


VERIFICATION

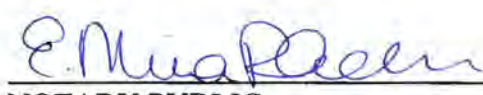
STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

The undersigned, Sarah E. Lawler, Director Rates & Regulatory Planning, being duly sworn, deposes and says that she has personal knowledge of the matters set forth in the foregoing data request and that it is true and correct to the best of her knowledge, information and belief.



Sarah E. Lawler Affiant

Subscribed and sworn to before me by Sarah E. Lawler on this 17th day of December, 2019.



NOTARY PUBLIC

My Commission Expires: July 8, 2022



KyPSC Case No. 2019-00352
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**Duke Energy Kentucky
Case No. 2019-00352
Staff Second Set Data Requests
Date Received: December 3, 2019**

STAFF-DR-02-001

REQUEST:

Refer to the application, paragraph 8. Confirm that Duke Energy Corp. and Duke Kentucky will elect the same treatment of pension plan accounting. If this cannot be confirmed, identify and describe the differences.

RESPONSE:

Confirmed. Duke Energy Corporation and Duke Energy Kentucky will elect the same pension plan accounting treatment.

PERSON RESPONSIBLE: David Dye

**Duke Energy Kentucky
Case No. 2019-00352
Staff Second Set Data Requests
Date Received: December 3, 2019**

STAFF-DR-02-002

REQUEST:

Refer to the application, paragraph 17. Explain how Generally Accepted Accounting Principles qualify as a “statutory or administrative directive.”

RESPONSE:

Generally Accepted Accounting Principles (GAAP) qualifies as a statutory directive because the triggering of pension settlement accounting and resulting recording of accounting journal entries results from the application of prescriptive GAAP guidance contained in ASC Topic 715-30-55-166 through 168. Failure to follow such GAAP guidance (i.e. departure from GAAP) could result in material misstatement of Duke Energy Kentucky’s financial statements and issuance of a qualified opinion from its external auditors.

PERSON RESPONSIBLE: David Dye

**Duke Energy Kentucky
Case No. 2019-00352
Staff Second Set Data Requests
Date Received: December 3, 2019**

STAFF-DR-02-003

REQUEST:

Refer to Duke Kentucky's response to Commission Staff's First Request for Information (Staff's First Request), Item 1.a. Provide copies of the actuarial statements referenced in the response.

RESPONSE:

Please see STAFF-DR-02-003 Attachment.

PERSON RESPONSIBLE: David Dye

Section 2:
 Fiscal 2018 Net Periodic Benefit Cost

Duke Energy - All Legacy Qualified Plans

	Duke Energy Carolinas 100	Duke Energy Business Services 110	Duke Energy Commercial Enterprises, Inc. 501	Duke Energy Ohio 503	Duke Energy Indiana 529	Duke Energy Kentucky 538	Duke Energy Discontinued Operations DSC	Duke Energy Progress 801	Duke Energy Florida 802	Florida Progress Corporation	Progress Fuels Corporation	Piedmont Natural Gas Company PNG	Plan Total
Funded Status, 1/1/2018													
Benefit Obligation	\$ (2,029,468,407)	\$ (1,978,083,978)	\$ (155,343,181)	\$ (361,564,849)	\$ (669,192,995)	\$ (116,976,389)	\$ (169,877,533)	\$ (1,211,152,948)	\$ (1,410,160,226)	\$ (15,517,168)	\$ (17,031,996)	\$ (313,213,847)	\$ (8,448,203,517)
Fair Value of Assets	2,372,006,246	1,901,307,733	199,885,007	351,471,196	684,377,830	106,156,154	187,569,009	1,366,064,086	1,428,941,678	19,060,149	17,727,444	368,226,569	9,002,813,101
Funded Status	\$ 342,537,839	\$ (76,776,245)	\$ 44,541,826	\$ (10,093,653)	\$ 15,184,835	\$ (10,820,235)	\$ 17,711,476	\$ 154,911,138	\$ 18,761,452	\$ 3,542,981	\$ 95,448	\$ 55,012,722	\$ 554,600,584
Unrecognized Items													
Transaction (Asset)/Liability	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Prior Service (Credit)/Cost	(37,671,669)	(47,014,210)	(2,674,823)	(2,922,264)	(15,890,297)	(728,740)	(136,993)	(7,235,185)	(4,640,510)	0	0	(89,013,600)	(187,436,291)
Unrecognized (Gain)/Loss	443,263,593	521,644,014	36,485,110	64,521,426	122,470,340	28,656,924	52,178,664	348,610,989	419,866,604	2,617,893	1,630,852	141,846,220	2,183,772,627
Total Amount Unrecognized	\$ 405,591,924	\$ 474,629,804	\$ 33,790,287	\$ 61,899,161	\$ 106,780,043	\$ 27,928,184	\$ 52,041,671	\$ 341,375,803	\$ 415,218,094	\$ 2,617,893	\$ 1,630,852	\$ 72,832,620	\$ 1,996,336,336
Components of Benefit Cost, Fiscal 2018													
Service Cost	\$ 55,924,803	\$ 48,066,590	\$ 1,480,413	\$ 3,041,051	\$ 9,959,456	\$ 1,387,277	\$ 241,621	\$ 28,483,687	\$ 20,769,392	\$ 0	\$ 0	\$ 6,786,145	\$ 174,120,435
Expected Administrative Expenses	2,152,969	1,750,075	188,428	334,169	643,491	99,674	180,734	1,255,177	1,337,572	18,368	17,084	320,175	6,297,916
Interest Cost	71,777,683	69,982,335	5,429,647	12,613,059	23,614,363	4,134,310	5,952,306	43,115,598	50,178,517	541,683	818,745	10,997,386	298,955,632
Expected Return on Assets	(146,893,462)	(117,446,836)	(12,293,921)	(21,263,055)	(42,215,016)	(6,472,854)	(11,536,700)	(85,149,287)	(91,740,899)	(1,208,958)	(1,129,048)	(22,267,377)	(569,717,422)
Amortization of													
- Transaction (Asset)/Obligation	0	0	0	0	0	0	0	0	0	0	0	0	0
- Prior Service (Credit)/Cost	(8,229,802)	(7,966,089)	(523,474)	(358,630)	(1,996,849)	(99,861)	(19,294)	(1,960,896)	(1,098,573)	0	0	(9,464,668)	(31,717,136)
- Unrecognized (Gain)/Loss	29,296,895	31,922,974	1,728,165	3,574,831	6,916,077	1,663,931	2,274,926	20,750,953	23,085,778	102,729	63,996	10,652,624	132,033,681
Cost of curtailments	0	0	0	0	0	0	0	0	0	0	0	0	0
Cost of settlements	0	0	0	0	0	0	0	0	0	0	0	0	0
Cost of special/contractual termination benefits	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Periodic Benefit Cost - Before Purchase Accounting Adjustment	\$ 4,029,086	\$ 24,310,049	\$ (4,010,742)	\$ (2,058,575)	\$ (3,078,478)	\$ 712,477	\$ (2,906,414)	\$ 8,495,232	\$ 2,531,787	\$ (546,178)	\$ (429,223)	\$ (3,075,715)	\$ 21,973,306
Purchase Accounting Adjustment	0	0	0	1,600,970	2,624,658	293,132	0	0	0	0	0	0	4,518,760
Net Periodic Benefit Cost - After Purchase Accounting Adjustment	\$ 4,029,086	\$ 24,310,049	\$ (4,010,742)	\$ (457,605)	\$ (453,820)	\$ 1,005,609	\$ (2,906,414)	\$ 8,495,232	\$ 2,531,787	\$ (546,178)	\$ (429,223)	\$ (3,075,715)	\$ 26,492,066
Key Assumptions													
Measurement Date													December 31, 2017
Discount Rate													3.60%
Interest Crediting Rate													4.00%/4.00%
Long Term Rate of Return on Assets													6.50%
Salary Scale													11.50% to 3.50%
Expected Contributions, Jan. 2018	\$ 45,625,440	\$ 39,916,278	\$ 1,155,288	\$ 429,897	\$ 8,462,789	\$ 72,080	\$ 427,234	\$ 24,816,258	\$ 19,995,884	\$ 15,390	\$ 92,462	\$ 0	\$ 141,000,000
Expected Contributions, Dec. 2018	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,000,000	\$ 7,000,000
Other Information													
Expected (Net) Benefit Payments	\$ 184,771,003	\$ 161,824,430	\$ 12,066,819	\$ 28,740,435	\$ 46,809,732	\$ 7,106,296	\$ 9,639,856	\$ 84,711,260	\$ 74,865,756	\$ 949,220	\$ 897,188	\$ 29,293,110	\$ 641,675,105
Market-Related Value of Assets (MRVA)	\$ 2,306,264,645	\$ 1,847,457,851	\$ 194,013,131	\$ 341,011,476	\$ 684,352,037	\$ 103,056,544	\$ 181,893,587	\$ 1,327,479,329	\$ 1,428,941,678	\$ 19,060,149	\$ 17,727,444	\$ 358,887,046	\$ 8,789,944,979
Sum of Service Cost, Admin Expense, Interest Cost and EROA	\$ 117,038,007	\$ 352,164	\$ (5,215,433)	\$ (5,274,776)	\$ (7,997,706)	\$ (851,593)	\$ (5,162,048)	\$ (12,294,825)	\$ (19,455,418)	\$ (648,907)	\$ (493,219)	\$ (4,263,671)	\$ (78,343,439)
Sum of Amortization Payments	\$ 21,067,093	\$ 23,957,885	\$ 1,204,691	\$ 3,216,201	\$ 4,919,228	\$ 1,564,070	\$ 2,256,634	\$ 18,730,057	\$ 21,887,205	\$ 102,729	\$ 63,996	\$ 1,187,956	\$ 100,316,745

Section 2:
 Fiscal 2017 Net Periodic Benefit Cost

Duke Energy - All Legacy Qualified Plans

	Duke Energy Carolina	Duke Energy Business Services	Duke Energy Commercial Enterprises, Inc.	Duke Energy Ohio	Duke Energy Indiana	Duke Energy Kentucky	Duke Energy International	Duke Energy Discontinued Operations	Duke Energy Progress	Duke Energy Florida	Florida Progress Corporation	Progress Fuels Corporation	Piedmont Natural Gas Company PNG	Plan Total
	100	110	501	503	528	538	800	DSC	801	802				
Funded Status, 1/1/2017														
Benefit Obligation	\$ (1,952,169,414)	\$ (1,900,773,665)	\$ (150,078,271)	\$ (341,333,907)	\$ (657,665,397)	\$ (106,066,890)	\$ (5,545,036)	\$ (160,952,910)	\$ (1,157,593,600)	\$ (1,322,822,338)	\$ (14,534,767)	\$ (17,059,621)	\$ (344,292,865)	\$ (8,130,878,672)
Fair Value of Assets	2,225,599,385	1,829,797,122	180,332,119	330,536,050	656,877,508	38,251,738	8,140,635	169,464,152	1,289,232,132	1,351,817,300	17,657,647	16,456,983	346,795,255	8,530,958,026
Funded Status	\$ 273,429,971	\$ (70,976,543)	\$ 40,253,848	\$ (10,797,857)	\$ (777,779)	\$ (7,815,152)	\$ 2,595,599	\$ 8,511,242	\$ 131,638,532	\$ 28,994,862	\$ 3,122,880	\$ (602,638)	\$ 2,502,390	\$ 400,079,354
Unrecognized Items														
Transition (Asset)/Liability	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Prior Service (Credit)/Cost	(44,925,848)	(55,964,848)	(3,196,298)	(2,688,063)	(17,687,146)	(791,362)	(262,822)	224,675	(9,174,055)	(6,088,248)	0	0	(10,284,107)	(150,841,122)
Unrecognized (Gain)/Loss	521,216,447	583,558,795	37,925,878	59,169,339	140,532,005	24,873,484	540,563	57,067,273	387,789,839	432,548,557	2,684,582	2,120,175	146,628,012	2,366,854,949
Total Amount Unrecognized	\$ 476,290,599	\$ 497,593,947	\$ 34,727,580	\$ 56,480,276	\$ 122,844,859	\$ 24,082,122	\$ 277,741	\$ 57,291,948	\$ 378,615,784	\$ 426,460,309	\$ 2,684,582	\$ 2,120,175	\$ 136,543,905	\$ 2,216,013,827
Components of Benefit Cost, Fiscal 2017														
Service Cost	\$ 48,162,086	\$ 40,376,595	\$ 1,162,780	\$ 2,545,053	\$ 8,704,588	\$ 1,360,040	\$ 249,710	\$ 53,346	\$ 26,110,413	\$ 19,517,792	\$ 0	\$ 0	\$ 10,464,793	\$ 158,707,188
Expected Administrative Expenses	2,137,705	1,749,745	180,072	310,110	630,958	91,345	7,819	162,668	1,238,326	1,280,705	16,960	15,807	548,146	8,370,364
Interest Cost	78,715,841	76,803,324	5,967,894	13,529,440	26,334,679	4,273,846	234,859	6,438,812	46,834,743	53,544,243	577,855	681,164	14,066,812	328,003,312
Expected Return on Assets	(141,642,234)	(116,374,994)	(12,204,800)	(20,954,838)	(41,784,989)	(6,289,856)	(532,805)	(10,925,389)	(62,385,712)	(85,475,920)	(1,118,722)	(1,040,384)	(23,761,141)	(544,491,795)
Amortization of														
- Transition (Asset)/Obligation	0	0	0	0	0	0	0	0	0	0	0	0	0	0
- Prior Service (Credit)/Cost	(8,063,797)	(8,093,633)	(523,475)	(312,715)	(1,996,849)	(94,712)	(49,082)	147,928	(1,959,648)	(1,168,348)	0	0	(2,197,570)	(24,331,901)
- Unrecognized (Gain)/Loss	30,909,025	33,173,914	2,100,583	3,265,386	8,277,093	1,407,306	26,308	3,443,446	23,357,655	26,544,250	170,495	134,650	10,718,386	145,528,547
Cost of curtailments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cost of settlements	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cost of special/contractual termination benefits	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Periodic Benefit Cost - Before Purchase Accounting Adjustment	\$ 10,198,626	\$ 27,634,951	\$ (3,316,946)	\$ (1,617,555)	\$ 195,460	\$ 747,759	\$ (63,191)	\$ (678,189)	\$ 13,195,777	\$ 16,242,758	\$ (353,412)	\$ (208,763)	\$ 9,839,388	\$ 71,795,693
Purchase Accounting Adjustment	0	0	0	2,802,688	4,008,145	505,470	0	0	0	0	0	0	0	7,316,313
Net Periodic Benefit Cost - After Purchase Accounting Adjustment	\$ 10,198,626	\$ 27,634,951	\$ (3,316,946)	\$ 1,185,143	\$ 4,173,625	\$ 1,253,229	\$ (63,191)	\$ (678,189)	\$ 13,195,777	\$ 16,242,758	\$ (353,412)	\$ (208,763)	\$ 9,839,388	\$ 79,112,006
Key Assumptions														
Measurement Date														December 31, 2016
Discount Rate														4.10%
Interest Crediting Rate														4.25%/4.00%
Long Term Rate of Return on Assets														6.50%/6.75%
Salary Scale														11.50% to 3.50%
Expected Contributions	\$ 45,634,291	\$ 43,924,371	\$ 1,189,027	\$ 2,642,870	\$ 8,526,058	\$ 1,395,900	\$ 233,682	\$ 527,789	\$ 24,817,545	\$ 20,000,605	\$ 15,390	\$ 92,462	\$ 11,000,000	\$ 160,000,000
Other Information														
Expected (Net) Benefit Payments	\$ 162,498,179	\$ 137,174,844	\$ 11,480,523	\$ 28,067,202	\$ 48,589,549	\$ 6,448,089	\$ 134,313	\$ 8,004,526	\$ 83,626,462	\$ 73,504,278	\$ 830,412	\$ 900,767	\$ 23,566,014	\$ 584,885,258
Market-Related Value of Assets (MRVA)	\$ 2,260,133,261	\$ 1,858,750,307	\$ 193,504,709	\$ 336,347,429	\$ 687,068,817	\$ 99,965,424	\$ 8,266,962	\$ 172,102,224	\$ 1,309,236,904	\$ 1,351,817,995	\$ 17,657,647	\$ 16,456,983	\$ 363,877,113	\$ 8,655,208,856
Sum of Service Cost, Admin Expenses, Interest Cost and EROA	\$ (12,626,802)	\$ 2,954,670	\$ (4,894,054)	\$ (4,570,228)	\$ (6,114,764)	\$ (964,835)	\$ (40,417)	\$ (4,270,565)	\$ (8,202,230)	\$ (11,133,180)	\$ (523,907)	\$ (343,413)	\$ 1,318,570	\$ (49,410,963)
Sum of Amortization Payments	\$ 22,825,226	\$ 25,080,281	\$ 1,577,108	\$ 2,952,671	\$ 5,280,244	\$ 1,312,594	\$ (22,774)	\$ 3,591,376	\$ 21,398,007	\$ 27,375,948	\$ 170,495	\$ 134,850	\$ 8,520,818	\$ 121,196,646

Section 2:
Fiscal 2016 Net Periodic Benefit Cost

Duke Energy - All Legacy Qualified Plans

	Duke Energy Carolina	Duke Energy Business Services	Duke Energy Commercial Enterprises, Inc.	Duke Energy Ohio	Duke Energy Indiana	Duke Energy Kentucky	Duke Energy International	Duke Energy Discontinued Operations	Duke Energy Progress	Duke Energy Florida 802	Florida Progress Corp and Progress Fuel Corporation	Plan Total
	100	110	501	503	529	536	600	OSC	801	802		
Funded Status, 1/1/2016												
Benefit Obligation	\$ (1,995,365,727)	\$ (1,850,698,118)	\$ (158,204,336)	\$ (352,091,251)	\$ (649,117,811)	\$ (100,828,713)	\$ (5,596,263)	\$ (165,030,653)	\$ (1,142,555,084)	\$ (1,276,457,708)	\$ (31,490,182)	\$ (7,727,441,845)
Fair Value of Assets	2,243,575,107	1,799,371,216	187,654,917	336,205,956	655,071,775	96,373,183	8,193,843	170,119,215	1,283,062,431	1,321,454,757	35,343,728	8,136,426,138
Funded Status	\$ 248,209,380	\$ (51,326,902)	\$ 29,450,581	\$ (15,885,295)	\$ 5,953,964	\$ (4,455,530)	\$ 2,594,580	\$ 5,088,562	\$ 140,507,347	\$ -44,997,050	\$ 3,850,546	\$ 408,984,293
Unrecognized Items												
Transition (Asset)/Liability	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Prior Service (Credit)/Cost	(49,152,361)	(31,580,447)	(2,680,096)	(352,484)	(3,694,002)	(281,160)	(311,904)	412,006	(10,936,491)	(6,788,250)	0	(105,375,199)
Unrecognized (Gain)/Loss	521,402,466	506,954,243	43,847,706	59,339,502	112,548,041	20,133,854	299,260	59,827,069	371,042,017	417,284,360	2,764,716	2,115,443,265
Total Amount Unrecognized	\$ 472,240,105	\$ 475,373,796	\$ 41,167,610	\$ 58,987,018	\$ 108,854,039	\$ -19,852,694	\$ (12,644)	\$ 60,239,104	\$ 360,105,526	\$ 410,496,100	\$ 2,764,716	\$ 2,010,068,066
Components of Benefit Cost, Fiscal 2016												
Service Cost	\$ 47,597,447	\$ 40,974,059	\$ 1,556,815	\$ 2,529,685	\$ 6,646,310	\$ 1,459,473	\$ 225,282	\$ 0	\$ 23,640,642	\$ 18,790,459	\$ 0	\$ 145,422,176
Expected Administrative Expenses	2,229,448	1,776,489	162,272	322,582	650,947	91,212	8,142	168,894	1,274,991	1,273,982	35,121	8,014,080
Interest Cost	85,771,506	79,871,458	6,725,772	14,963,982	27,898,491	4,367,636	242,670	6,773,009	49,322,548	55,455,087	1,345,936	332,738,095
Expected Return on Assets	(141,602,063)	(113,887,924)	(11,916,945)	(21,223,958)	(41,572,313)	(6,156,120)	(519,174)	(10,478,814)	(82,193,388)	(83,596,344)	(2,237,772)	(515,184,815)
Amortization of												
- Transition (Asset)/Obligation	0	0	0	0	0	0	0	0	0	0	0	0
- Prior Service (Credit)/Cost	(7,697,499)	(4,984,481)	(423,271)	149,088	(458,694)	4,098	(48,082)	187,331	(1,940,829)	(1,128,019)	0	(16,339,378)
- Unrecognized (Gain)/Loss	32,393,182	31,306,679	2,398,798	3,225,644	8,848,023	1,082,724	12,770	3,748,929	22,634,081	28,521,157	181,931	132,365,318
Cost of curtailments	0	0	0	0	0	0	0	0	0	0	0	0
Cost of settlements	0	0	0	0	0	0	0	0	0	0	0	0
Cost of special/contractual termination benefits	0	0	0	0	0	0	0	0	0	0	0	0
Net Periodic Benefit Cost - Before Purchase Accounting Adjustment	\$ 18,692,021	\$ 35,256,480	\$ (1,474,565)	\$ (32,797)	\$ 2,012,764	\$ 849,023	\$ (79,392)	\$ 400,349	\$ 12,738,045	\$ 19,318,322	\$ (674,784)	\$ 87,005,476
Purchase Accounting Adjustment	0	0	0	3,061,576	4,387,372	593,543	0	0	0	0	0	8,042,491
Net Periodic Benefit Cost - After Purchase Accounting Adjustment	\$ 18,692,021	\$ 35,256,480	\$ (1,474,565)	\$ 3,028,779	\$ 6,400,136	\$ 1,442,566	\$ (79,392)	\$ 400,349	\$ 12,738,045	\$ 19,318,322	\$ (674,784)	\$ 95,047,967
Key Assumptions												
Measurement Date												December 31, 2015
Discount Rate												4.40%
Interest Crediting Rate												4.25%/4.00%
Long Term Rate of Return on Assets												6.50%
Salary Scale												11.50% to 3.50%
Expected Contributions	\$ 43,144,328	\$ 40,593,519	\$ 2,888,682	\$ 3,086,542	\$ 9,271,841	\$ 1,443,420	\$ 212,012	\$ 875,872	\$ 23,739,545	\$ 19,895,289	\$ 34,950	\$ 145,000,000
Other Information												
Expected (Net) Benefit Payments	\$ 189,258,773	\$ 154,486,505	\$ 12,959,707	\$ 29,377,087	\$ 47,930,980	\$ 6,113,289	\$ 625,348	\$ 22,438,803	\$ 91,441,780	\$ 70,570,212	\$ 1,827,133	\$ 628,029,917
Market-Related Value of Assets (MRVA)	\$ 2,272,730,158	\$ 1,825,946,517	\$ 190,297,283	\$ 341,138,489	\$ 663,482,612	\$ 97,762,946	\$ 8,299,046	\$ 172,339,414	\$ 1,310,142,259	\$ 1,321,454,209	\$ 35,343,728	\$ 8,238,935,661
Sum of Service Cost, Admin Expenses, Interest Cost and EROA	\$ (6,003,662)	\$ 8,934,082	\$ (3,450,082)	\$ (3,407,709)	\$ (4,376,565)	\$ (237,799)	\$ (43,080)	\$ (3,536,911)	\$ (7,955,207)	\$ (8,076,816)	\$ (856,715)	\$ (29,010,464)
Sum of Amortization Payments	\$ 24,695,683	\$ 26,322,388	\$ 1,975,527	\$ 3,374,912	\$ 6,389,329	\$ 1,086,822	\$ (36,312)	\$ 3,937,260	\$ 20,693,252	\$ 27,395,136	\$ 181,931	\$ 116,015,940

Section 2:		Duke Energy - All Legacy Qualified Plans												
Fiscal 2015 Net Periodic Benefit Cost														
	Duke Energy Carolina	Duke Energy Business Services	Duke Energy Commerce Enterprises, Inc.	Duke Energy Ohio	Duke Energy Indiana	Duke Energy Kentucky	Duke Energy International	Duke Energy Discontinued Operations	Carolina Power and Light	Florida Power	Florida Progress	Electric Fuels	Plan Total	
Payco	100	110	501	503	520	530	600	DSC	801	802				
Funded Status, 1/1/2015														
Benefit Obligation	\$ (2,052,579,761)	\$ (1,910,707,366)	\$ (263,167,265)	\$ (371,969,864)	\$ (672,940,608)	\$ (97,506,944)	\$ (5,527,474)	\$ (175,321,946)	\$ (1,167,428,008)	\$ (1,339,376,220)	\$ (16,636,700)	\$ (17,723,984)	\$ (6,106,886,158)	
Fair Value of Assets	2,299,966,788	1,879,962,384	265,425,234	360,631,306	680,872,725	95,391,325	8,213,569	184,951,185	1,321,690,369	1,362,444,416	19,762,565	17,640,192	8,497,972,078	
Funded Status	\$ 247,387,027	\$ (30,725,002)	\$ 2,257,969	\$ (11,338,558)	\$ 7,932,117	\$ (2,115,619)	\$ 2,686,115	\$ 9,629,239	\$ 134,262,361	\$ 28,068,196	\$ 3,125,865	\$ (83,792)	\$ 391,086,920	
Unrecognized Items														
Transition (Asset)/Liabil-	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Prior Service (Credit)/Cos	(56,954,445)	(35,021,357)	(3,350,767)	187,799	1,037,039	(80,489)	(380,986)	599,337	(12,606,087)	(7,936,042)	0	0	(114,467,998)	
Unrecognized (Gain)/Los	464,055,941	452,700,511	55,611,808	48,512,061	92,625,050	15,498,659	(245,707)	53,671,823	356,815,096	414,413,123	1,866,799	887,228	1,959,412,422	
Total Amount Unrecognized	\$ 407,101,496	\$ 417,679,154	\$ 52,261,041	\$ 48,699,860	\$ 93,662,099	\$ 15,438,170	\$ (606,693)	\$ 54,271,160	\$ 346,207,009	\$ 406,477,081	\$ 1,866,799	\$ 887,228	\$ 1,844,944,424	
Components of Benefit Cost, Fiscal 2015														
Service Cost	\$ 50,203,751	\$ 45,303,747	\$ 5,430,827	\$ 2,826,449	\$ 10,178,094	\$ 1,419,961	\$ 247,213	\$ 20,027	\$ 23,458,823	\$ 20,469,712	\$ 0	\$ 0	\$ 159,577,204	
Expected Administrative Expense	2,992,975	1,719,539	230,360	307,754	617,143	76,476	7,445	167,916	1,351,115	1,305,790	20,269	18,039	7,915,721	
Interest Cost	82,567,966	77,326,117	10,657,060	14,783,328	27,097,105	3,940,077	225,090	6,770,260	46,016,416	54,220,680	665,388	706,495	327,075,982	
Expected Return on Assets	(138,367,596)	(113,454,191)	(15,980,697)	(21,297,859)	(40,942,348)	(5,706,425)	(498,654)	(10,757,578)	(80,308,582)	(87,666,200)	(1,258,555)	(1,115,087)	(517,387,777)	
Amortization of														
Transition (Asset)/Obligation	0	0	0	0	0	0	0	0	0	0	0	0	0	
Prior Service (Credit)/Cos	(7,709,554)	(4,845,067)	(443,554)	205,515	428,251	26,937	(49,082)	187,331	(1,920,636)	(1,126,835)	0	0	(15,232,644)	
Unrecognized (Gain)/Los	36,326,097	37,974,669	4,642,143	4,615,647	6,634,254	1,375,871	13,249	4,284,436	33,472,330	31,293,390	147,550	70,126	165,849,762	
Cost of curtailments	0	0	0	0	0	0	0	0	0	0	0	0	0	
Cost of settlements	0	0	0	0	0	0	0	0	0	0	0	0	0	
Cost of special/contractual termination benefit	0	0	0	0	0	0	0	0	0	0	0	0	0	
Net Periodic Benefit Cost - Before Purchase Accounting Adjustmer	\$ 26,211,639	\$ 44,024,814	\$ 4,545,219	\$ 1,440,864	\$ 6,012,499	\$ 1,133,497	\$ (54,739)	\$ 682,292	\$ 24,056,466	\$ 18,491,532	\$ (425,408)	\$ (320,427)	\$ 127,796,248	
Purchase Accounting Adjustmen	0	0	0	3,561,259	4,469,789	597,749	0	0	0	0	0	0	8,628,797	
Net Periodic Benefit Cost - After Purchase Accounting Adjustmer	\$ 26,211,639	\$ 44,024,814	\$ 4,545,219	\$ 5,002,123	\$ 10,482,288	\$ 1,731,246	\$ (54,739)	\$ 682,292	\$ 24,056,466	\$ 18,491,532	\$ (425,408)	\$ (320,427)	\$ 136,425,045	

Section 2:
 Fiscal 2014 Net Periodic Benefit Cost

Total Qualified Plans

	Duke Energy Carolinas 100	Duke Energy Business Services 110	Duke Energy Commercial Enterprises, Inc. 501	Duke Energy Ohio 503	Duke Energy Indiana 526	Duke Energy Kentucky 536	Duke Energy International 600	Duke Energy Discontinued Operations 63C	Clatsop Power and Light 601	Progress Ventures 63C	Florida Power 602	Florida Progress	Electric Fields	Plan Total
Funded Status, 1/1/2014														
Benefit Obligation	\$ (1,874,985,234)	\$ (1,716,996,896)	\$ (235,104,152)	\$ (252,851,921)	\$ (631,977,743)	\$ (85,867,812)	\$ (4,824,757)	\$ (169,967,067)	\$ (1,171,785,232)	\$ (712,841)	\$ (1,232,515,751)	\$ (14,397,426)	\$ (16,028,098)	\$ (7,509,923,632)
Fair Value of Assets	2,162,158,244	1,774,640,213	253,312,327	257,163,462	893,556,173	81,020,526	7,889,267	176,579,538	3,329,526,015	2,817,380	1,286,461,527	10,645,707	16,855,688	8,142,117,119
Funded Status	\$ 287,183,010	\$ 57,653,517	\$ 18,208,175	\$ 4,311,481	\$ 21,577,430	\$ 2,072,028	\$ 2,744,610	\$ 7,612,471	\$ 157,740,783	\$ 2,103,439	\$ 55,945,776	\$ 4,248,279	\$ 517,590	\$ 632,193,487
Unrecognized Items	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
- Transition (Asset)/Liability	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
- Prior Service (Credit)/Cost	\$ (63,371,332)	\$ (37,569,824)	\$ (3,984,087)	\$ 1,110,918	\$ 1,465,289	\$ 165,878	\$ (441,068)	\$ 786,860	\$ (15,175,063)	\$ 0	\$ (9,150,610)	\$ 0	\$ 0	\$ (125,222,523)
- Unrecognized (Gain)/Loss	\$ 440,521,767	\$ 380,409,558	\$ 42,403,802	\$ 34,194,612	\$ 84,091,742	\$ 11,966,058	\$ (339,716)	\$ 53,785,808	\$ 378,057,589	\$ 291,023	\$ 404,273,384	\$ 204,573	\$ (58,105)	\$ 1,639,814,187
Total Amount Unrecognized	\$ 377,150,435	\$ 352,840,634	\$ 38,419,815	\$ 35,314,528	\$ 85,557,031	\$ 12,134,838	\$ (749,782)	\$ 54,582,578	\$ 362,882,526	\$ 291,023	\$ 395,122,574	\$ 204,573	\$ (58,105)	\$ 1,714,581,674
Components of Benefit Cost, Fiscal 2014														
Service Cost	\$ 41,207,303	\$ 35,921,031	\$ 4,915,897	\$ 2,706,127	\$ 8,720,289	\$ 1,387,515	\$ 207,067	\$ 14,829	\$ 20,757,318	\$ 0	\$ 18,640,503	\$ 0	\$ 0	\$ 135,477,885
Expected Administrative Expenses	2,918,708	1,827,595	223,558	305,344	839,558	75,218	7,154	194,437	1,224,182	2,664	1,298,944	17,167	15,243	7,531,972
Interest Cost	84,859,683	78,814,117	10,906,447	16,027,101	29,011,860	4,088,348	228,747	7,424,850	53,782,838	33,298	57,270,801	659,506	726,320	543,833,127
Expected Return on Asset	(132,145,930)	(110,171,725)	(15,806,437)	(22,043,004)	(40,038,232)	(5,854,137)	(477,610)	(10,685,830)	(65,443,036)	(187,808)	(85,343,954)	(1,233,472)	(1,090,806)	(510,921,683)
Amortization of	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
- Transition (Asset)/Liability	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
- Prior Service (Credit)/Cost	\$ (7,578,173)	\$ (4,576,352)	\$ (255,860)	\$ 319,870	\$ 429,257	\$ 48,289	\$ (49,082)	\$ 187,331	\$ (1,996,828)	\$ 0	\$ (1,141,862)	\$ 0	\$ 0	\$ (14,714,128)
- Unrecognized (Gain)/Loss	\$ 35,388,459	\$ 31,233,862	\$ 3,125,578	\$ 3,001,247	\$ 7,438,430	\$ 930,368	\$ (870)	\$ 4,068,744	\$ 32,575,587	\$ 26,784	\$ 31,777,300	\$ 16,887	\$ (4,958)	\$ 148,497,846
Cost of settlements	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cost of settlements	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cost of special/contractual termination benefits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Periodic Benefit Cost - Excluding Purchase Accounting Adjustment	\$ 23,750,081	\$ 32,848,828	\$ 3,008,081	\$ 319,788	\$ 5,540,245	\$ 895,212	\$ (84,564)	\$ 1,114,091	\$ 20,880,540	\$ (124,852)	\$ 23,501,413	\$ (538,812)	\$ (344,851)	\$ 110,754,821
Purchase Accounting Adjustment	\$ 0	\$ 0	\$ 0	\$ 4,264,495	\$ 5,122,574	\$ 720,680	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,907,744
Net Periodic Benefit Cost - Including Purchase Accounting Adjustment	\$ 23,750,081	\$ 32,848,828	\$ 3,008,081	\$ 4,584,279	\$ 10,882,819	\$ 1,605,892	\$ (84,564)	\$ 1,114,091	\$ 20,880,540	\$ (124,852)	\$ 23,501,413	\$ (538,812)	\$ (344,851)	\$ 120,662,565

STAFF-DR-02-004

REQUEST:

Refer to Duke Kentucky's response to Staff's First Request, Item 1, Attachment and Accounting Standards Codification (ASC) 715-30-20 and 715-30-35-4.

- a. Confirm that net periodic pension cost is based on the actual return on plan assets.
If this cannot be confirmed, explain,
- b. State whether the amounts provided for Items 1(a)(3) and 1(b)(3) are the expected or actual returns. If the amounts are the expected returns, provide the actual returns for the same periods.

RESPONSE:

- a. Per ASC 715-20-50, for publicly traded entities, one component of net periodic pension cost is the expected return on plan assets. Duke Energy Kentucky's accounting and disclosures conform to those of its parent, Duke Energy Corporation.
- b. The amounts provided for Items 1 (a)(3) and 1 (b)(3) are the expected return on plan assets. The actual returns on plan assets were for the years 2014 - 2018 are as follows:

<u>Year</u>	<u>Actual gain (loss)</u>
2018	\$ (3,939,569)
2017	\$ 11,673,452
2016	\$ 6,777,298
2015	\$ (505,829)
2014	\$ 8,957,949

PERSON RESPONSIBLE: David Dye

**Duke Energy Kentucky
Case No. 2019-00352
Staff Second Set Data Requests
Date Received: December 3, 2019**

STAFF-DR-02-005

REQUEST:

Refer to Duke Kentucky's response to Staff's First Request, Item 3.a. Explain why it would not be reasonable to establish a regulatory asset/liability for the difference between the amount of pension expense in base rates and the actual amount of pension expense.

RESPONSE:

The Company is not requesting to establish a regulatory asset/liability for the types of expenses that are currently in base rates and outlined in STAFF-DR-01-003(a). The Company is requesting authority to establish a regulatory asset/liability for expenses associated with Pension Settlement Accounting. The Company is simply requesting consistent treatment of Pension Settlement Accounting for that which is already in base rates (i.e. to align expense and revenues collected from customers). Amortization expense would be determined and proposed in the Company's next base rate cases for electric and natural gas service respectively.

PERSON RESPONSIBLE: David Dye
Sarah E. Lawler

**Duke Energy Kentucky
Case No. 2019-00352
Staff Second Set Data Requests
Date Received: December 3, 2019**

STAFF-DR-02-006

REQUEST:

Refer to Duke Kentucky's response to Staff's First Request, Item 7. As originally requested, state the accounting policy Duke Kentucky is adopting for gains or losses from settlements when the cost of all settlements is less than or equal to the sum of the service and interest cost components of net periodic pension cost for the plan for the year.

RESPONSE:

When the cost of settlements is less than the threshold equal to the sum of the service cost and interest cost components of net periodic pension cost, Duke Energy Kentucky's policy is to amortize, in accordance with US GAAP under ASC 715-30-35-24, net actuarial gain or loss amounts that are in excess of 10 percent of the greater of the market-related value of plan assets or the plan's projected benefit obligation, into net pension or other post-retirement benefit expense over the average remaining service period of active participants expected to benefit under the plan. If all or almost all of a plan's participants are inactive, the average remaining life expectancy of the inactive participants is used instead of average remaining service period.

PERSON RESPONSIBLE: David Dye

**Duke Energy Kentucky
Case No. 2019-00352
Staff Second Set Data Requests
Date Received: December 3, 2019**

STAFF-DR-02-007

REQUEST:

Refer to Duke Kentucky's response to Staff's First Request, Item 7, and ASC 715-30-35-25. State whether Duke Kentucky utilizes the minimum amortization method. If not, provide the systematic method of amortizing gains and losses used by Duke Kentucky.

RESPONSE:

Duke Energy Kentucky utilizes the minimum amortization method.

PERSON RESPONSIBLE: David Dye

**Duke Energy Kentucky
Case No. 2019-00352
Staff Second Set Data Requests
Date Received: December 3, 2019**

STAFF-DR-02-008

REQUEST:

Refer to Duke Kentucky's response to Staff's First Request, Item 11, and the guidance letter issued in Federal Energy Regulatory Commission (FERC) Docket No. AI07-1-000. Confirm that the FERC guidance relates to the implementation of Statement of Financial Accounting Standards (SFAS) No. 158, not SFAS 87. If confirmed, identify and explain the deferral authority Duke Kentucky has for all non-settlement aspects of its pension plan accounting.

RESPONSE:

Duke Energy Kentucky does recognize the guidance issued in Federal Energy Regulatory Commission (FERG) Docket No. AI07-1-000 relates to the implementation of Statement of Financial Accounting Standards (SFAS) No. 158, when it states, "Under the Commission's accounting requirements, regulatory assets or liabilities are to be established for amounts that would have been included in net income or accumulated other comprehensive income determinations in the current period under the general requirements of the Uniform Systems of Accounts but for it being probable that such items will be included in a different period(s) for purposes of developing rates that the utility is authorized to charge for its utility services."

However, SFAS No. 158 amends previously issued guidance under SFAS 87. Guidance under SFAS No. 158 requires companies to recognize as a component of other comprehensive income, net of tax, the gains or losses and prior service costs or credits that arise during the period but are not recognized as components of net periodic benefit cost pursuant to FASB Statement No. 87, Employers' Accounting for Pensions. As such, Duke Energy Kentucky's deferral authority is based on the guidance issued in FERC Docket No. AI07-1-000.

PERSON RESPONSIBLE: David Dye

**Duke Energy Kentucky
Case No. 2019-00352
Staff Second Set Data Requests
Date Received: December 3, 2019**

STAFF-DR-02-009

REQUEST:

Refer to Duke Kentucky's responses to Staff's First Request, Items 13.a. and 14.c. Provide the amounts and origination of Duke Kentucky's current regulatory assets for pension plan accounting as of December 31, 2018, and state whether Duke Kentucky is currently amortizing any of these regulatory assets.

RESPONSE:

Duke Energy Kentucky's regulatory asset balance related to its qualified pension plans as of December 31, 2018 was \$29,647,888. Duke Energy Kentucky is amortizing the balance. The regulatory asset balance related to its qualified pension plans was originally established on December 31, 2007 when the guidance under SFAS No. 158 was implemented.

PERSON RESPONSIBLE: David Dye

STAFF-DR-02-010

REQUEST:

Refer to Duke Kentucky's response to Staff's First Request, Item 13.b., and ASC 980-340-25-1.¹ Explain why it is appropriate to record a regulatory asset for amounts that will be expensed before they are included for rate recovery, i.e., amounts for which it is not probable that they will be included in a different period for the purpose of developing rates.

RESPONSE:

The response to STAFF-DR-01-013(b) was indicating that the actual amortization expense would differ than the amount initially approved in base rates. Just like any expense, the actual costs incurred in a given year can differ than those initially included in base rates. Duke Energy Kentucky is required to measure the funded status (Plan assets and benefit obligations) of its qualified pension plans annually as of the date of its fiscal year-end

¹ ASC 980-340-25-1 provides, in full, as follows:

25-1 Rate actions of a regulator can provide reasonable assurance of the existence of an asset. An entity shall capitalize all or part of an incurred cost that would otherwise be charged to expense if both of the following criteria are met:

- a. It is probable (as defined in Topic 450) that future revenue in an amount at least equal to the capitalized cost will result from inclusion of that cost in allowable costs for rate-making purposes.
- b. Based on available evidence, the future revenue will be provided to permit recovery of the previously incurred cost rather than to provide for expected levels of similar future costs. If the revenue will be provided through an automatic rate-adjustment clause, this criterion requires that the regulator's intent clearly be to permit recovery of the previously incurred cost.

A cost that does not meet these asset recognition criteria at the date the cost is incurred shall be recognized as a regulatory asset when it does meet those criteria at a later date.

statement of financial position based on revised actuarial assumptions and employee information. The annual measurement results in an adjustment to the funded status balance. The resulting unrecognized gain or loss that arises as a result of the annual remeasurement is recorded as a regulatory asset or liability, and results in a change in the amount of amortization expense to be recorded, on an annual basis.

PERSON RESPONSIBLE: David Dye
Sarah E. Lawler