.45		65,705.45
	Direct		259,475.81	259,475.81
	Employees	210,317.67		210,317.67
	Generation Capacity	0.80		0.80
	Procurement	84.23		84.23
	Sales	11.18		11.18
	Three Factor Formula	88,224.77		88,224.77
	Workstations	1,237.22		1,237.22
931008	Direct		1,134,331.00	1,134,331.00
932000	Direct		9.79	9.79
935100	Customers	14.49		14.49
	Direct		11,691.62	11,691.62
	Employees	596.75		596.75
	Servers	2,342.95		2,342.95
	Square Footage	3,639.32		3,639.32
	Three Factor Formula	6.55		6.55
	Workstations	1,257.38		1,257.38
935200	Employees	3,769.79		3,769.79
	Workstations	2.29		2.29
Grand Total		20,022,212.66	81,002,159.02	101,024,371.68

STAFF-DR-01-061

REQUEST:

For the most recent calendar year, concerning all affiliate-related activities not identified in response to Item 61:

- a. Provide the names of affiliates that provided some form of service to the utility and the type of service the utility received from each affiliate.
- b. Provide the names of affiliates to whom the utility provided some form of service and the type of service the utility provided to each affiliate.
- c. Identify the service agreement with each affiliate, state whether the service agreement has been previously filed with the Commission, and identify the proceeding in which it was filed. Provide each service agreement that has not been previously filed with the Commission.

RESPONSE:

- a. Please refer to FERC Form 1 Page 429 included as STAFF-DR-01-061a ATTACHMENT.
- b. Please refer to FERC Form 1 Page 429 included as STAFF-DR-01-061a ATTACHMENT.
- c. Please refer to the direct testimony of Jeffrey Setser and the Cost Allocation Manual included with our application

PERSON RESPONSIBLE: Jeff Setser

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/13/2017	Year/Period of Report End of 2016/Q4
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TRANSACTIONS WITH ASSOCIATED (AFFILIATED) COMPANIES

1. Report below the information called for concerning all non-power goods or services received from or provided to associated (affiliated) companies.
2. The reporting threshold for reporting purposes is \$250,000. The threshold applies to the annual amount billed to the respondent or billed to an associated/affiliated company for non-power goods and services. The good or service must be specific in nature. Respondents should not attempt to include or aggregate amounts in a nonspecific category such as "general".
3. Where amounts billed to or received from the associated (affiliated) company are based on an allocation process, explain in a footnote.

Line No.	Description of the Non-Power Good or Service (a)	Name of Associated/Affiliated Company (b)	Account Charged or Credited (c)	Amount Charged or Credited (d)
1	Non-power Goods or Services Provided by Affiliated			
2	Services provided by Duke Energy Commercial Enterprises	Duke Energy Commercial Enterprises,	Various	488,017
3				
4	Services provided by Duke Energy Business Services	Duke Energy Business Services, LLC	Various	101,024,372
5	Customer and Market Services	Duke Energy Ohio, Inc.	Various	363,199
6	Gas Distribution Services	Duke Energy Ohio, Inc.	Various	4,772,048
7	Other Goods and Services	Duke Energy Ohio, Inc.	Various	10,950
8	Transmission and Distribution Services	Duke Energy Ohio, Inc.	Various	7,021,150
9	Customer and Market Services	Duke Energy Florida, LLC	Various	83,304
10	Generation Services	Duke Energy Florida, LLC	Various	45,468
11	Other Goods and Services	Duke Energy Florida, LLC	Various	26,186
12	Transmission and Distribution Services	Duke Energy Florida, LLC	Various	122,179
13	Customer and Market Services	Duke Energy Carolinas, LLC	Various	6,563,023
14	Generation Services	Duke Energy Carolinas, LLC	Various	4,724,650
15	Other Goods and Services	Duke Energy Carolinas, LLC	Various	921,660
16	Transmission and Distribution Services	Duke Energy Carolinas, LLC	Various	1,056,757
17				
18				
19				
20	Non-power Goods or Services Provided for Affiliate			
21	Customer and Market Services	Duke Energy Indiana, LLC	Various	1,332
22	Gas Distribution Services	Duke Energy Indiana, LLC	Various	22,016
23	Generation Services	Duke Energy Indiana, LLC	Various	1,403,965
24	Transmission and Distribution Services	Duke Energy Indiana, LLC	Various	228,959
25	Customer and Market Services	Duke Energy Ohio, Inc.	Various	55,475
26	Gas Distribution Services	Duke Energy Ohio, Inc.	Various	1,424,720
27	Generation Services	Duke Energy Ohio, Inc.	Various	7
28	Transmission and Distribution Services	Duke Energy Ohio, Inc.	Various	1,264,379
29	Customer and Market Services	Duke Energy Progress, LLC	Various	71
30	Gas Distribution Services	Duke Energy Progress, LLC	Various	41,725
31	Generation Services	Duke Energy Progress, LLC	Various	2,139
32	Other Goods and Services	Duke Energy Progress, LLC	Various	360
33	Transmission and Distribution Services	Duke Energy Progress, LLC	Various	262,812
34	Duke Energy Kentucky provided gas transmission services for KO Transmission	KO Transmission Company	Various	27,899,499
35				
36				
37				
38				
39				
40				
41				
42				
1	Non-power Goods or Services Provided by Affiliated			
2	Customer and Market Services	Duke Energy Progress, LLC	Various	341,455

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/13/2017	Year/Period of Report End of 2016/Q4
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TRANSACTIONS WITH ASSOCIATED (AFFILIATED) COMPANIES

1. Report below the information called for concerning all non-power goods or services received from or provided to associated (affiliated) companies.
2. The reporting threshold for reporting purposes is \$250,000. The threshold applies to the annual amount billed to the respondent or billed to an associated/affiliated company for non-power goods and services. The good or service must be specific in nature. Respondents should not attempt to include or aggregate amounts in a nonspecific category such as "general".
3. Where amounts billed to or received from the associated (affiliated) company are based on an allocation process, explain in a footnote.

Line No.	Description of the Non-Power Good or Service (a)	Name of Associated/Affiliated Company (b)	Account Charged or Credited (c)	Amount Charged or Credited (d)
3	Generation Services	Duke Energy Progress, LLC	Various	249,028
4	Other Goods and Services	Duke Energy Progress, LLC	Various	227,028
5	Transmission and Distribution Services	Duke Energy Progress, LLC	Various	246,309
6	Customer and Market Services	Duke Energy Indiana, LLC	Various	86,742
7	Generation Services	Duke Energy Indiana, LLC	Various	7,246,361
8	Other Goods and Services	Duke Energy Indiana, LLC	Various	33,967
9	Transmission and Distribution Services	Duke Energy Indiana, LLC	Various	90,792
10				
11				
12				
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19				
20	Non-power Goods or Services Provided for Affiliate			
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Duke Energy Kentucky
Case No. 2017-00321
Staff First Set Data Requests
Date Received: August 25, 2017

STAFF-DR-01-062

REQUEST:

Describe the utility's lobbying activities and provide a schedule showing the name, salary, and job title of each individual whose job function involves lobbying on the local, state, or national level.

RESPONSE:

Duke Energy Business Services ("DEBS") employs lobbyists, some of whom are registered lobbyists with the Kentucky Legislative Ethics Commission. The following DEBS employees charge a portion of their time to lobbying activities:

<u>Name</u>	<u>Title</u>	<u>Registered Lobbyist</u>
Jim Henning	President Duke Energy Ohio and Kentucky	No
Patrick Keal	Senior Government Affairs Specialist	Yes
Chuck Session	VP Government and Community Affairs	Yes

These employees also have other job responsibilities so only a portion of their time is charged to lobbying activities. Duke Energy Kentucky's electric business is allocated labor expense for these employees based on the amount of time they devote to Duke Energy Kentucky electric-related matters.

Duke Energy Kentucky has also retained third party consultants to provide lobbying activities on its behalf.

Any charge related to lobbying activities is recorded to Duke Energy Kentucky's below-the-line expense and therefore is not included in the forecasted test period in this case.

PERSON RESPONSIBLE: William Don Wathen, Jr.

REQUEST:

Regarding demand-side management, conservation and energy-efficiency programs, provide the following

- a. A list of all programs currently offered by the utility.
- b. The total cost incurred for these programs by the utility in each of the three most recent calendar years.
- c. The total energy and demand reductions realized through these programs in each of the three most recent calendar years. The total cost for these programs included in the proposed forecasted test period and the expected energy reductions to be realized therefrom.

RESPONSE:

- a) The following programs are currently offered by Duke Energy Kentucky through its EE/DSM Cost Recovery Mechanisms as approved in Case No. 2016-00289.

Residential Programs

Energy Efficiency Education Program for Schools

Low Income Neighborhood Program

Low Income Services Program

My Home Energy Report Program

Residential Energy Assessments

Residential Smart Saver® Efficient Residences Program

Residential Smart Saver® Energy Efficient Products Program

Power Manager®

Power Manager® for Apartments

Non-Residential Programs

Non-Residential Small Business Energy Saver Program

Smart Saver® Custom Program

Smart Saver® Non-Residential Pay for Performance Program

Smart Saver® Prescriptive Program

Smart Saver® Energy Assessments Program

Power Manager® for Business

PowerShare®

- b) The Company operates its programs all of its EE/DSM programs consistent with the fiscal years that it recognizes for the purpose of its Annual Status Report/DSM Cost Recovery Mechanism proceeding. The following cost data reflects the three most recent fiscal years associated with the Company's programs which run from July through June.

	Fiscal Year		
	July 1, 2013 - June 30, 2014	July 1, 2014 - June 30, 2015	July 1, 2015 - June 30, 2016
Total Program Cost	\$ 5,940,247	\$ 7,762,104	\$ 7,166,273

The Company is currently in the process of reconciling the costs associated with its EE/DSM programs for the fiscal year ending June 30, 2017 for inclusion in its Annual Status Report Filing on November 15, 2017.

- c) The Company operates its programs all of its EE/DSM programs consistent with the fiscal years that it recognizes for the purpose of its annual DSM Cost Recovery Mechanism proceeding. The following energy and demand reductions reflects the three most recent fiscal years associated with the Company’s programs which run from July through June.

	Fiscal Year		
	<u>July 1, 2013 - June 30, 2014</u>	<u>July 1, 2014 - June 30, 2015</u>	<u>July 1, 2015 - June 30, 2016</u>
Total KWH saving	32,604,549	33,641,264	29,538,689
Total KW saving	38,039	39,637	59,127

The Company is currently in the process of reconciling the energy demand savings associated with its EE/DSM programs for the fiscal year ending June 30, 2017 for inclusion in its Annual Status Report Filing on November 15, 2017.

Since all of the costs associated with the Company’s EE/DSM Programs are recovered through its approved DSM Cost Recovery Mechanism (Rider DSMR) none of the costs will be included in the test period.

The load forecast associated with the Duke Energy Kentucky forecasted test period (April 2018-March 2019) reflects a total cumulative energy reduction associated with the Company’s energy efficiency programs of 22,117 MWH.

PERSON RESPONSIBLE: Tim Duff

STAFF-DR-01-064

REQUEST:

Regarding what are commonly referred to as smart grid initiatives:

- a. Identify all smart-grid costs the utility has incurred since the start of the test year in its last general rate case. Identify the specific projects the utility has undertaken, the accounts in which the costs have been recorded, and state whether the costs were expensed or capitalized.
- b. Provide the level of smart-grid costs the utility has included in its forecasted test period and the amounts to be expensed and capitalized.

RESPONSE:

- a. See STAFF-DR-01-064(a) Attachment for smart grid costs that Duke Energy Kentucky incurred from the start of the test year in its last general rate case (2007) through August 2017.
- b. See STAFF-DR-01-064(b) Attachment for smart grid costs that Duke Energy Kentucky has included in its forecasted test period.

PERSON RESPONSIBLE: Patty Mullins

Duke Energy KY \$ in Millions	Capital Jan 2007 - August 2017	O&M Jan 2007 - August 2017
Duke Energy Kentucky Smart Grid Costs	17.8	1.4
Advanced Metering Infrastructure (AMI) Equipment and Systems	4.8	0.7
Grid Infrastructure (e.g. Self-Healing, Sectionalization)	5.0	0.1
Enterprise Systems for Grid (e.g. DMS ¹ , DSCADA ²)	0.2	0.1
Utility of the Future ³ (includes Grid Infrastructure/Systems and AMI Systems)	7.9	0.6

1 DMS stands for Distribution Management System

2 DSCADA stands for Distribution Supervisory Control and Data Acquisition

3 Utility of the Future was the name for Duke Energy's initial smart grid deployment

Duke Energy Kentucky Smart Grid Costs by Account

2007-2017

Projects	107000	588100	593000	597000	903000	920000	921100	921200	921400	923000	926600	930200	930250
Advanced Metering Infrastructure (AMI) Equipment and Systems													
Install Transformers & Meters	878,673												
Smart Grid IT	884,757												
AMI Atlas Advanced Metering	-	10,216											
AMI Buffington Advance Metering	40,867	29,841											
AMI Claryville Advanced Metering	-	14,821											
AMI Dixie Advanced Metering	9,707	5,338											
AMI Donaldson Advanced Meter	41,000	16,236											
AMI Florence Advance Metering	41,159	36,925											
AMI Thomas More Advance Meter	-	10,216											
AMI Villa Advanced Metering	40,690	7,241											
AMI Wilder Advanced Meter	0	39,334											
DEC-AMI-AMI DMS Integration	20,908	2,395											
DEE AMI BlueCat Scale	9,320	1,645									17		
DEE AMI Operations Center	80,903	6,203			2						79		
DEE EDMS Vers/Platform Upgrade		33,612									1,218		
DEE ENT NES Echelon		14,221								697	1,355		
DEE Large CI Conversion to AMI	335,233												
DEE MDM Op Enhancements		579						0			21		
DEE MDM Technical Health Proj		8,015									369		
DEE MDM/AMI OpenWay Scale	162,842	48,913			22			2			1,403		
DEE OpenWay Scale	36,763	3,466									21		
DEE OpenWay Scale 2016	3,390	784			3						11		
DEE OpenWay Security Enhance	1,444	901									69		
DEE-ITX-SNI	28,213	9,651									1,018		
DEK MDM CIS		344,481						10			32,266		
DEK-AMI-AMI	2,039,338	24,932											
AMI	148,598	12,956					34				1,817		(19)
Grid Infrastructure (e.g. Self-Healing, Sectionalization)													
Distribution Automation Cap	304,067												
Feeder Sectionalization Cap	92,489												
DEE High Density Zone Automati	-												
DEK Cap Automation	69												
Circuit Sectionalization - KY			22,133								3,336		
SG Kentucky Capacitors for R&I			258								1		
SG KY Line Sensor Project for R&I											309		
Circuit Sectionalization - KY				4,776							580		
DEK Circuit Connectivity	2,593,192	1,871	2,957							600	627		
DEK Substation Capacity	1,961,921	19,737									1,243		
Self Optimizing Grid		3,079					2				411		
Enterprise Systems for Grid (e.g. DMS³, DSCADA²)													
DEE DMS 3_5 Upgrade Project 3	90,253	14,256					0				7		
DEE DMS Consolidation (IDMS)	38,433	24,335			6		2				1,127		
DEE SCADA 3.1 Upgrade	1,123	563									0		
DMS 3.6 - ENT Program		2,505									379		
DOMS Implementation	1,261	155									25		
Advanced DMS		5,597					2				734		
DEE Adv Distrib Planning Tool	1,655	5									0		
DEE EDSH Dist System Health	24,235	7,474						0			12		
DEE Yukon Feeder Auto V2x DER	24,962	9,633					4				302		
Utility of the Future³ (includes Grid Infrastructure/Systems and AMI Systems)													
SG NON-PROJECT O&M	-	(231)	1	1,616	62,941	6,938	843	2,733	23,976	10,230	9	5,749	
SMART GRID DIST AUTOMATION	14,400		249							38			
SMART GRID PROJ MGT ORG	89	274		1,006	92	217,400	4,907	273	314	172,904	39,880	7,402	446
SMART GRID PROJECT MGT	(40,265)	7,581				11,878	736	49	12	27,298	1,883	2,939	36
SMARTGRID AUTO METERING	60,511												
SMARTGRID DA INSIDE SUBSTATION	1,282,695												
SMARTGRID DIST LINE CAPACITOR	214,365												
SMARTGRID DIST LINE SECTIONALI	1,210,344												
SMARTGRID DIST LINE SELFHEALIN	(1,230)												
SMARTGRID DIST LINES SENSOR	463,623												
SMARTGRID IT	4,674,190	(30,468)		2,593	57	55	5			3,790	2,033	1,430	

Duke Energy KY
 \$ in Millions

	Capital 12 Months	O&M 12 Months
Duke Energy Kentucky Smart Grid Costs	9.6	0.7
Advanced Metering Infrastructure (AMI) Equipment and Systems	6.4	0.5
Grid Infrastructure (e.g. Self-Healing, Sectionalization)	2.2	0.1
Enterprise Systems for Grid (e.g. DMS ¹ , DSCADA ²)	1.0	0.1

1 DMS stands for Distribution Management System

2 DSCADA stands for Distribution Supervisory Control and Data Acquisition

**Duke Energy Kentucky
Case No. 2017-00321
Staff First Set Data Requests
Date Received: August 25, 2017**

STAFF-DR-01-065

REQUEST:

To the extent not included in other responses, provide all work papers, calculations, and assumptions the utility used to develop its forecasted test period financial information.

RESPONSE:

Refer to FR 16(7)(c) in the Company's Application in this proceeding for the assumptions used to develop the forecasted test period financial information.

Refer to Volume 14 of Duke Energy Kentucky's Application in this proceeding for the work papers used to develop its forecasted test period financial information.

PERSON RESPONSIBLE: Sarah E. Lawler / Beau Pratt / Cynthia S. Lee

REQUEST:

Provide the information requested in Schedule 67 for yearly salary and benefit information for each corporate officer and as a group in total by category of Directors, Managers, Supervisors, Exempt, Non-Exempt, Union, and Non-Union Hourly for the years 2013 through 2016 and the base period (in gross dollars-not hourly or monthly rates). Commission Staff will provide Schedule 67 in Excel format by electronic mail to Counsel for all parties.

- a. Regular salary or pay.
- b. Overtime pay.
- c. Excess vacation payout.
- d. Standby/Dispatch pay.
- e. Bonus and incentive pay.
- f. Any other forms of incentives (may include stock options or forms of deferred compensation).
- g. Other amounts paid and reported on the employees' W-2 (specify).
- h. Healthcare benefit cost for employees.
 - 1) Amount paid by employer.
 - 2) Amount paid by employee.
- i. Dental benefits cost for employees.

- 1) Amount paid by employer.
- 2) Amount paid by employee.
- j. Vision benefits cost for employees.
 - 1) Amount paid by employer.
 - 2) Amount paid by employee.
- k. Life insurance cost for employees.
 - 1) Amount paid by employer.
 - 2) Amount paid by employee.
- l. Accidental death and disability benefits.
 - 1) Amount paid by employer.
 - 2) Amount paid by employee.
- m. Defined Contribution – 401(k) or similar plan cost for employees. Provide the amount paid by employer.
- n. Defined Benefit Retirement cost for employees.
 - 1) Amount paid by employer.
 - 2) Amount paid by employee.
- o. Cost of any other benefit available to an employee (specify).

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET (As to Attachment)

Please see CONFIDENTIAL STAFF-DR-01-066 Attachment

PERSON RESPONSIBLE: Thomas Silinski

**CONFIDENTIAL STAFF-DR-01-066
ATTACHMENT IS BEING PROVIDED
UNDER SEAL OF A PETITION FOR
CONFIDENTIAL TREATMENT**

**Duke Energy Kentucky
Case No. 2017-00321
Staff First Set Data Requests
Date Received: August 25, 2017**

STAFF-DR-01-067

REQUEST:

For each item of benefits listed in Item 67 above where an employee is required to pay part of the cost, provide a detailed explanation as to how the employee contribution rate was determined.

RESPONSE:

Please see Tom Silinski's direct testimony beginning on page 37 and Attachment TS-10 beginning on page 2.

PERSON RESPONSIBLE: Thomas Silinski

**Duke Energy Kentucky
Case No. 2017-00321
Staff First Set Data Requests
Date Received: August 25, 2017**

**STAFF-DR-01-068
PUBLIC**

REQUEST:

Provide a listing of all health care plan categories, dental plan categories, and vision plan categories available to corporate officers individually, and to groups defined as Directors, Managers, Supervisors, Exempt, Non-Exempt, Union, and Non-Union Hourly employees (i.e., single, married no dependents, single parent with dependents, family, etc.). Include the associated employee contribution rates and employer contribution rates of the total premium cost for each category, and each plan's deductible(s) amounts.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET (As to Attachment)

Please see Confidential STAFF-DR-01-68 Attachment

PERSON RESPONSIBLE: Thomas Silinski

**CONFIDENTIAL STAFF-DR-01-068
ATTACHMENT IS BEING PROVIDED
UNDER SEAL OF A PETITION FOR
CONFIDENTIAL TREATMENT**

REQUEST:

Provide a listing of all life insurance plan categories available to corporate officers individually, and to groups defined as Directors, Managers, Supervisors, Exempt, Non-Exempt, Union and Non-Union Hourly employees. Include the associated employee contribution rates and employer contribution rates of the total premium cost for each plan category.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

This response has been filed with the Commission under a Petition for Confidential Treatment.

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

REQUEST:

Provide a listing of all retirement plans categories available to corporate officers individually, and to groups defined as Directors, Managers, Supervisors, Exempt, Non-Exempt, Union and Non-Union Hourly employees. Include the associated employee contribution rates, if any, and employer contribution rates of the total cost for each plan category.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

This response has been filed with the Commission under a Petition for Confidential Treatment.

[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

PERSON RESPONSIBLE: Thomas Silinski

STAFF-DR-01-071

REQUEST:

Provide a copy of all exhibits and schedules that were prepared in Duke Kentucky's rate application in Excel spreadsheet format with all formulas intact and unprotected and with all columns and rows accessible.

RESPONSE:

Please see the following Excel files provided on CD/ Electronically:

1. "KPSC Electric SFRs-2017 - Staff-DR-01-071" is an electronic copy of the Company's application, Volume 12, that satisfies 807 KAR 5:001 Section 16(8)(a) through (k).
2. "Attachment SEL-1 Rider PSM Template" is an electronic version of the Company's proposed PSM rider template provided in the written testimony of Company witness Sarah E. Lawler.
3. "Attachment SEL-2 ESM Template" is an electronic version of the Company's proposed ESM rider template provided in the written testimony of Company witness Sarah E. Lawler.
4. "Attachment SEL-3 Rider DCI Template" is an electronic version of the Company's proposed DCI rider template provided in the written testimony of Company witness Sarah E. Lawler.

5. "WDW-1 Rider FTR Template" is an electronic version of the Company's proposed FTR rider template provided in the written testimony of Company witness William Don Wathen, Jr.
6. "Schedule CSL-1 Recovery of Spend Related to Coal Ash Basin Closure" is an electronic version of the schedule provided in the written testimony of Company witness Cynthia S. Lee.
7. "Attachments BLS-2 and BLS-3" is an electronic version of the schedules provided in the written testimony of Company witness Bruce L. Sailors.
8. "Attachment BLS-4 - Pole Attachment Calculation For Filing - DEK" is an electronic version of the schedule provided in the written testimony of Company witness Bruce L. Sailors.
9. "Attachment BLS-5 - KY Reconnection Charge Calcs" is an electronic version of the schedule provided in the written testimony of Company witness Bruce L. Sailors.

PERSON RESPONSIBLE:

Sarah E. Lawler / William Don Wathen, Jr.
Cynthia S. Lee / Bruce L. Sailors