COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE ADJUSTMENT
OF NATURAL GAS RATES OF DUKE ENERGY KENTUCKY, INC.

CASE NO. 2021-00190

FILING REQUIREMENTS

VOLUME 16

Duke Energy Kentucky, Inc.
Case No. 2021-00190
Forecasted Test Period Filing Requirements
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1	6	807 KAR 5:001 Section 14(3)	If a limited liability company, the applicant shall identify in the application the state in which it is organized and the date on which it was organized, attest that it is in good standing in the state in which it is organized, and, if it is not a Kentucky limited liability company, state if it is authorized to transact business in Kentucky.	Amy B. Spiller
1	7	807 KAR 5:001 Section 14(4)	If the applicant is a limited partnership, a certified copy of its limited partnership agreement and all amendments, if any, shall be annexed to the application, or a written statement attesting that its partnership agreement and all amendments have been filed with the commission in a prior proceeding and referencing the case number of the prior proceeding.	Amy B. Spiller
1	8	807 KAR 5:001 Section 16 (1)(b)(1)	Reason adjustment is required.	Amy B. Spiller Sarah E. Lawler
1	9	807 KAR 5:001 Section 16 (1)(b)(2)	Certified copy of certificate of assumed name required by KRS 365.015 or statement that certificate not necessary.	Amy B. Spiller
1	10	807 KAR 5:001 Section 16 (1)(b)(3)	New or revised tariff sheets, if applicable in a format that complies with 807 KAR 5:011 with an effective date not less than thirty (30) days from the date the application is filed	Jeff L. Kern
1	11	807 KAR 5:001 Section 16 (1)(b)(4)	Proposed tariff changes shown by present and proposed tariffs in comparative form or by indicating additions in italics or by underscoring and striking over deletions in current tariff.	Jeff L. Kern
1	12	807 KAR 5:001 Section 16 (1)(b)(5)	A statement that notice has been given in compliance with Section 17 of this administrative regulation with a copy of the notice.	Amy B. Spiller
1	13	807 KAR 5:001 Section 16(2)	If gross annual revenues exceed $5,000,000, written notice of intent filed at least 30 days, but not more than 60 days prior to application. Notice shall state whether application will be supported by historical or fully forecasted test period.	Amy B. Spiller
1	14	807 KAR 5:001 Section 16(3)	Notice given pursuant to Section 17 of this administrative regulation shall satisfy the requirements of 807 KAR 5:051, Section 2.	Amy B. Spiller
1	15	807 KAR 5:001 Section 16(6)(a)	The financial data for the forecasted period shall be presented in the form of pro forma adjustments to the base period.	Abby L. Motsinger
1	16	807 KAR 5:001 Section 16(6)(b)	Forecasted adjustments shall be limited to the twelve (12) months immediately following the suspension period.	Jay P. Brown David G. Raiford Abby L. Motsinger
1	17	807 KAR 5:001 Section 16(6)(c)	Capitalization and net investment rate base shall be based on a thirteen (13) month average for the forecasted period.	Jay P. Brown
1	18	807 KAR 5:001 Section 16(6)(d)	After an application based on a forecasted test period is filed, there shall be no revisions to the forecast, except for the correction of mathematical errors, unless the revisions reflect statutory or regulatory enactments that could not, with reasonable diligence, have been included in the forecast on the date it was filed. There shall be no revisions filed within thirty (30) days of a scheduled hearing on the rate application.	Abby L. Motsinger

1	19	807 KAR 5:001 Section 16(6)(e)	The commission may require the utility to prepare an alternative forecast based on a reasonable number of changes in the variables, assumptions, and other factors used as the basis for the utility's forecast.	Abby L. Motsinger
1	20	807 KAR 5:001 Section 16(6)(f)	The utility shall provide a reconciliation of the rate base and capital used to determine its revenue requirements.	Jay P. Brown
1	21	807 KAR 5:001 Section 16(7)(a)	Prepared testimony of each witness supporting its application including testimony from chief officer in charge of Kentucky operations on the existing programs to achieve improvements in efficiency and productivity, including an explanation of the purpose of the program.	All Witnesses
1	22	807 KAR 5:001 Section 16(7)(b)	Most recent capital construction budget containing at minimum 3 year forecast of construction expenditures.	Abby L. Motsinger Brian R. Weisker
1	23	807 KAR 5:001 Section 16(7)(c)	Complete description, which may be in prefiled testimony form, of all factors used to prepare forecast period. All econometric models, variables, assumptions, escalation factors, contingency provisions, and changes in activity levels shall be quantified, explained, and properly supported.	Abby L. Motsinger
1	24	807 KAR 5:001 Section 16(7)(d)	Annual and monthly budget for the 12 months preceding filing date, base period and forecasted period.	Abby L. Motsinger
1	25	807 KAR 5:001 Section 16(7)(e)	Attestation signed by utility's chief officer in charge of Kentucky operations providing: 1. That forecast is reasonable, reliable, made in good faith and that all basic assumptions used have been identified and justified; and 2. That forecast contains same assumptions and methodologies used in forecast prepared for use by management, or an identification and explanation for any differences; and 3. That productivity and efficiency gains are included in the forecast.	Amy B. Spiller
1	26	807 KAR 5:001 Section 16(7)(f)	For each major construction project constituting 5% or more of annual construction budget within 3 year forecast, following information shall be filed: 1. Date project began or estimated starting date; 2. Estimated completion date; 3. Total estimated cost of construction by year exclusive and inclusive of Allowance for Funds Used During construction ("AFUDC") or Interest During construction Credit; and 4. Most recent available total costs incurred exclusive and inclusive of AFUDC or Interest During Construction Credit.	Abby L. Motsinger Brian R. Weisker
1	27	807 KAR 5:001 Section 16(7)(g)	For all construction projects constituting less than 5% of annual construction budget within 3 year forecast, file aggregate of information requested in paragraph (f) 3 and 4 of this subsection.	Abby L. Motsinger Brian R. Weisker

1	28	807 KAR 5:001 Section 16(7)(h)	Financial forecast for each of 3 forecasted years included in capital construction budget supported by underlying assumptions made in projecting results of operations and including the following information: 1. Operating income statement (exclusive of dividends per share or earnings per share); 2. Balance sheet; 3. Statement of cash flows; 4. Revenue requirements necessary to support the forecasted rate of return; 5. Load forecast including energy and demand (electric); 6. Access line forecast (telephone); 7. Mix of generation (electric); 8. Mix of gas supply (gas); 9. Employee level; 10.Labor cost changes; 11.Capital structure requirements; 12.Rate base; 13.Gallons of water projected to be sold (water); 14.Customer forecast (gas, water); 15.MCF sales forecasts (gas); 16.Toll and access forecast of number of calls and number of minutes (telephone); and 17.A detailed explanation of any other information provided.	Abby L. Motsinger Brian R. Weisker Benjamin W. Passty
1	29	807 KAR 5:001 Section 16(7)(i)	Most recent FERC or FCC audit reports.	Bryan T. Manges
1	30	807 KAR 5:001 Section 16(7)(j)	Prospectuses of most recent stock or bond offerings.	Chris R. Bauer
1	31	807 KAR 5:001 Section 16(7)(k)	Most recent FERC Form 1 (electric), FERC Form 2 (gas), or PSC Form T (telephone).	Bryan T. Manges
2	32	807 KAR 5:001 Section 16(7)(l)	Annual report to shareholders or members and statistical supplements for the most recent 2 years prior to application filing date.	Chris R. Bauer
3	33	807 KAR 5:001 Section 16(7)(m)	Current chart of accounts if more detailed than Uniform System of Accounts charts.	Bryan T. Manges
3	34	807 KAR 5:001 Section 16(7)(n)	Latest 12 months of the monthly managerial reports providing financial results of operations in comparison to forecast.	Bryan T. Manges
3	35	807 KAR 5:001 Section 16(7)(o)	Complete monthly budget variance reports, with narrative explanations, for the 12 months prior to base period, each month of base period, and subsequent months, as available.	Bryan T. Manges Abby L. Motsinger
3-9	36	807 KAR 5:001 Section 16(7)(p)	SEC's annual report for most recent 2 years, Form 10-Ks and any Form 8-Ks issued during prior 2 years and any Form 10-Qs issued during past 6 quarters.	Bryan T. Manges
10	37	807 KAR 5:001 Section 16(7)(q)	Independent auditor's annual opinion report, with any written communication which indicates the existence of a material weakness in internal controls.	Bryan T. Manges
10	38	807 KAR 5:001 Section 16(7)(r)	Quarterly reports to the stockholders for the most recent 5 quarters.	Chris R. Bauer

10	39	807 KAR 5:001 Section 16(7)(s)	Summary of latest depreciation study with schedules itemized by major plant accounts, except that telecommunications utilities adopting PSC's average depreciation rates shall identify current and base period depreciation rates used by major plant accounts. If information has been filed in another PSC case, refer to that case's number and style.	John J. Spanos
10	40	807 KAR 5:001 Section 16(7)(t)	List all commercial or in-house computer software, programs, and models used to develop schedules and work papers associated with application. Include each software, program, or model; its use; identify the supplier of each; briefly describe software, program, or model; specifications for computer hardware and operating system required to run program	Jay P. Brown
10	41	807 KAR 5:001 Section 16(7)(u)	If utility had any amounts charged or allocated to it by affiliate or general or home office or paid any monies to affiliate or general or home office during the base period or during previous 3 calendar years, file: 1. Detailed description of method of calculation and amounts allocated or charged to utility by affiliate or general or home office for each allocation or payment; 2. method and amounts allocated during base period and method and estimated amounts to be allocated during forecasted test period; 3. Explain how allocator for both base and forecasted test period was determined; and 4. All facts relied upon, including other regulatory approval, to demonstrate that each amount charged, allocated or paid during base period is reasonable.	Jeffrey R. Setser
10	42	807 KAR 5:001 Section 16(7)(v)	If gas, electric or water utility with annual gross revenues greater than $5,000,000, cost of service study based on methodology generally accepted in industry and based on current and reliable data from single time period.	James E. Ziolkowski
10	43	807 KAR 5:001 Section 16(7)(w)	Local exchange carriers with fewer than 50,000 access lines need not file cost of service studies, except as specifically directed by PSC. Local exchange carriers with more than 50,000 access lines shall file: 1. Jurisdictional separations study consistent with Part 36 of the FCC's rules and regulations; and 2. Service specific cost studies supporting pricing of services generating annual revenue greater than $1,000,000 except local exchange access: a. Based on current and reliable data from single time period; and b. Using generally recognized fully allocated, embedded, or incremental cost principles.	Not Applicable
10	44	807 KAR 5:001 Section 16(8)(a)	Jurisdictional financial summary for both base and forecasted periods detailing how utility derived amount of requested revenue increase.	Jay P. Brown

10	45	807 KAR 5:001 Section 16(8)(b)	Jurisdictional rate base summary for both base and forecasted periods with supporting schedules which include detailed analyses of each component of the rate base.	Jay P. Brown David G. Raiford Abby L. Motsinger John R. Panizza James E. Ziolkowski Bryan T. Manges
10	46	807 KAR 5:001 Section 16(8)(c)	Jurisdictional operating income summary for both base and forecasted periods with supporting schedules which provide breakdowns by major account group and by individual account.	Jay P. Brown
10	47	807 KAR 5:001 Section 16(8)(d)	Summary of jurisdictional adjustments to operating income by major account with supporting schedules for individual adjustments and jurisdictional factors.	Jay P. Brown David G. Raiford Abby L. Motsinger James E. Ziolkowski
10	48	807 KAR 5:001 Section 16(8)(e)	Jurisdictional federal and state income tax summary for both base and forecasted periods with all supporting schedules of the various components of jurisdictional income taxes.	John R. Panizza
10	49	807 KAR 5:001 Section 16(8)(f)	Summary schedules for both base and forecasted periods (utility may also provide summary segregating items it proposes to recover in rates) of organization membership dues; initiation fees; expenditures for country club; charitable contributions; marketing, sales, and advertising; professional services; civic and political activities; employee parties and outings; employee gifts; and rate cases.	Jay P. Brown
10	50	807 KAR 5:001 Section 16(8)(g)	Analyses of payroll costs including schedules for wages and salaries, employee benefits, payroll taxes, straight time and overtime hours, and executive compensation by title.	Jay P. Brown Jake J. Stewart
10	51	807 KAR 5:001 Section 16(8)(h)	Computation of gross revenue conversion factor for forecasted period.	Jay P. Brown
10	52	807 KAR 5:001 Section 16(8)(i)	Comparative income statements (exclusive of dividends per share or earnings per share), revenue statistics and sales statistics for 5 calendar years prior to application filing date, base period, forecasted period, and 2 calendar years beyond forecast period.	Bryan T. Manges Abby L. Motsinger
10	53	807 KAR 5:001 Section 16(8)(j)	Cost of capital summary for both base and forecasted periods with supporting schedules providing details on each component of the capital structure.	Chris R. Bauer
10	54	807 KAR 5:001 Section 16(8)(k)	Comparative financial data and earnings measures for the 10 most recent calendar years, base period, and forecast period.	David G. Raiford Abby L. Motsinger Bryan T. Manges
10	55	807 KAR 5:001 Section 16(8)(l)	Narrative description and explanation of all proposed tariff changes.	Jeff L. Kern
10	56	807 KAR 5:001 Section 16(8)(m)	Revenue summary for both base and forecasted periods with supporting schedules which provide detailed billing analyses for all customer classes.	Jeff L. Kern
10	57	807 KAR 5:001 Section 16(8)(n)	Typical bill comparison under present and proposed rates for all customer classes.	Jeff L. Kern
10	58	807 KAR 5:001 Section 16(9)	The commission shall notify the applicant of any deficiencies in the application within thirty (30) days of the application's submission. An application shall not be accepted for filing until the utility has cured all noted deficiencies.	Sarah E. Lawler

10	59	807 KAR 5:001 Section 16(10)	A request for a waiver from the requirements of this section shall include the specific reasons for the request. The commission shall grant the request upon good cause shown by the utility. In determining if good cause has been shown, the commission shall consider: 1. if other information that the utility would provide if the waiver is granted is sufficient to allow the commission to effectively and efficiently review the rate application; 2. if the information that is the subject of the waiver request is normally maintained by the utility or reasonably available to it from the information that it maintains; and 3. the expense to the utility in providing the information that is the subject of the waiver request.	Not Applicable
10	60	807 KAR 5:001 Section (17)(1)	(1) Public postings. (a) A utility shall post at its place of business a copy of the notice no later than the date the application is submitted to the commission. (b) A utility that maintains a Web site shall, within five (5) business days of the date the application is submitted to the commission, post on its Web sites: 1. A copy of the public notice; and 2. A hyperlink to the location on the commission's Web site where the case documents are available. (c) The information required in paragraphs (a) and (b) of this subsection shall not be removed until the commission issues a final decision on the application.	Amy B. Spiller
10	61	807 KAR 5:001 Section 17(2)	(2) Customer Notice. (a) If a utility has twenty (20) or fewer customers, the utility shall mail a written notice to each customer no later than the date on which the application is submitted to the commission. (b) If a utility has more than twenty (20) customers, it shall provide notice by: 1. Including notice with customer bills mailed no later than the date the application is submitted to the commission; 2. Mailing a written notice to each customer no later than the date the application is submitted to the commission; 3. Publishing notice once a week for three (3) consecutive weeks in a prominent manner in a newspaper of general circulation in the utility's service area, the first publication to be made no later than the date the application is submitted to the commission; or 4. Publishing notice in a trade publication or newsletter delivered to all customers no later than the date the application is submitted to the commission. (c) A utility that provides service in more than one (1) county may use a combination of the notice methods listed in paragraph (b) of this subsection.	Amy B. Spiller

10	62	807 KAR 5:001 Section 17(3)	(3) Proof of Notice. A utility shall file with the commission no later than forty-five (45) days from the date the application was initially submitted to the commission: (a) If notice is mailed to its customers, an affidavit from an authorized representative of the utility verifying the contents of the notice, that notice was mailed to all customers, and the date of the mailing; (b) If notice is published in a newspaper of general circulation in the utility's service area, an affidavit from the publisher verifying the contents of the notice, that the notice was published, and the dates of the notice's publication; or (c) If notice is published in a trade publication or newsletter delivered to all customers, an affidavit from an authorized representative of the utility verifying the contents of the notice, the mailing of the trade publication or newsletter, that notice was included in the publication or newsletter, and the date of mailing.	Amy B. Spiller

10	63	807 KAR 5:001 Section 17(4)	(4) Notice Content. Each notice issued in accordance with this section shall contain: (a) The proposed effective date and the date the proposed rates are expected to be filed with the commission; (b) The present rates and proposed rates for each customer classification to which the proposed rates will apply; (c) The amount of the change requested in both dollar amounts and percentage change for each customer classification to which the proposed rates will apply; (d) The amount of the average usage and the effect upon the average bill for each customer classification to which the proposed rates will apply, except for local exchange companies, which shall include the effect upon the average bill for each customer classification for the proposed rate change in basic local service; (e) A statement that a person may examine this application at the offices of (utility name) located at (utility address); (f) A statement that a person may examine this application at the commission's offices located at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the commission's Web site at http://psc.ky.gov; (g) A statement that comments regarding the application may be submitted to the Public Service Commission through its Web site or by mail to Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602; (h) A statement that the rates contained in this notice are the rates proposed by (utility name) but that the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice; (i) A statement that a person may submit a timely written request for intervention to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request including the status and interest of the party; and (j) A statement that if the commission does not receive a written request for intervention within thirty (30) days of initial publication or mailing of the notice, the commission may take final action on the application.	Jeff L. Kern
10	64	807 KAR 5:001 Section 17(5)	(5) Abbreviated form of notice. Upon written request, the commission may grant a utility permission to use an abbreviated form of published notice of the proposed rates, provided the notice includes a coupon that may be used to obtain all the required information.	Not Applicable

11	-	807 KAR 5:001 Section 16(8)(a) through (k)	Schedule Book (Schedules A-K)	Various
12	-	807 KAR 5:001 Section 16(8)(l) through (n)	Schedules L-N	Jeff L. Kern
13	-	-	Workpapers	Various
14	-	807 KAR 5:001 Section 16(7)(a)	Testimony (Volume 1 of 3)	Various
15	-	807 KAR 5:001 Section 16(7)(a)	Testimony (Volume 2 of 3)	Various
16	-	807 KAR 5:001 Section 16(7)(a)	Testimony (Volume 3 of 3)	Various
17-18	-	KRS 278.2205(6)	Cost Allocation Manual	Jeffrey R. Setser

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

The Electronic Application of Duke Energy Kentucky, Inc., for: 1) An Adjustment of the Natural Gas Rates; 2) Approval of New Tariffs; and 3) All Other Required Approvals, Waivers, and Relief.	))))))	Case No. 2021-00190

DIRECT TESTIMONY OF

JAKE J. STEWART

ON BEHALF OF

DUKE ENERGY KENTUCKY, INC.

June 1, 2021

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JJS-2 - Studies
- (a) WorldatWork 2020/2021 Salary Budget Survey
- (b) The Conference Board 2020/2021 Salary Increase Budget Survey

JJS-3 - Union Contracts
- (a) Agreement and Sidebar Letters Between Utility Workers Union of America Local 600 and Duke Energy Ohio, Inc., and Duke Energy Kentucky, Inc.
- (b) Contract between Duke Energy Ohio, Inc. Duke Energy Kentucky, Inc. and USW Local 12049 & 5541-06.

CONFIDENTIAL JJS-4 - Duke Energy Incentive Plans
- (a) Duke Energy 2021 Short-Term Incentive Plan and Union Employee Incentive Plan
- (b) Duke Energy 2021 Restricted Stock Award Plan
- (c) Duke Energy 2021 Executive Long-Term Incentive Plan

I. INTRODUCTION AND PURPOSE

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Jake J. Stewart and my business address is 550 South Tryon, Charlotte North Carolina.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Duke Energy Business Services LLC (DEBS), as Director Compensation. DEBS provides various administrative and other services to Duke Energy Kentucky, Inc., (Duke Energy Kentucky or Company) and other affiliated companies of Duke Energy Corporation (Duke Energy).

Q. PLEASE SUMMARIZE YOUR EDUCATION.

A. I graduated from the University of Illinois with a Bachelor of Science degree in Recreation, Sport and Tourism Management and a Master's degree in Human Resources and Industrial Relations. I also hold a Certified Compensation Professional (CCP) certification.

Q. PLEASE SUMMARIZE YOUR PROFESSIONAL EXPERIENCE.

A. I have 14 years of human resources experience, primarily working with benefits and compensation programs. I joined Duke Energy in 2013 and have held various positions in compensation. During this time, I have served in key roles on several projects, including the redesign of Duke Energy's performance management and annual pay programs, the implementation of the Workday Human Capital Management system, and the integration of Progress Energy and Piedmont Natural Gas employees into the Duke Energy compensation and benefits programs.

Q. PLEASE DESCRIBE YOUR DUTIES AS DIRECTOR COMPENSATION.

A. I am responsible for all broad-based compensation for Duke Energy, including all of Duke Energy's affiliated regulated and non-regulated companies, including Duke Energy Kentucky (collectively the Companies). Areas of responsibility include management of compensation design and strategy, management of key vendor relationships, compensation administration and compliance.

Q. HAVE YOU EVER TESTIFIED BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION?

A. No.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The purpose of my testimony is to show that the benefits and compensation opportunities provided to employees are reasonable, customary, prudent and market competitive. My testimony illustrates that the benefit programs and compensation opportunities provided to Duke Energy, including Duke Energy Kentucky's employees, are critical for attracting, engaging, retaining and directing the efforts of employees with the skills and experience necessary to efficiently and effectively provide natural gas services to Duke Energy Kentucky's customers. I also sponsor Schedules G-2 and G-3 in satisfaction of Filing Requirement (FR) 16(8)(g).

II. EMPLOYMENT CHARACTERISTICS

Q. PLEASE DESCRIBE THE GENERAL COMPOSITION OF THE EMPLOYEE POPULATIONS.

A. As of December 31, 2020, Duke Energy has a total of 27,680 employees. Duke Energy Kentucky has 167 employees, comprised of 13 exempt employees and 154 union employees. DEBS has 7,270 employees, comprised of 5,553 exempt employees, 1,717 non-exempt employees, of whom, 806 are union employees.

Q. WHERE DO THESE EMPLOYEES WORK WHEN PERFORMING SERVICES FOR DUKE ENERGY KENTUCKY CUSTOMERS?

A. Duke Energy Kentucky's customers receive services from employees of Duke Energy Kentucky and affiliated companies. The natural gas employees work at Erlanger Gas Plant, Erlanger Resource Center, Todhunter Resource Center, Kellogg Ave Gas Resource Center, Queensgate meter testing facility and the Monfort Heights Resource Center. They also work in our Cincinnati, Ohio headquarters and in the Duke Energy headquarters in Charlotte, North Carolina.

Q. WHAT TYPE OF SPECIAL SKILLS OR KNOWLEDGE IS REQUIRED IN ORDER TO OPERATE A NATURAL GAS UTILITY SUCH AS DUKE ENERGY KENTUCKY?

A. The operation and maintenance of natural gas lines and mains requires specialized technical skills. Employees must have the requisite knowledge and technical skills to plan, design, construct, operate and maintain pressurized natural gas lines and mains in a manner that provides safe and reliable service. The operation and maintenance of a field office and a customer call center requires a detailed knowledge of all aspects of customer service. Field office and call center employees must understand the characteristics of the natural gas delivery service provided by Duke Energy Kentucky, the metering, billing and collection processes and various other customer service matters. At the corporate level, highly skilled managers, engineers, accountants, computer hardware and software experts, computer programmers and other highly trained professionals are needed to support the employees who are directly responsible for procuring and delivering natural gas to Duke Energy Kentucky's customers.

Q. HOW IMPORTANT IS THE RECRUITMENT AND RETENTION OF SUCH EMPLOYEES TO DUKE ENERGY KENTUCKY'S SUCCESS?

A. The recruitment and retention of such employees is critical to Duke Energy Kentucky's success. The skills needed for employees to render safe, reliable and high-quality utility service take several years to develop. For example, gas plant operators and control technicians are highly skilled positions that require experience and knowledge that is acquired over several years. If we were to lose such employees, we would incur additional costs to train replacements for these positions. Consequently, the fact that we strive to be an "employer of choice" that attracts qualified employees and retains such employees, benefits customers by providing a more highly skilled work force that provides safe and reliable service to customers at a reasonable cost.

Q. WHAT FACTORS AFFECT THE RECRUITMENT AND RETENTION OF SUCH EMPLOYEES?

A. The compensation, benefits and career development opportunities provided by Duke Energy directly affects its ability to attract and retain qualified employees. Industry and market conditions also impact the ability to recruit and retain employees.

Q. HAS THE COMPANY EXPERIENCED ANY COMPETITION IN RETAINING HIGHLY TRAINED AND SKILLED NATURAL GAS WORKERS IN RECENT YEARS?

A. Yes, Duke Energy does experience challenges in retaining the highly trained and technical workforce across its enterprise and therefore, strives to provide a competitive compensation and benefits package and has a robust training program. However, we face competition from local and national natural gas companies and contractors that target their recruiting efforts at employees trained by Duke Energy. It would be imprudent for Duke Energy to not take measures to prevent potential losses of employees. Maintaining a competitive total rewards package is instrumental in meeting Duke Energy and Duke Energy Kentucky's shared goals of providing safe, reliable and reasonable utility service.

Q. WHERE DOES DUKE ENERGY OBTAIN APPLICANTS FOR VACANT POSITIONS?

A. We draw applicants from various geographic areas, depending on the job we need to fill. As a general rule, the more highly skilled the job position being filled, the broader the scope of the recruitment efforts. Executives are generally recruited on a national level; exempt employees locally and regionally; and non-exempt employees locally. We also employ applicants drawn from other utilities and from diverse employment backgrounds in other industries.

III. COMPENSATION PHILOSOPHY

Q. PLEASE DESCRIBE DUKE ENERGY'S BASIC COMPENSATION PHILOSOPHY.

A. The Compensation and People Development Committee of the Board of Directors of Duke Energy establishes and reviews Duke Energy's overall compensation philosophy, 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, approves equity grants and reviews the effectiveness of compensation programs. Our compensation philosophy has three major parts.

First, we want our compensation to be market-based, meaning we are competitive to the external market of similar companies, allowing us to remain attractive against competition and retain qualified employees. Our compensation programs are targeted to deliver total compensation that is competitive with that provided by our peers. Duke Energy employs a compensation strategy that combines base pay and variable incentive opportunities for all levels of positions. This approach fosters efficiency, safety and a focus on the customer by motivating employees to lower costs and generate efficiencies that benefit customers while providing employee compensation opportunities at reasonable market-competitive rates that enable the Companies to attract and retain the expertise needed to efficiently and effectively provide its natural gas service to customers.

Second, we're performance oriented. We believe that linking compensation to performance is one way that we can set high expectations for employees and reward results. Our compensation program is designed to provide total compensation that is consistent with performance.

Finally, we're fair and flexible. Our well-managed policies and pay administration guidelines ensure that we pay employees consistently and fairly across departments, but we're also flexible when we need to align our policies with business needs as they grow and change.

Duke Energy must be able to attract, retain and motivate employees. One of the keys to providing a desirable workplace where employees want to work is to provide competitive pay and benefit programs.

Q. DESCRIBE DUKE ENERGY'S COMPENSATION PHILOSPHY FOR EXECUTIVES.

A. The compensation philosophy is similar for both executive employees and all employees below the executive level. The compensation package for executives consists of a combination of fixed and variable pay using base salary, short-term incentives and long-term incentives. These components, in the aggregate, are targeted to deliver total compensation that is competitive with our peers and consistent with performance. Duke Energy adopted this executive compensation strategy in order to attract and retain the executive talent required to deliver superior performance. The strategy emphasizes performance-based compensation that balances rewards for both short-term and long-term results and that aligns the executives' interests with the long-term success of Duke Energy, including Duke Energy Kentucky.

Q. WHY MUST DUKE ENERGY PROVIDE EMPLOYEES WITH A MARKET-COMPETITIVE TOTAL COMPENSATION PACKAGE?

A. It is critical that Duke Energy provide a market-competitive total compensation opportunity to efficiently and effectively attract and retain a skilled and experienced workforce. Attracting and retaining such a workforce is reasonable and necessary for the safe and efficient provision of service to customers and the operation of most aspects of the Company's business.

Q. WHAT WOULD BE THE IMPLICATIONS TO CUSTOMERS IF COMPENSATION LEVELS FELL BELOW MARKET-COMPETITIVE LEVELS?

A. Allowing compensation to fall below market-competitive levels would have substantial negative implications to the cost of service to customers. Many craft positions require lengthy apprenticeships to learn the skills needed to perform work independently and safely. The expense incurred to hire and train new employees and the loss of productivity realized through high turnover rates would negatively affect the ability of the Company to provide safe and reliable service at a reasonable cost. This is also true for leadership positions. Duke Energy invests in developing highly effective leaders who carry out the organization's strategy and inspire employees to work together to achieve results the right way. Paying less than competitive levels of compensation would put the Companies at risk of losing these valuable leaders to other companies and potentially having to pay more to attract the same level of leadership talent externally. There is a financial cost to turnover due to the negative implications from lost productivity, hiring, training, and job vacancy that can put a significant level of productivity and financial value at risk. In addition, turnover could negatively impact the service level provided to customers.

Q. WHAT ARE THE COMPONENTS OF DUKE ENERGY'S COMPENSATION PROGRAMS?

A. To achieve the objective of providing competitive pay, the components of Duke Energy's Total Rewards compensation program include: (1) the establishment of a fair market value for all jobs; (2) annual pay increases to recognize individual performance, (3) annual short-term cash incentive (STI) that rewards eligible employees with cash incentives when pre-established goals are achieved; (4) long-term incentive (LTI) opportunities to attract and retain high-performing leaders; and (5) recognition awards given when employees make significant contributions to business operations due to exceptional personal initiative, dedication, perseverance or a uniquely effective approach to work.

Q. PLEASE DESCRIBE HOW DUKE ENERGY STRUCTURES ITS COMPENSATION PROGRAMS.

A. Duke Energy's compensation programs consist of a base pay component and incentive pay components that together provide a market-competitive total compensation package for all employees. The base pay component is a set amount, reviewed by management at least annually, and established at a level that: (1) provides competitive compensation based on the nature and responsibilities of the employee's position; and (2) is fair relative to the pay for other similarly-situated positions in the organization. The short-term incentive pay component is variable based on performance and is at risk to the employees. Incentive pay is linked to the accomplishment of specific corporate goals and business unit or individual goals established in advance. The purpose of incentive pay is: (1) to encourage employees to perform at a high level in order to accomplish specific objectives intended to ensure safe, reliable, efficient and economical utility service to our customers; (2) to ensure their business unit's and Duke Energy's overall success; and (3) to constitute a component of a compensation package that is competitive with the market. The LTI plans round out a competitive total compensation package for leaders. The goal of having a LTI component as part of certain employees' total compensation package is to attract and retain high-caliber leaders and align their interests with the long-term strategy of Duke Energy, including Duke Energy Kentucky, through equity-based compensation. The designs of the short-term and long-term incentive programs are also reviewed annually.

IV. REASONABLENESS OF COMPENSATION PROGRAMS

Q. DO YOU HAVE AN OPINION AS TO WHETHER DUKE ENERGY'S EMPLOYEE COMPENSATION PROGRAMS ARE REASONABLE AND NECESSARY TO ATTRACT, RETAIN, AND MOTIVATE THE QUALIFIED EMPLOYEES NEEDED TO PROVIDE SAFE, RELIABLE, EFFICIENT AND ECONOMICAL SERVICE TO DUKE ENERGY KENTUCKY'S NATURAL GAS CUSTOMERS?

A. Yes. In my opinion, Duke Energy's base pay, short-term and long-term incentive compensation programs are market competitive, reasonable and necessary to attract, retain and motivate qualified employees that are needed to provide safe, reliable, efficient and economical natural gas service to Duke Energy Kentucky's retail customers.

V. BASE PAY PROGRAMS

Q. PLEASE DESCRIBE DUKE ENERGY'S BASE PAY PROGRAMS.

A. Every employee receives base pay in the form of semi-monthly earnings (for exempt employees) or bi-weekly wages (for non-exempt and union employees).

Q. HOW DOES DUKE ENERGY KNOW ITS COMPENSATION IS MARKET COMPETITIVE?

A. Duke Energy employs a market-based compensation strategy by using 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. Duke Energy participates in a variety of third-party salary surveys on an annual basis and data from these surveys is analyzed to determine overall competitiveness of pay for jobs throughout the Companies. A complete list of the salary surveys Duke Energy is currently participating in is reflected in Attachment JJS-1.

Q. HOW ARE BASE SALARIES DETERMINED AND HOW DO THEY COMPARE WITH MARKET TRENDS?

A. In order to stay competitive, Duke Energy performs an annual review of market data for both general industry positions and energy services positions and compares that data to our total compensation package. Using this market data, competitive base salary ranges are established for non-represented positions, which consist of a minimum and maximum base salary for each job grade. These salary ranges are adjusted annually to remain competitive using market information found in studies conducted by third party consultants. Market data is also reviewed and used to determine annual wage increase recommendations. Currently, Duke Energy is forecasting a 2022 merit budget, set for exempt and non-exempt non-union employees of 3 percent, based on the anticipated economic recovery. The chart below depicts the annual market adjustments reported in the annual WorldatWork Salary Budget Survey, U.S. Salary Increase Budgets study as compared to Duke Energy's historical overall wage increase budgets for the corresponding years.

Salary Increase History								
	All Groups		Executive		Exempt		Non-Exempt	
Year	Industry*	Duke Energy	Industry*	Duke Energy	Industry*	Duke Energy	Industry*	Duke Energy
2017	3%	3%	3%	3%	3%	3%	3%	3%
2018	3%	3%	3%	3%	3%	3%	3%	3%
2019	3%	3%	3%	3%	3%	3%	3%	3%
2020	3%	3%	3%	3%	3%	3%	3%	3%
2021	2.7% - 3%	2%	2.7% - 3%	2%	2.7% - 3%	2%	2.6% - 3%	2%
*WorldatWork Salary Budget Survey, U.S. Salary Increase Budget								

The 2021 merit budget for Duke Energy exempt employees, including executives, and non-union non-exempt employees was 2 percent. The full 2020/2021 WorldatWork Salary Budget Survey, as well as another example of an external study conducted by third-party consultants that Duke Energy utilizes to determine the appropriate annual increase each year, can be found in Attachments JJS-2(a) and (b). It should be noted that employees' individual increases may vary relative to the budget to allow for individual differentiators based on performance and current pay levels relative to the market. The increase awarded to each employee, if any, is based on a combination of factors, including his/her individual performance rating, his/her performance relative to his/her peers, the position of his/her salary within the salary range for his/her job and the size of the merit budget. The Compensation and People Development Committee of the Board of Directors of Duke Energy reviews data from nationally recognized, independent executive compensation consulting firms (Frederick W. Cook and Willis Towers Watson) to determine the compensation for Duke Energy's executive officers on an annual basis. The peer group of companies used for these analyses consists of companies that represent the talent markets from which Duke Energy competes to attract and retain executive employees.

Q. FOR REPRESENTED POSITIONS, HOW ARE BASE INCREASES DETERMINED AND HOW DO THEY COMPARE WITH MARKET TRENDS?

A. Hourly represented employees, such as mechanics and gas operators, are provided general wage increases negotiated with the labor unions that represent the employees. Wage increases are just one component of union negotiations and must be negotiated on in the larger context of work-related topics, such as benefits, work rules and overtime. These general increases are expressed as percentages of current base pay rates. The Companies base their positions in these negotiations on survey projections for market increases and also utilize survey market data to ensure pay is competitive to market. The current contracts in place with employees of Duke Energy Kentucky can be found in Attachments JJS-3(a) and (b).

Duke Energy Kentucky and the Utility Workers Union of America (UWUA) Local No. 600 entered into a four-year collective bargaining agreement on April 1, 2019, that expires on March 31, 2023. The following is the wage increase schedule under the current Collective Bargaining Agreement. Each wage increase is effective at the beginning of the pay period that includes April 1:

Wage Increase Schedule	
Year	UWUA
3/25/2019	2.5%
3/23/2020	2.5%
3/22/2021	2.5%
3/31/2022	2.5%

The collective bargaining agreement between Duke Energy Kentucky and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (USW) Local 12049 and 5541-06 expires on May 15, 2021. The following is the wage increase schedule under the current Collective Bargaining Agreement. Each wage increase is effective on May 15 of each year:

Wage Increase Schedule	
Year	USW
5/15/2016	2.0%
5/15/2017	2.25%
5/15/2018	2.25%
5/15/2019	2.5%
5/15/2020	2.25%

A new wage increase schedule will go into effect with the new collective bargaining agreement.

VI. INCENTIVE PAY PROGRAMS

Q. PLEASE IDENTIFY DUKE ENERGY'S INCENTIVE PAY PROGRAMS.

A. The major incentive pay programs are: (1) Duke Energy Short-Term Incentive Plan (STI); (2) Duke Energy Union Employee Incentive Plan (UEIP); and (3) Duke Energy Long-Term Incentive Plan (LTI). Plan documents memorializing these programs can be found in Confidential Attachments JJS-4(a) through (c). The STI and UEIP plan descriptions are included in Confidential Attachment JJS-4(a). The two LTI plans, Restricted Stock Units (RSU) and Executive LTI Plan brochure are included as Confidential Attachments JJS-4(b) and JJS-4(c), respectively.

Q. DESCRIBE THE STI PLAN DESIGN FOR 2021.

A. For 2021, the STI goals, weightings and payout opportunities are reflected in the table below:

TABLE 1: SUMMARY 2021 STI PLAN

	Leadership Weight	Non-Leadership Weight	Payout range
EPS	50%	50%	0-200%
O&M Expense	10%	5%	0-175%
Operational Excellence	10%	10%	0-175%
CSAT	10%	10%	0-175%
Team	N/A	25%	0-175%
Individual	20%	N/A	0-175%

Q. PLEASE DESCRIBE THE CURRENT STI PLAN AND WHY THE INCENTIVE PLAN COSTS SHOULD BE RECOVERABLE.

A. The annual cash incentive plan is available to all employees at Duke Energy; however, some represented employees, including those in Duke Energy Kentucky, participate in the UEIP sub-plan per their union agreement, which will be described in later testimony. The STI program promotes a corporate culture that is performance-oriented by setting forth goals and providing direction for the workforce to focus on our customers. At the beginning of each calendar year, corporate, business unit and individual performance goals are established for each annual incentive program, and a thorough review is performed at the end of the calendar year to determine the achievement levels for each performance goal. The Compensation and People Development Committee of the Board of Directors of

Duke Energy approves the corporate performance goals as well as the executive officers' individual goals at the beginning of each calendar year and certifies the payout level achieved for such goals at the end of the calendar year. All non-union employees are subject to the following annual corporate metrics:

Financial Performance & Growth: The Financial Performance & Growth measure consists of Earnings Per Share (EPS) and Operations and Maintenance (O&M) expense measures, each of which motivates employees to focus on financial discipline, efficient operations and prudent use of resources, which are vital to the health and stability of the organization.

(1) Earnings Per Share (EPS): The EPS measure focuses on financial discipline, efficient operations and prudent use of resources, all of which are vital to the health and stability of the organization. It is a very common practice both within and outside of the utility industry to use EPS as a primary goal in incentive programs. A growing EPS benefits customer by reducing the cost of capital as the Company continues to invest in the necessary maintenance of the distribution system and transforms the customer experience by providing customers with more billing options, additional energy usage information and new tools to help manage and reduce energy costs.

Finally, the EPS measure has a "circuit breaker" level that is set between the minimum and target EPS performance levels and may reduce any incentive during periods when the Companies cannot afford it. If actual EPS is greater than the EPS circuit breaker, all measures will be paid out based on the scorecard. If actual EPS is less than or equal to the EPS circuit breaker, payouts for all measures will be reduced.

(2) O&M Expense Control: Cost control is an integral part of any company's success. The intent of this goal is for employees to focus on cost control on a day-to-day basis, which will allow Duke Energy to incorporate these savings into programs that will benefit our customers.

<u>Operational Excellence</u>: This metric is broken into two equally weighted measures, Reliability and Safety/Environmental each of which motivates employees to strive to provide reliable and safe products and services to our customers.

(1) Reliability: To ensure that cost focus does not sacrifice our ability to provide reliable service, reliability measures are also included in the STI program. All customers expect reliable service from Duke Energy. By including reliability in our annual incentive metrics, employees are provided extra motivation to ensure we provide reliable service to our customers.

(2) Safety/Environmental: This metric incorporates safety and environmental stewardship into our day-to-day activities, thus making the safety of our employees, customers and communities a priority. Safety is of utmost importance and is not only encouraged

but continuously reinforced through all levels of Duke Energy, including through incentive pay opportunities. Safety refers to the health and safety of everyone who works here, as well as our communities and the environment. The safety and environmental goal payout will be determined by averaging the year-end accomplishment of two goals: (1) Total Incident Case Rate, which measures the number of occupational injuries and illnesses per 100 employees, including staff-augmented contractors; and (2) Reportable Environmental Events, which are environmental events that require notification (verbal/written/electronic) to a regulatory agency, or that result in a regulatory citation or other enforcement action by a regulatory agency.

<u>Customer Satisfaction</u>: The incentive program also includes a Customer Satisfaction goal, or CSAT, which measures the degree to which a customer has a favorable perception of an interaction, product, service or of Duke Energy overall. Achievement is based on our Net Promoter Score (NPS) which is captured through Duke Energy's proprietary survey. Duke Energy fosters a customer-centric culture and the customer satisfaction goal is intended to keep customers central to all that we do across the company regardless of where we work.

<u>Team/Individual:</u> Business unit (or "team") goals are typically lower-level tactical and operational goals that increase line-of-sight to employees. Almost all employees have a component of their incentive assigned to team goals while executives have individual goals. Team goal results establish a pool of

dollars allocated at the discretion of managers among employees based on their individual performance and contributions to the team. The team goals directly benefit customers by tying employee compensation to reliability, outage frequency, time required to restore service, lost-time accidents, customer satisfaction scores, O&M expense levels and capital expenditures. The individual goals are intended to motivate the executive leadership members to advance strategic and operational objectives and are generally aligned to the business in which they operate. Superior performance relating to these team and individual goals directly benefits Duke Energy Kentucky customers through safe and reliable service, customer service quality, and low energy costs.

Q. PLEASE DESCRIBE THE UEIP.

A. The UEIP is available to union employees of Duke Energy Kentucky and its affiliated companies. Employees participating in the UEIP may not also participate in the STI program offered to the general employee population described in the previous question. The purpose of the UEIP is to attract, retain and motivate employees, enhance teamwork and high levels of achievement, and to facilitate the accomplishment of specific corporate and business unit goals. These goals benefit the customer and the incentive plan is a necessary component of the total compensation package for union employees that attracts and retains the critical skills necessary to provide safe, efficient and reliable service to customers. Union employees include many of our back-office personnel, including administrative and clerical, as well as customer care associates, meter readers and employees who construct and maintain the Company's natural gas delivery system. All are functions that are critical to reliable customer service.

The UEIP is a short-term incentive opportunity that allows union employees to receive cash payments if the Company attains certain corporate performance goals and/or if their group attains certain operational performance goals during a calendar year. The UEIP award levels consist of a percentage of the employee's base and overtime earnings and is based upon the achievement of corporate and business unit goals, such as financial results, safety and customer satisfaction. The award levels for employees participating in the UEIP may also vary based upon their participation in the various retirement programs. All union employees who participate in a cash balance feature under a Duke Energy sponsored pension plan or who don't participate in a Duke Energy sponsored pension plan are eligible for up to a 5 percent maximum annual incentive payment. Employees who participate in a final average pay feature under a Duke Energy sponsored pension plan are eligible for up to a 2 percent maximum annual incentive payment. Additionally, regardless of which retirement program they participate in, represented employees are eligible for a safety adder equal to 5 percent of their incentive payouts if there is no significant operational event.

Q. WHY IS IT IMPORTANT TO PROVIDE SHORT-TERM INCENTIVE OPPORTUNITIES AS A PART OF ALL EMPLOYEES' TOTAL COMPENSATION?

A. Short-term incentive opportunities are a component of a market-competitive total compensation offering necessary to attract and retain qualified employees. Having a portion of employees' total compensation "at risk" allows the Company to tie specific performance measures to employees' pay, and focuses their efforts on performing the right work, the right way. If the Companies did not provide incentive opportunities to their employees, the same target value of incentive compensation would need to be added to base pay in order to maintain market-competitive compensation for its employees. Put another way, whether it is in base pay or a combination of base pay and incentives, Duke Energy must keep its overall compensation package competitive in order to attract and retain a competent workforce.

The annual incentive pay opportunity that all employees have as a part of their total compensation promotes a corporate culture that is performance-oriented in order to provide the greatest benefit to the customer. Annual incentive goals are communicated to managers and employees and reported throughout the year; therefore, high performance becomes part of the culture and employees are motivated to exhibit the behaviors required to meet the goals. In addition, the annual incentive pay opportunities provide the ability to raise the bar on performance expectations from year-to-year. By motivating employees to excel at such goals as customer satisfaction, safety, reliability, and financial stewardship, the Company is able to deliver the highest value at a reasonable cost. This also allows the Company to share its success with the employees who make that success possible. Incentive pay is similar to the other costs related to providing natural gas service. It is a necessary cost to provide customers safe and reliable service. In the competitive market for talent, employees consider the total rewards package, including base pay, incentive pay and benefits, as a key determinant in deciding whether to work for a particular employer.

Q. PLEASE DESCRIBE THE LTI PLAN.

A. Duke Energy's LTI programs provide equity-based compensation to executive and leadership-level employees in a manner that aligns their interests with the long-term interests of Duke Energy, including Duke Energy Kentucky. While no direct employees of Duke Energy Kentucky participate in the Companies' LTI programs, certain DEBS employees that provide services to Duke Energy Kentucky are participants. The goal of the LTI programs is to attract and retain high-caliber leaders by providing a competitive compensation package and to encourage our leaders to make sound business decisions from a long-term perspective. Stock awards are an important component — but not the only component — of a total rewards package that is reviewed annually to ensure ongoing competitiveness. Our LTI opportunities generally vest over a period of three years, focusing our executives on long-term performance and enhancing retention.

Duke Energy has two LTI programs. One is an Executive LTI program, called the Executive Incentive Plan (EIP), which is reserved for members of the Executive Leadership Team (ELT) and Senior Management Committee (SMC) to drive an ownership mindset and ensure accountability for making short- and long-term strategic decisions. For 2021, participants in this program have 70 percent of their target LTI opportunity awarded as performance shares and 30 percent of their target LTI opportunity awarded as restricted stock units (RSUs).

Performance Shares: The performance shares granted in 2021 incorporate three performance goals based on cumulative adjusted EPS, Total Shareholder Return (TSR) compared to companies in the Philadelphia Utility Index and Total Incident Case Rate (TICR). The goals correlate to long-term value and are set at levels that we believe are reasonable in light of past performance and market conditions. EIP participants must generally continue their employment with Duke Energy for a three-year period to earn a payout and the number of performance shares that participants ultimately earn is tied to Duke Energy's long-term performance.

RSUs: The other 30 percent of EIP participants' target LTI opportunity is awarded as RSUs. Vesting of RSUs is solely tied to the participants' continued employment through vesting dates over a three-year vesting period and is not dependent upon the financial performance of the Companies. Participants who remain employed with the Companies through a vesting date receive a share of Duke Energy common stock for each vesting RSU.

The second LTI program, the Restricted Stock Unit Program, is available to other strategic leaders below the ELT level who are responsible for the most critical roles/responsibilities in each business group (population generally ranges between 2-3 percent of the total Duke Energy employee population). These employees participate in the RSU program and receive their LTI value in the form of RSUs that vest equally over three years, thereby encouraging retention of high-quality employees. The reward of these RSUs is purely aimed at continuing employment and is in no way tied to actual company performance. Participation in the RSU plan is reserved for positions that meet at least one of the following criteria:

- Position has significant responsibility for a broad area or function or geographic region;
- The employee leads major projects or groups with substantial enterprise or business unit strategic or financial impact;
- The employee is in a role that has decision-making authority that impacts Company performance; and
- Position requires specialized expertise that is critical to business operations or strategy development.

The RSU plan is an equally important component within the total compensation package for eligible leadership positions (below executive level) and is critical to maintaining market-competitiveness and retaining key leadership talent. These employees' base salary is set such a level, that, when factoring in the retention-driven RSUs, the total package results in a market-competitive package.

Q. WHY IS IT IMPORTANT TO PROVIDE LONG-TERM INCENTIVE OPPORTUNITIES AS A PART OF CERTAIN EMPLOYEES' TOTAL COMPENSATION?

A. As mentioned above, LTI programs are necessary components of Duke Energy's compensation package. They allow Duke Energy to attract and retain high-performing leaders who carry out our vision of leading the way to cleaner, smarter energy solutions that are valued by customers. The EPS and TSR measures associated with the performance shares granted as part of the long-term incentive plan tie a substantial portion of compensation for executive employees to both internal and external measures of the Companies' long-term financial performance. This encourages eligible employees to reduce expense, operate efficiently, and conserve financial resources, which directly benefits customers by keeping rates low. The TICR measure emphasizes the importance of the safety of our employees.

As with annual cash incentive compensation, the long-term incentive opportunities provided to leaders are a necessary component of a market-competitive target level of total compensation for these positions. If the Companies did not incorporate LTI as a part of the total compensation for these leadership positions, it would require higher base salaries in order to provide the same level of market-based total compensation. If an increase to base pay was not made in place of the LTI component and the overall level of total compensation was reduced, the Companies would not be able to effectively attract or retain the experienced leaders necessary to direct the efforts of its employees and make the best strategic decisions on behalf of the Company.

VII. COST RECOVERY OF INCENTIVE PAY EXPENSE

Q. WHAT INCENTIVE PAY EXPENSE DOES DUKE ENERGY KENTUCKY PROPOSE TO RECOVER IN THIS PROCEEDING?

A. Duke Energy Kentucky proposes to share its incentive plan expense between shareholders and customers in a manner similar to what the Commission previously approved in the Company's most recent base rate cases, Case No.

2017-00321 and Case No. 2018-00261. In those cases, the Commission approved recovery of incentive pay expense related to performance objectives that directly benefit customers, such as reliability, customer satisfaction and individual performance objectives. The Commission disallowed recovery of incentive pay expense for earnings related and stock based corporate performance objectives.

In Case No 2019-00271, the Commission also disallowed the portion of short-term incentive (STI) payments that "would only be paid out in the event that a predetermined "circuit breaker" EPS value is met in the fiscal year. However, in this rate case we seek recovery of all STI measures except those that are earnings related and stock based as we believe these expenses are prudent, benefit customers and are a component of market-competitive pay.

Q. PLEASE FURTHER EXPLAIN DUKE ENERGY KENTUCKY'S PROPOSAL FOR RECOVERY OF INCENTIVE PLAN EXPENSE.

A. As shown above in Table 1: Summary 2021 STI plan, the Company's Leadership and Non-Leadership STI continues to include a weighting factor for achieving corporate EPS. In 2009, Duke Energy added a weighting for achieving other goals such as O&M savings and reliability targets that continue today. Adding reliability targets provides a balance between the need to prudently manage costs and providing cost-effective, reliable and safe service to our customers. In 2015, Duke Energy added customer satisfaction, safety and environmental targets. Safety and environmental targets were added to encourage positive behavior of employees in our day-to-day operations, and customer satisfaction targets were added to keep customers central in all that we do. As previously explained, these various performance measures included in the Companies' incentive plans are designed to benefit customers. Accordingly, Duke Energy Kentucky proposes to recover the following amount of incentive compensation costs, based upon achieving target goal levels, in its revenue requirement calculation.

TABLE 2: SUMMARY OF INCENTIVE PLAN COMPONENTS

Incentive Plan	Incentive Plan Components	Weighting	Proposed Percentage Recoverable
STI – Non-Leadership	EPS	50%	0%
	O&M	5%	5%
	Reliability	5%	5%
	Safety/Environmental	5%	5%
	Customer Satisfaction	10%	10%
	Team	25%	25%
STI - Leadership	EPS	50%	0%
	O&M	10%	10%
	Reliability	5%	5%
	Safety/Environmental	5%	5%
	Customer Satisfaction	10%	10%
	Individual Goals	20%	20%
Non-Executive LTI	Restricted stock units	100%	0%
Executive LTI	Restricted stock units	30%	0%
	Performance shares (70%)		
	• Total Shareholder Return (TSR) relative to that of the companies in the Philadelphia Utility Index	17.5%	0%
	• Cumulative adjusted Earnings Per Share (EPS)	35%	0%
	• Total Incident Case Rate (TICR)	17.5%	17.5%
UEIP	Various by union - based on EPS, safety, customer satisfaction, etc.	100%	100%

Q. WHY DOES THE COMPANY'S PROPOSAL FOR INCENTIVE COMPENSATION ASSUME REACHING 100 PERCENT OF TARGET ACHIEVEMENT LEVELS?

A. These are the budgeted achievement levels for the performance goals for the STI, UEIP and the LTI. The 100 percent target achievement level is used for the budget because this is what the Company expects to achieve on average over time.

VIII. BENEFIT PLAN DESIGN

Q. WHAT IS DUKE ENERGY'S BENEFITS PHILOSOPHY AND HOW DOES IT TIE INTO THE OVERALL TOTAL REWARDS PHILOSOPHY?

A. At Duke Energy, we place 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. Benefits are the non-pay portion of an employee's total rewards. Our benefit programs are designed so that Duke Energy is able to maintain a highly trained, experienced workforce that is capable of rendering excellent utility service. Retaining employees is important for us because our business involves complex processes such that employees must receive long-term training to perform their jobs safely and effectively. Generally, benefits are provided through one of two vehicles: health and welfare benefit plans and retirement plans. Health and welfare benefit plans include medical, dental, vision, life insurance, and disability plans. Retirement plans include pension (limited to a grandfathered population) and 401(k) plans. Our retirement plans are designed to enable employees, through shared responsibility, to accumulate sufficient resources to be able to transition into retirement at the appropriate time. Employees' ability to retire at the right time increases opportunities for the workforce as a whole, and also helps the utility manage costs.

Q. PLEASE DESCRIBE DUKE ENERGY'S EMPLOYEE BENEFIT PROGRAMS PROVIDED TO EMPLOYEES.

A. The benefit programs in which all eligible employees may participate include medical, health savings account, dental, vision, flexible spending accounts, employee assistance program, wellness, sick pay, short-term disability, long-term disability (LTD), life insurance, accidental death and dismemberment and business travel accident insurance. Retirement benefits include company contributions and company matching contributions to our 401(k) plan to promote the shared responsibility between the company and employees for accumulating retirement resources.

Q. PLEASE DESCRIBE DUKE ENERGY'S POST EMPLOYMENT HEALTHCARE BENEFITS PROVIDED TO EMPLOYEES.

A. Duke Energy is the result of a series of several acquisitions and mergers and has worked hard at integration to minimize differences among legacy company employee groups. This includes the post-employment benefits available to employees when they retire. Newly hired employees will be eligible to enroll in company sponsored pre-65 retiree medical, dental and vision benefits at retirement on an unsubsidized basis by paying the full cost of coverage.

Additionally, Duke Energy provides retirees access to a retiree exchange program for assistance with exploring options for coverage available on the individual market as an alternative to Duke Energy-sponsored retiree coverage. They will also have the option to convert or port their active life insurance to an individual policy at retirement by paying the required premiums. Active employees who were part of a closed group and eligible for a retiree healthcare subsidy towards the cost of Duke Energy-sponsored retiree health care coverage were generally transitioned to a common approach in the form of a pre-65 Health Reimbursement Account (HRA) benefit. As Duke Energy periodically reviews healthcare trends, we see that only 23 percent of employers provide financial support for pre-65 coverage for current employees who will retire in the future and only 10 percent provide their new hires a potential future retiree benefit. The figures are even lower for companies that provide financial support for post-65 coverage for future retirees. As Duke Energy's financial support of retiree healthcare has lessened over the years, we have recognized that this is an area of concern for many employees. To address this, we encourage employees who are enrolled in a High Deductible Health Plan (HDHP) to contribute to a Health Savings Account (HSA) and receive company matching contributions to save for their future retiree healthcare costs.

Q. HOW DOES DUKE ENERGY DETERMINE THAT THE EMPLOYEE BENEFIT PROGRAMS THAT IT OFFERS ARE REASONABLE AND NECESSARY?

A. 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. Because we are a company with a history of mergers and acquisitions, we try to ensure consistency and fairness among legacy company employee groups as well as cost-effectiveness for the Companies. 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. Examples of surveys include Willis Towers Watson's Financial Benchmarks Survey, Best Practices in Health Care Survey, Emerging Trends in Healthcare Survey, and Benefits Data Source. 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. Based on Duke Energy's reviews of the competitiveness and reasonableness of its benefit programs and employee costs, Duke Energy routinely determines if any changes should be made.

Q. WHAT PORTION OF THE HEALTH AND INSURANCE COSTS OF BENEFITS DO EMPLOYEES PAY?

A. For company-sponsored Vision, Supplemental and Dependent Life, Supplemental and Dependent Accidental Death & Dismemberment (AD&D), and Optional LTD insurance, the employee is required to pay 100 percent of the cost of group coverage. The company pays 100 percent of the cost of Basic Life/AD&D, Basic

LTD and Business Travel Accident Insurance.

When designing medical plan options and determining employee cost share, Duke Energy focuses on the total cost of coverage – not just the premium (or contributions since medical and dental coverage is self-insured) that is deducted from employees' paychecks. Total cost of coverage includes the additional out-of-pocket costs such as copays, deductibles and co-insurance. Looking at only the premium does not provide the total picture of employees' cost share.

Duke Energy's plans and cost share are designed to encourage good consumer health care choices by providing opportunities for lower employee premiums and higher out-of-pocket costs at the point of service so that the utilizers of health care services are paying for it. For example, premiums for the high deductible health plan (HDHP) options have higher costs at the point of service, but lower premiums. Alternatively, the preferred provider organization (PPO) option has lower costs at the point of service and higher premiums. 83.5 percent of our covered employee population is enrolled in our HDHP options. For those enrolling in a HDHP option, employees can make payroll contributions to an HSA and Duke Energy matches employee contributions to their HSA each pay period up to $600 per year for individual coverage and $1,200 per year for family coverage for most employees.

Duke Energy employees' total cost of medical coverage (premiums and out-of-pocket costs) for 2021 is projected to be 29.1 percent, which falls between that of employers in general industry (32 percent) and utility industry (29 percent).

For PPO dental coverage, the employee pays on average 37.2 percent of the premium and 59.2 percent of the total cost of coverage (premium plus out-of-pocket costs). When an employee enrolls in medical and dental coverage, he/she may also cover his/her eligible dependents. Duke Energy subsidizes more for the cost of employee coverage than for dependent coverage.

IX. BENEFIT COST MANAGEMENT CONTROLS

Q. HAS DUKE ENERGY TAKEN STEPS TO CONTROL THE COST OF EMPLOYEE BENEFITS?

A. Yes. On an ongoing basis, Duke Energy reviews its employee benefits and costs in an effort to keep costs reasonable, while continuing to provide benefits that are sufficient to attract and retain employees. Employees pay a portion or all of the cost for many of their benefits, so we strive to manage costs not just for the Companies, but for employees as well. Periodically, benefit plan changes are made, and other steps are taken to control costs. The following are some examples of steps taken in recent years to control costs.

Retirement Plans

Duke Energy has taken significant steps to both control costs and reduce the risk associated with its retirement plans. Duke Energy closed its pension plans to non-union new hires in 2014 and has since negotiated closing pension participation for new hires for all union groups. New hires receive a Duke Energy retirement contribution to the 401(k) in lieu of pension participation and have an opportunity to receive company matching contributions if they choose to contribute to the 401(k). Pension eligible employees have generally experienced reductions in future pension benefit accruals with transitions from a final average pay formula to a cash balance formula. As early as 1997, Duke Energy, through mandatory conversions and choice windows, moved non-union pension eligible employees to a cash balance design. All non-union and the majority of union pension eligible employees have moved to a cash balance design through mandatory conversions and choice windows. Moving the existing employees allowed the Company to reduce future pension costs and reduce risks associated with longevity and investments (since cash balance accounts have fixed interest credits and most participants take lump sum distributions). The emphasis throughout this process was to create a competitive retirement benefit, which provided as much comparability as possible across all legacy organizations and new hires, while aligning to the market.

Health & Welfare Plans

Ongoing steps:

Duke Energy performs an annual market check on the pharmacy benefit manager contract to ensure competitive contract terms and pricing. These have resulted in savings each year for employees and Duke Energy.

Duke Energy regularly evaluates the need to bid out Health & Welfare vendor contracts through a request for proposal (RFP) process so that contracts have competitive fees, discounts, and guarantees.

Duke Energy annually reviews its Health & Welfare plan design and costs to determine the need for changes to deductibles, copays, co-insurance, out-of-pocket limits and cost sharing strategies to align with market trends.

An ongoing dependent verification process has been in place since 2010, which requires proof of eligibility to ensure that only eligible dependents are enrolled in medical, dental, vision and life insurance coverage.

Duke Energy annually assesses utilization management programs and processes that may help eliminate unnecessary or inappropriate treatments and medications, including pre-certifications, prior authorizations, step therapy, safety and monitoring for fraud and abuse (*e.g.*, opioids), and specialty medication management.

Periodic steps:

In 2009, Duke Energy began to eliminate retiree medical subsidies for non-union new hires and has since negotiated the same with all unions.

In 2011, Duke Energy partnered with a new vendor for an integrated approach to health management with the goal of improving health and controlling costs through plan design, clinical and wellness programs and improved employee education/communications. Duke Energy deployed a mandatory 90-day supply for maintenance medications under its medical plans. In the first three years, significant savings were achieved compared to projected costs if programs remained unchanged.

In 2012, Duke Energy deployed wellness and non-tobacco user rewards as incentives to influence healthy behavior and help employees make the connection between their choices and health care costs. Duke Energy also deployed the mandatory use of Bariatric Centers of Excellence for bariatric surgeries. Duke Energy eliminated the standard exclusive provider organization (EPO) medical plan option to encourage enrollment in the HDHP, which encourages better health care consumerism. Co-insurance replaced copays for prescription drugs for the PPO and Enhanced EPO medical plan options in order to increase transparency into the cost of prescription drugs (the Enhanced EPO was a union negotiated option required to be offered by several collective bargaining agreements that was eventually eliminated, effective Dec. 31, 2014).

Beginning in 2013, as part of Duke Energy's effort to encourage enrollment in an HDHP option and compliance with prescription drug therapy, certain preventive medications were covered at 100 percent.

In 2014, in an effort to further encourage good consumer decisions, Duke Energy replaced its existing medical plan options with new plan options and a cost sharing strategy to encourage enrollment in the HDHP options. The new plan options included two HDHP options and one PPO option. Since then, enrollment in the HDHPs has grown significantly. Current enrollment is 83.5 percent compared to 16 percent prior to 2014. Duke Energy deployed mandatory use of Spine and Joint Centers of Excellence for hip replacement, knee replacement, spinal fusion and disc disorder surgeries to improve clinical outcomes and better manage costs.

Active company-paid life and AD&D insurance was reduced from two times annual base pay to one-time annual base pay. Company-paid retiree life insurance generally was eliminated for future retirees.

Duke Energy discontinued sponsorship of post-65 medical plan options and implemented a Medicare exchange solution for all retirees and their dependents. This provides retirees with a choice of individual policies to supplement Medicare.

Duke Energy changed the definition of eligible pay for LTD from total pay (base pay, overtime and incentive pay) to base pay only.

In 2015, wellness incentives were expanded to also reward spouses/domestic partners for healthy actions.

Duke Energy has worked hard at each integration of an acquired company to minimize differences among legacy company employee groups. This includes retiree healthcare subsidies for future retirees. From 2015 through 2018, employees who were part of a closed group and eligible for some form of subsidy towards the cost of Duke Energy-sponsored retiree health care coverage were transitioned to a subsidy in the form of a pre-65 HRA benefit and the same has been negotiated with all unions. The HRA is a set amount for retirees that does not increase as health care costs increase.

In 2016, Duke Energy deployed a telehealth program as a low-cost option for doctor consultations. Duke Energy deployed strategies for compound drugs and non-FDA approved drugs to limit inappropriate use.

In 2017, Duke Energy deployed a virtual weight loss/diabetes prevention program because obesity is a primary diagnosis for a significant number of members. Out-of-network coverage for dialysis treatment was eliminated. The PPO co-insurance and annual out-of-pocket maximum were changed to better reflect the higher claims experience of covered members and to better align with market trends. Prior authorizations became a requirement for services such as chemotherapy and radiology. Employee contributions for the cost of spouse/domestic partner medical coverage were further adjusted to reflect the higher claims costs that spouses/domestic partners incur compared to other covered members.

In 2018, Duke Energy added a pre-65 retiree exchange program that provides assistance to retirees with finding medical, dental, and vision coverage on the individual market as alternatives to the Duke Energy-sponsored retiree coverage. An expert medical opinion program was added to enhance member confidence in the effectiveness of their treatment plan and improve diagnosis accuracy. Enhanced maternity and infertility support services were also added in 2018 to address maternity costs.

In 2019, Duke Energy changed the prescription drug coverage to exclude brand name preventive medications from 100 percent coverage if there is a generic equivalent available. Duke Energy contracted with a new life insurance vendor to mitigate cost increases from the prior vendor. Changes were made to the PPO option such that specialist visits, urgent care and emergency room services are no longer subject to copays but rather to deductible and co-insurance.

In 2020, we deployed a dependent reverification audit for spouses and stepchildren whose statuses can change to ensure the medical plan is covering only eligible dependents. We issued RFPs resulting in improved contract terms and pricing for medical and pharmacy in 2020. We deployed a solution to encourage use of in-network medical providers a Surgical Management Solution to redirect members to lower cost surgical centers for certain surgical procedures coupled with clinical support, and excluded drugs from the formulary where there are more cost-effective options.

In 2021, we deployed a digital solution to support the pain management needs of those with musculoskeletal issues. Several solutions were also deployed to address mental health concerns including a mindfulness app, a Substance Use Disorder solution to encourage use of in-network providers and solutions to address network gaps for mental health providers. Areas where we had seen potential for growing costs.

Q. HAVE THE RECENT STEPS TAKEN HAD AN IMPACT ON MEDICAL PLAN COSTS?

A. Yes, our efforts are having an impact. Duke Energy's Medical/Prescription Drug trend per employee from 2011 through 2020 has averaged 1.9 percent. This compares to national trend average for the same time period of 3.6 percent as reported by Willis Towers Watson.

Q. HAVE OTHER COST REDUCTIONS BEEN IMPLEMENTED WITH REGARD TO RETIREE MEDICAL BENEFITS?

A. Duke Energy generally applies the same annual review and periodic changes to the pre-65 retiree medical coverage options as the active employee medical coverage options, including the utilization management processes, clinical programs, vendor contracts and annual plan design review. Duke Energy continues to pass along applicable increases in contributions to pre-65 retirees on an annual basis based on retiree claims experience.

Q. IN YOUR OPINION, WILL DUKE ENERGY ELIMINATE MEDICAL AND DENTAL BENEFITS FOR RETIREES?

A. Duke Energy eliminated retiree subsidies for new hires and generally eliminated company-paid life insurance for future retirees. At the time that this change was adopted, it was deemed necessary to maintain some level of financial support in the form of an HRA for a closed group of current employees who did not have sufficient time to save for retiree healthcare and to make up for a benefit they were relying on in retirement. Duke Energy no longer offers post-65 group coverage but facilitates enrollment in individual policies through Medicare exchanges. Duke Energy continues to provide access-only to future retirees for pre-65 medical, dental and vision coverage in order to attract and retain the qualified employees needed to provide quality service to our customers, especially given the uncertainty of private exchanges and the public marketplace for pre-65 coverage. Although Duke Energy reserves the right to amend, modify or terminate any of its benefits, there has been no decision to eliminate access to pre-65 retiree benefits in the future.

X. REASONABLENESS OF BENEFITS PROGRAM

Q. DO YOU HAVE AN OPINION REGARDING THE REASONABLENESS AND NECESSITY OF DUKE ENERGY'S EMPLOYEE BENEFITS PROGRAMS TO ATTRACT, RETAIN AND MOTIVATE QUALIFIED EMPLOYEES TO PROVIDE SAFE, RELIABLE, EFFICIENT, AND ECONOMICAL SERVICE TO DUKE ENERGY KENTUCKY'S NATURAL GAS CUSTOMERS?

A. Yes. In my opinion, the Companies' employee benefits programs are market competitive, reasonable, and necessary to attract, retain and motivate the qualified employees that the Companies need to provide safe, reliable, effective, efficient and economical natural gas service to Duke Energy Kentucky's retail customers.

XI. SCHEDULES AND FILING REQUIREMENTS SPONSORED BY WITNESS

Q. PLEASE DESCRIBE SCHEDULES G-2 ANG G-3.

A. Schedules G-2 and G-3 consist of certain compensation and fringe benefit costs as required as part of FR 16(8)(g). I provided this information to Duke Energy Kentucky witness Ms. Abby L. Motsinger for her use in preparing the forecasted financial data.

Q. HOW DID YOU ESTIMATE THESE LABOR AND BENEFIT COST CHANGES FOR THE FORECASTED PERIOD?

A. I made reasonable estimates based on recent trends, current conditions, the market studies by independent consultants that I discussed previously in my testimony, and my previous experience with compensation and benefits matters. Based on these considerations, I provided Ms. Motsinger with the following estimates for the forecasted test period consisting of the twelve months ending December 31, 2022: the union and non-union labor rate increases the fringe benefit loading rates, payroll tax, and indirect labor loading rates for union and non-union labor.

XII. CONCLUSION

Q. WERE SCHEDULES G-2 AND G-3 AND ATTACHMENTS JJS-1 THROUGH JJS-4 PREPARED BY YOU OR AT YOUR DIRECTION?

A. Yes.

Q. ARE SCHEDULES G-2 AND G-3 AND ATTACHMENTS JJS-1 THROUGH JJS-4 TRUE AND ACCURATE COPIES OF THE DOCUMENTS THEY PURPORT TO REPRESENT?

A. Yes.

Q. IS THE INFORMATION YOU PROVIDED TO MS. MOTSINGER ACCURATE TO THE BEST OF YOUR KNOWLEDGE AND BELIEF?

A. Yes.

Q. DOES THIS CONCLUDE YOUR PRE-FILED DIRECT TESTIMONY?

A. Yes.

You understand that PayScale, Inc. ("PayScale") relies on its customers to provide it accurate information about what survey data they are entitled to use and access. PayScale depends on this information to load or provision such survey data in a customer's MarketPay account.

Accordingly, by submitting this form on behalf of the organization you represent ("Customer"), you agree, certify, and represent and warrant to PayScale that: (1) Customer has purchased a right or license to the survey data identified herein; (2) Customer has all necessary rights and permissions to direct and grant to PayScale (a) the right to access, transmit, store, display, process, and otherwise provision to Customer through its MarketPay account the survey data identified herein, and (b) the right to access, use, or process such survey data to provide Customer the services described in the relevant agreement between Customer and PayScale ("Agreement") or as instructed by Customer.

To verify the foregoing, Customer consents to PayScale contacting applicable survey publishers. If a survey publisher notifies PayScale that Customer has not purchased its survey data or if PayScale learns that any information herein is inaccurate: (1) PayScale may immediately remove the survey data at issue from Customer's MarketPay account; and (2) Customer hereby releases PayScale from any liability, and assumes full responsibility and all liability, that may arise from the use of, or access to, such survey data at issue by Customer or by PayScale on Customer's behalf in accordance with the Agreement or as instructed by Customer. These terms are in addition to any other terms agreed upon by the parties in the Agreement. Customer represents and warrants to PayScale that the individual submitting this form has the right and authority to act on Customer's behalf and bind Customer to these terms.

Signed: Beth Garner

Name (printed): Beth Garner

2021 Surveys Purchased

Survey Code	Survey Name
AON-EMT21	Aon Energy Marketing and Trading, 2021
AON-IEHRA21	Aon IEHRA Energy Industry, 2021
EMPS-WORKS21	Empsight The Works, 2021
FOU-ENV21	Foushee Environmental, Health & Safety, 2021
FOU-SEC21	Foushee Security & Compliance, 2021
GBS-AVI21	Gallagher Aviation, 2021
MER-MDC21	Mercer Data Connector, 2021
PM-CYB21	Pearl Meyer Cyber Security, AI, Data Science Salary Survey, 2021
RGCD-EXM21	Radford Global Compensation Database - Executive & Senior Management [EXM], 2021
RGCD-INF21	Radford Global Compensation Database - Infrastructure [INF], 2021
RGCD-ENE21	Radford Global Compensation Database - Energy [ENE], 2021
TW-EMT21	WTW Energy Marketing and Trading, 2021
TW-EXE-ES-DUKE21	WTW Energy Services Executive (Duke Energy), 2021
TW-MMPS-ES-DUKE21	WTW Energy Services Mid-Mgmt & Prof (Duke Energy), 2021
TW-EXE-DUKE21	WTW General Industry Executive (Duke Energy), 2021
TW-MMPS-DUKE21	WTW General Industry Mid-Mgmt, Prof & Support (Duke Energy), 2021

2021 Survey Additions

Survey Code	Survey Name
FOU-ENV21	Foushee Environmental, Health & Safety, 2021
MER-MDC21	Mercer Data Connector, 2021
RGCD-EXM21	Radford Global Compensation Database - Executive & Senior Management [EXM], 2021
RGCD-INF21	Radford Global Compensation Database - Infrastructure [INF], 2021
RGCD-ENE21	Radford Global Compensation Database - Energy [ENE], 2021

2020-21United States WorldatWork Salary Budget Survey

WorldatWork.

Industry: All Industries; Number of Employees: All Sizes; Revenue: All Sizes

Mean/Average Values

NHN - Nonexempt Hourly Nonunion, NS - Nonexempt Salaried
ES - Exempt Salaried, OE - Officers & Executives

" - (-) " entries, if any, indicate that there were no responses for the given criteria
*" * (*) " entries, if any, indicate that there were fewer than 5 responses for the given criteria*

Salary Budget Increases		2020 Actual Increases						2021 Projected Increases				
		General Increases/COLA % (n)	Merit Increases % (n)	Other Increases % (n)	Total Increases % (n)	Months Between Increases #m (n)	% of EE Receiving Increases % (n)	General Increases/COLA % (n)	Merit Increases % (n)	Other Increases % (n)	Total Increases % (n)	Months Between Increases #m (n)
National	NHN	1.5 (277)	2.6 (1246)	0.8 (379)	2.8 (1377)	12.5 (1327)	83.3 (1155)	1.7 (214)	2.6 (1130)	0.9 (322)	2.9 (1252)	12.9 (1336)
	NS	1.5 (97)	2.6 (620)	0.9 (188)	2.9 (665)	12.7 (630)	84.6 (552)	1.3 (74)	2.7 (568)	0.8 (160)	2.9 (606)	13.0 (640)
	ES	1.4 (276)	2.6 (1541)	0.9 (474)	2.9 (1654)	12.6 (1584)	84.3 (1384)	1.4 (205)	2.7 (1399)	0.9 (399)	2.9 (1503)	12.9 (1599)
	OE	1.4 (236)	2.6 (1377)	0.8 (398)	2.9 (1483)	12.9 (1467)	82.7 (1225)	1.4 (180)	2.7 (1274)	0.9 (349)	2.9 (1374)	13.2 (1491)
	All	**1.5 (886)**	**2.6 (4784)**	**0.8 (1439)**	**2.9 (5179)**	**12.7 (5008)**	**83.6 (4316)**	**1.5 (673)**	**2.7 (4371)**	**0.9 (1230)**	**2.9 (4735)**	**13.0 (5066)**

Salary Structure Adjustments		2020 Actual Adjustments		2021 Projected Adjustments	
		%	n	%	n
National	NHN	1.9	963	1.8	889
	NS	1.9	476	1.9	422
	ES	1.9	1172	1.9	1069
	OE	1.9	940	1.9	868
	All	**1.9**	**3551**	**1.9**	**3248**

Promotional Increases	2019 Percentage of Employees Receiving Promotional Increases		2019 Percentage of Promoted Employee's Base Salary		2020 Planned Spending on Promotions (as a percent of total base salaries)	
	%	n	%	n	%	n
National	8.4	1174	8.7	1164	1.5	1076

Variable Pay		2019 Percent Budgeted		2020 Percent Budgeted		2021 Projected Percent Budgeted		2019 Percent Paid		2020 Projected Percent Paid	
		%	n	%	n	%	n	%	n	%	n
National	NHN	5.9	435	5.6	426	5.8	402	5.6	561	5.0	506
	NS	6.2	258	6.0	254	6.1	233	6.3	313	5.4	282
	ES	13.1	781	12.6	776	12.9	718	12.8	971	11.4	872
	OE	39.1	741	37.9	733	38.1	685	38.5	914	33.9	821
	All	**19.6**	**2215**	**18.9**	**2189**	**19.2**	**2038**	**19.1**	**2759**	**16.8**	**2481**

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Produced and distributed to survey respondents, on June 8th, 2020

2020–2021 US Salary Increase Budgets Survey Results

Results from The Conference Board annual Salary Increase Budgets Survey indicate that the median 2020 actual total salary increase budget and merit increases across all employee groups are 3.00 percent. This year, 198 organizations completed the survey, which was fielded between April 21 and May 28.[1] Data were requested for four employment categories: nonexempt hourly (non-union), nonexempt salaried, exempt, and executive. Results are reported overall, by industry, revenues and employees.

The analysis provided below is based on the results, including zero increases.

SALARY INCREASE BUDGETS

The median 2020 actual total salary increase budgets are 3.00 percent across all employee groups. These increases are the same as the actual increases for the past nine years and as the projected increases for 2020 in last June's report (Table 1).[2]

The 2020 projected total median increase in budgets across all employee categories and industries remains at 3.00 percent overall.

The overall median 2020 actual merit percent increases are 3.00 percent for each employment category. The same is true for the increased budgets projected for 2021, which remain unchanged compared to actual increases. Both increases are universally 3.00 percent across industries, revenues, and employee numbers. (Tables 4, 5, and 6)

Both 2020 actual and 2021 projected median general increases are 0.00 percent among employee categories overall (Tables 7, 8 and 9).

Other increases for 2020 (actual) and 2021 (projected) vary between 0.00 and 0.25 percent among employee categories overall. There is a slight variation in both the actual and projected increases when industries are concerned. (Tables 10, 11 and 12).

SALARY STRUCTURE MOVEMENT

The 2021 median structure movement is projected at 2.00 percent in all employee categories. The actual 2020 median increase in salary structures is 2.00 percent for all employment categories as projected in May of last year (Table 13).

Financial Services – Banks and Diversified Financial Services - report the highest movements at 3.00 percent currently and forecast at 2.50 percent for all employees except non-exempt, hourly (2.75 percent) for 2021. Energy/Agriculture/Utilities and Other Services project 1 and 1.25 percent structure movement for executives for 2021, respectively. (Table 13).

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[1] Fifteen organizations indicated that they provided information for their specific business units or did not answer this question; their responses are not included in the analysis.

[2] See *US Salary Increase Budgets for 2020.*

Produced and distributed to survey respondents, on June 8th, 2020.

Appendix

Total Increases

TABLE 1. Salary increase budgets – Total, percent – by industry and overall (zeros included)

		2020 Actual salary increase budget				2021 Projected salary increase budget			
		Non-exempt hourly	Non-exempt salaried	Exempt	Executive	Non-exempt hourly	Non-exempt salaried	Exempt	Executive
All responses	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	Mean	2.62	2.57	2.68	2.55	2.55	2.50	2.64	2.69
	25th percentile	2.30	2.00	2.48	1.70	2.00	2.00	2.50	2.00
	75th percentile	3.30	3.43	3.48	3.25	3.00	3.10	3.10	3.00
	n=	109	100	124	114	98	90	111	101
By industry*									
Manufacturing	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n=	29	31	35	32	23	27	29	27
Financial Services	Median	3.00	3.00	3.00	3.00	3.00	2.50	3.00	3.00
	n=	10	9	11	10	9	8	10	9
Insurance	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n=	12	9	13	12	11	8	12	11
Energy/Agriculture/Utilities	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n=	17	16	19	17	17	15	18	16
Other Services	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n=	41	35	46	43	38	32	42	38

*Financial Services includes Banks and Diverisfied Financial Services. Other Services includes Communications, Consulting, Diversified Services, Transporation and Trade.
Source: The Conference Board, 2020

TABLE 2. Salary increase budgets – Total, percent – by revenue (zeros included)*

		2020 Actual salary increase budget				2021 Projected salary increase budget			
		Non-exempt hourly	Non-exempt salaried	Exempt	Executive	Non-exempt hourly	Non-exempt salaried	Exempt	Executive
Under $1 billion	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n=	20	16	22	22	19	14	20	19
$1 billion to under $5 billion	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n=	27	30	33	31	27	29	32	30
$5 billion to under $10 billion	Median	2.75	2.70	2.75	2.88	2.78	2.25	2.78	3.00
	n=	15	11	15	14	14	10	14	13
More than $10 billion	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n=	44	41	51	44	36	35	43	37

Source: The Conference Board, 2020

TABLE 3. Salary increase budgets – Total, percent – by number of employees (zeros included)

		2020 Actual salary increase budget				2021 Projected salary increase budget			
		Non-exempt hourly	Non-exempt salaried	Exempt	Executive	Non-exempt hourly	Non-exempt salaried	Exempt	Executive
Under 2,500	Median	3.25	3.33	3.25	3.00	3.00	3.00	3.00	3.00
	n=	21	20	25	25	21	18	24	23
2,500-9,999	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n=	36	32	41	39	35	32	39	37
10,000-19,999	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n=	15	13	17	14	12	11	14	11
20,000 and more	Median	3.00	3.00	3.00	2.85	3.00	3.00	3.00	3.00
	n=	37	35	41	36	30	29	34	30

Source: The Conference Board, 2020

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Merit Increases

TABLE 4. Salary increase budgets – Merit, percent – by industry and overall (zeros included)

		2020 Actual salary increase budget (Merit)				2021 Projected salary increase budget (Merit)			
		Non-exempt hourly	Non-exempt salaried	Exempt	Executive	Non-exempt hourly	Non-exempt salaried	Exempt	Executive
All responses	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	Mean	2.54	2.59	2.67	2.70	2.47	2.49	2.58	2.67
	25th percentile	2.50	2.50	2.70	2.50	2.30	2.50	2.50	2.50
	75th percentile	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n=	147	135	165	154	129	120	146	135
By industry*									
Manufacturing	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n=	42	45	48	47	33	38	40	39
Financial Services	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n=	12	11	13	12	11	10	12	11
Insurance	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n=	19	16	21	19	18	15	20	19
Energy/Agriculture/ Utilities	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n=	21	19	25	24	19	17	22	19
Other Services	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n=	53	44	58	52	48	40	52	47

*Financial Services includes Banks and Diverisfied Financial Services. Other Services includes Communications, Consulting, Diversified Services, Transporation and Trade.
Source: The Conference Board, 2020

TABLE 5. Salary increase budgets – Merit, percent – by revenue (zeros included)

		2020 Actual salary increase budget (Merit)				2021 Projected salary increase budget (Merit)			
		Non-exempt hourly	Non-exempt salaried	Exempt	Executive	Non-exempt hourly	Non-exempt salaried	Exempt	Executive
Under $1 billion	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n=	26	20	28	27	25	19	26	25
$1 billion to under $5 billion	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n=	40	43	47	45	35	37	41	39
$5 billion to under $10 billion	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n=	24	19	23	23	22	17	21	21
More than $10 billion	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n=	54	50	64	56	45	45	56	48

Source: The Conference Board, 2020

TABLE 6. Salary increase budgets – Merit, percent – by number of employees (zeros included)

		2020 Actual salary increase budget (Merit)				2021 Projected salary increase budget (Merit)			
		Non-exempt hourly	Non-exempt salaried	Exempt	Executive	Non-exempt hourly	Non-exempt salaried	Exempt	Executive
Under 2,500	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n=	25	23	30	30	25	22	29	28
2,500-9,999	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n=	53	47	58	55	48	42	52	50
10,000-19,999	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n=	18	16	19	17	14	13	15	12
20,000 and more	Median	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	n=	51	49	58	52	42	43	50	45

Source: The Conference Board, 2020

THE CONFERENCE BOARD

Produced and distributed to survey respondents, on June 8th, 2020.

General Increases

TABLE 7. Salary increase budgets – General, percent – by industry and overall (zeros included)

		2020 Actual salary increase budget (General)				2021 Projected salary increase budget (General)			
		Non-exempt hourly	Non-exempt salaried	Exempt	Executive	Non-exempt hourly	Non-exempt salaried	Exempt	Executive
All responses	Median	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Mean	0.86	0.53	0.49	0.46	0.68	0.50	0.46	0.48
	25th percentile	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	75th percentile	2.00	0.13	0.00	0.00	1.50	0.00	0.00	0.00
	n=	46	40	41	39	38	34	35	33
By industry*									
Manufacturing	Median	0.00	0.00	0.00	0.00	0.80	0.00	0.00	0.00
	n=	11	11	11	11	8	9	9	9
Financial Services	Median	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	n=	3	3	3	3	3	3	3	3
Insurance	Median	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	n=	4	3	4	3	4	3	4	3
Energy/Agriculture/ Utilities	Median	2.00	1.50	0.75	0.00	0.00	0.00	0.00	0.00
	n=	12	9	8	7	9	7	6	5
Other Services	Median	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	n=	16	14	15	15	14	12	13	13

*Financial Services includes Banks and Diverisfied Financial Services. Other Services includes Communications, Consulting, Diversified Services, Transporation and Trade.
N/A = Insufficient (less than 5) cases to report.
Source: The Conference Board, 2020

TABLE 8. Salary increase budgets – General, percent – by revenue (zeros included)

		2020 Actual salary increase budget (General)				2021 Projected salary increase budget (General)			
		Non-exempt hourly	Non-exempt salaried	Exempt	Executive	Non-exempt hourly	Non-exempt salaried	Exempt	Executive
Under $1 billion	Median	0.75	0.75	1.50	0.75	0.00	0.00	0.00	0.00
	n=	8	8	9	8	7	7	8	7
$1 billion to under $5 billion	Median	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	n=	15	12	12	12	12	10	10	10
$5 billion to under $10 billion	Median	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	n=	4	4	4	4	3	3	3	3
More than $10 billion	Median	0.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	n=	18	15	15	14	16	14	14	13

N/A = Insufficient (less than 5) cases to report.
Source: The Conference Board, 2020

TABLE 9. Salary increase budgets – General, percent – by number of employees (zeros included)

		2020 Actual salary increase budget (General)				2021 Projected salary increase budget (General)			
		Non-exempt hourly	Non-exempt salaried	Exempt	Executive	Non-exempt hourly	Non-exempt salaried	Exempt	Executive
Under 2,500	Median	1.50	0.75	1.50	0.75	0.00	0.00	0.00	0.00
	n=	9	8	9	8	8	7	8	7
2,500-9,999	Median	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	n=	17	15	15	14	15	14	14	13
10,000-19,999	Median	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	n=	5	4	4	4	4	3	3	3
20,000 and more	Median	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	n=	15	13	13	13	11	10	10	10

N/A = Insufficient (less than 5) cases to report.
Source: The Conference Board, 2020

THE CONFERENCE BOARD

Produced and distributed to survey respondents, on June 8th, 2020.

Other Increases

TABLE 10. Salary increase budgets – Other, percent – by industry and overall (zeros included)

		2020 Actual salary increase budget (Other)				2021 Projected salary increase budget (Other)			
		Non-exempt hourly	Non-exempt salaried	Exempt	Executive	Non-exempt hourly	Non-exempt salaried	Exempt	Executive
All responses	Median	0.00	0.08	0.23	0.00	0.25	0.18	0.25	0.15
	Mean	0.42	0.49	0.54	0.43	0.46	0.43	0.45	0.46
	25th percentile	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	75th percentile	0.50	0.51	0.55	0.50	0.50	0.50	0.50	0.50
	n=	58	56	64	55	46	46	54	45
By industry*									
Manufacturing	Median	0.00	0.00	0.00	0.00	0.25	0.23	0.23	0.15
	n=	14	15	15	14	7	12	12	11
Financial Services	Median	0.25	0.00	0.29	0.25	0.25	0.00	0.38	0.25
	n=	5	5	6	5	5	5	6	5
Insurance	Median	0.00	N/A	0.00	N/A	0.00	N/A	0.00	N/A
	n=	5	4	5	4	5	4	5	4
Energy/Agriculture/Utilities	Median	0.15	0.15	0.30	0.00	0.25	0.00	0.25	N/A
	n=	8	8	9	6	6	5	6	4
Other Services	Median	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
	n=	26	24	29	26	23	20	25	21

*Financial Services includes Banks and Diverisfied Financial Services. Other Services includes Communications, Consulting, Diversified Services, Transporation and Trade.
N/A = Insufficient (less than 5) cases to report. Source: The Conference Board, 2020

TABLE 11. Salary increase budgets – Other, percent – by revenue (zeros included)

		2020 Actual salary increase budget (Other)				2021 Projected salary increase budget (Other)			
		Non-exempt hourly	Non-exempt salaried	Exempt	Executive	Non-exempt hourly	Non-exempt salaried	Exempt	Executive
Under $1 billion	Median	0.50	0.60	0.55	0.40	0.50	0.38	0.50	0.50
	n=	11	11	12	10	10	8	10	7
$1 billion to under $5 billion	Median	0.00	0.10	0.21	0.00	0.00	0.20	0.21	0.00
	n=	16	18	20	17	14	15	17	15
$5 billion to under $10 billion	Median	0.38	0.00	0.38	0.38	0.50	0.25	0.50	0.50
	n=	8	7	8	8	7	6	7	7
More than $10 billion	Median	0.00	0.00	0.00	0.00	0.00	0.08	0.15	0.00
	n=	21	18	22	18	14	16	19	15

Source: The Conference Board, 2020

TABLE 12. Salary increase budgets – Other, percent – by number of employees (zeros included)

		2020 Actual salary increase budget (Other)				2021 Projected salary increase budget (Other)			
		Non-exempt hourly	Non-exempt salaried	Exempt	Executive	Non-exempt hourly	Non-exempt salaried	Exempt	Executive
Under 2,500	Median	0.50	0.56	0.50	0.50	0.50	0.50	0.50	0.50
	n=	14	16	17	14	13	13	15	11
2,500-9,999	Median	0.00	0.00	0.00	0.00	0.00	0.00	0.20	0.00
	n=	16	14	19	16	15	12	17	15
10,000-19,999	Median	0.00	0.15	0.38	0.25	0.00	0.33	0.38	0.25
	n=	7	7	8	7	5	6	6	5
20,000 and more	Median	0.00	0.00	0.00	0.00	0.50	0.15	0.20	0.00
	n=	21	19	20	18	13	15	16	14

Source: The Conference Board, 2020

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Salary Structure Movement

TABLE 13. Salary structure movement – by industry and overall (zeros included)

		2020 Increase – percent				2021 Projected increase – percent			
		Non-exempt hourly	Non-exempt salaried	Exempt	Executive	Non-exempt hourly	Non-exempt salaried	Exempt	Executive
All responses	Median	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	Mean	2.02	1.98	2.02	1.77	1.68	1.81	1.85	1.51
	25th percentile	1.50	1.00	1.50	0.00	0.00	0.00	1.00	0.00
	75th percentile	3.00	2.70	2.60	2.50	2.50	2.50	2.46	2.38
	n=	140	131	154	127	119	114	133	112
By industry*									
Manufacturing	Median	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	n=	40	45	45	40	31	36	36	35
Financial Services	Median	3.00	3.00	3.00	3.00	2.75	2.50	2.50	2.50
	n=	12	10	13	10	10	9	11	9
Insurance	Median	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	n=	14	10	15	10	15	11	16	11
Energy/Agriculture/ Utilities	Median	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00
	n=	25	22	27	20	22	20	24	17
Other Services	Median	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.25
	n=	49	44	54	47	41	38	46	40

*Financial Services includes Banks and Diverisfied Financial Services. Other Services includes Communcations, Consulting, Diversified Services, Transporation and Trade.
Source. The Conference Board, 2020

TABLE 14. Salary structure movement – by revenue (zeros included)

		2020 Increase – percent				2021 Projected increase – percent			
		Non-exempt hourly	Non-exempt salaried	Exempt	Executive	Non-exempt hourly	Non-exempt salaried	Exempt	Executive
Under $1 billion	Median	2.00	2.00	2.00	2.00	2.00	1.60	2.00	1.75
	n=	25	23	28	24	23	21	26	22
$1 billion to under $5 billion	Median	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	n=	38	40	44	39	33	35	39	34
$5 billion to under $10 billion	Median	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00
	n=	21	15	19	16	19	14	17	14
More than $10 billion	Median	2.04	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	n=	53	50	60	46	42	42	49	40

Source: The Conference Board, 2020

TABLE 15. Salary structure movement – by number of employees (zeros included)

		2020 Increase – percent				2021 Projected increase – percent			
		Non-exempt hourly	Non-exempt salaried	Exempt	Executive	Non-exempt hourly	Non-exempt salaried	Exempt	Executive
Under 2,500	Median	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	n=	26	25	31	26	25	24	30	25
2,500-9,999	Median	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	n=	47	44	52	44	43	40	48	41
10,000-19,999	Median	2.15	2.25	2.25	2.25	2.00	2.00	2.00	1.50
	n=	18	14	18	13	13	12	13	10
20,000 and more	Median	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	n=	49	48	53	44	38	38	42	36

Source: The Conference Board, 2020

THE CONFERENCE BOARD

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Demographics

TABLE 16. Response rate by industry		
	n	Percent
Manufacturing	55	30.1%
Financial Services	15	8.2%
Insurance	22	12.0%
Energy/Agriculture/Utilities	29	15.8%
Other Services	62	33.9%
Total	**183**	**100.0%**

Financial Services includes Banks and Diverisfied Financial Services. Other Services includes Communications, Consulting, Diversified Services, Transporation and Trade.
Source: The Conference Board, 2020

TABLE 17. Response rate by worldwide revenues		
	n	Percent
Under $1 billion	32	17.9%
$1 billion to under $5 billion	50	27.9%
$5 billion to under $10 billion	24	13.4%
More than $10 billion	73	40.8%
Total	**179**	**100.0%**

Source: The Conference Board, 2020

TABLE 18. Response rate by worldwide employees		
	n	Percent
Under 2,500	34	18.7%
2,500-9,999	63	34.6%
10,000-19,999	22	12.1%
20,000 and more	63	34.6%
Total	**182**	**294%**

Source: The Conference Board, 2020

Prepared by Judit Torok, Senior Research Analyst, The Conference Board
Judit.Torok@conference-board.org

Agreement

between

Duke Energy Ohio, Inc

and

Duke Energy Kentucky, Inc

and

Utility Workers Union of America,

AFL-CIO, Local 600

2019-2023

AGREEMENT

Between the

Utility Workers Union of America, AFL-CIO, Local 600

and

Duke Energy Ohio, Inc.
Duke Energy Kentucky, Inc.

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AGREEMENT

Between the

Utility Workers Union of America, AFL-CIO, Local 600

and

Duke Energy Ohio, Inc.
Duke Energy Kentucky, Inc.

THIS AGREEMENT is entered into between the Utility Workers Union of America, AFL-CIO, Local 600, formerly the Independent Utilities Union, hereinafter referred to as the "Union," and Duke Energy Ohio, Inc., Duke Energy Kentucky, Inc., hereinafter referred to as the "Company," through and by their duly authorized representatives.

WITNESSETH: Whereas, the parties to the Agreement as are mentioned above are desirous of maintaining collective bargaining between the Employer and its Employees, as are represented by the Union as bargaining agent, and are desirous of stabilizing employment, eliminating strikes, lockouts, curtailment of employment, and the peaceful settlement of all employer and employee disputes, and of making an honest effort to improve the conditions of both the employer and the employees.

WHEREAS, it is deemed desirable and necessary that definite operations and practices between the Company and the employees of the Company represented by the Union be formally set forth and described, with a desire that uniformity of working conditions exist between the aforementioned Companies and such employees.

WHEREAS, the Company and the Union recognize that in order for the parties to meet the challenge of competition, the need for long term prosperity and growth, and establish employment security, each must be committed to a cooperative labor management relationship that extends from the bargaining unit members to the executive employees. The Company and the Union agree that employees at all levels of the Company must be involved in the decision making process and provide their input, commitment, and cooperation to improving productivity and helping the Company become the lowest cost producer and highest quality provider of energy service.

NOW, THEREFORE, the Company and the Union do hereby agree to the following terms and conditions, to-wit:

ARTICLE I

Section 1. (a) The Company hereby recognizes the Union during the term of this Agreement as the sole and exclusive representative of all regular full-time and part-time employees of the occupational classifications in the units defined as "The Office, Clerical and Technical Unit" and "The Residual Unit," as described in the Order issued by the National Labor Relations Board dated August 12, 1944 and amended by the National Labor Relations Board Order dated February 24, 1967. The units so defined shall retain jurisdiction over such work as was normally performed by them prior to this Agreement but such jurisdiction shall not be expanded except by mutual agreement of the parties hereto or through due processes under the National Labor Relations Act. A-14

(b) The Company recognizes the Union as the sole bargaining agent of the units contained in the preceding paragraph for the purpose of collective bargaining with respect to rates of pay, wages, hours of employment, or other conditions of employment, and the Company agrees to attempt to adjust any and all disputes, and any other matters, arising out of or pursuant to this Agreement, with the Union.

(c) This Agreement shall be final and binding upon the successors, assignees or transferees of the Union and the corporate entity of the Company.

Section 2. (a) The Company agrees not to interfere, restrain, coerce, or discriminate against any of the members of the Union, because of their membership in the Union, or because of their activity as a member or officer of the Union. Should reasonable proof of any such interference, restraining, coercion or discrimination by any person in a supervisory capacity against a member of the Union be shown to the Company by the Union, the Company agrees to take immediate corrective action in connection with such complaint. It is further agreed that no member shall be discharged because of his or her service, or lawful activity as a member of the Union, nor will the Company at any time attempt to discourage membership in the Union.

(b) There shall be no discrimination, interference, restraint or coercion by the Company or the Union or their agents against any employee because of race, color, religion, sex, disability, national origin or ancestry or for any other reason. References to the masculine gender are intended to be construed to also include the feminine gender wherever they appear throughout the Agreement.

(c) The Union recognizes that the management of the Company, the direction of the working forces, the determination of the number of people it will employ or retain in each classification, and the right to hire, suspend, discharge, discipline, promote, demote or transfer, and to release employees because of lack of work or for other proper and legitimate reasons are vested in and reserved to the Company. A-9

(d) The above rights of Management are not all-inclusive, but indicate the type of matters or rights which belong to and are inherent to Management. Any of the rights, powers, and authority the Company had prior to entering this Agreement are retained by the Company, except as expressly and specifically abridged, delegated, granted or modified by this Agreement.

(e) The foregoing two paragraphs do not alter the employee's right of adjusting grievances as provided for in Article VII, Section 1 of this Agreement.

Section 3. Respecting the subject of "Union Security," the parties mutually agree as follows:

(a) All regular employees in the bargaining unit represented by the Union shall be required as a condition of their continued employment to maintain their membership in the Union in good standing on and after the thirty-first (31^{st}) day following the employee's date of hire. The Union shall notify the Company's Labor Relations Department of any members who are not in good standing as determined by the Union. For the purposes of this provision, "membership in good standing" shall mean being a full member or a core fee payer of the Union.

(b) The Union agrees that neither it nor any of its officers or members will intimidate or coerce any of the employees of the Company to join or become members of the Union, nor will said Union or any of its officers or members unfairly deprive any employee within the bargaining unit represented by the Union of union membership or of any opportunity to obtain union membership if said employee so desires. In this connection the Company agrees that it will not discriminate against any employee on account of activities or decisions in connection with the Union, except as the same may become necessary on the part of the Company to carry out its obligations to the Union under this Agreement.

(c) If a dispute arises as to the actual union status of any employee, at any time, as to whether or not the employee has been unfairly deprived of or denied union membership, the dispute shall be subject to arbitration, in accordance with the arbitration provisions of Article VII of this Agreement.

(d) The Company shall provide the Union with time to discuss with new employees the Union and the existence of the collective bargaining agreement. The Company will provide new employees with electronic and/or paper access to the collective bargaining agreement, along with the Union's "Membership Application" and the "Payroll Deduction Authorization" cards for Union dues or core fees, so that enrollment will be effective 31 days after being hired.

(e) Except for those employees mentioned in subsection (d) of this section and subject to all state and federal laws, all employees who are not members of the Union shall be required, as a condition of their continued employment, to pay to the Union the applicable core fees representing the percentage of the Union's expenses that are for representational and other legally chargeable activities.

(f) The Union agrees that any present or future employee who is now or may become a member of the Union may withdraw from membership in the Union by giving notice in writing to the Labor Relations Department of the Company and to the Union. However, the Union will not impose restrictions, which are prohibited by law, on employees who wish to withdraw from Union membership. After such withdrawal, an employee shall not be required to rejoin the Union as a condition of continued employment. Any such employee will remain obliged to pay the applicable core fees.

(g) The Company agrees to dismiss any employee represented by the Union, at the written request of the Union, for nonpayment of union dues or core fees or to discipline employees represented by the Union in the manner herein provided for violation of this Agreement, if requested to do so, in writing, by the Union. Nothing in this clause, however, shall be construed so as to require the Company to dismiss or discipline any employee in violation of any state or federal law.

(h) The Company agrees, after receiving proper individual authorizations by means of written individual assignments in a form mutually agreeable to both parties, to deduct Union dues or core fees and initiation fees from employees' pay. This deduction shall be made a mutually agreed upon number of times each year and shall be forwarded to the Treasurer of the Union.

(i) The Union agrees that in the event of any strike, work stoppage, slowdown, picketing or any other interference to the work or the operations of the Company by any individual employee or group of employees in the bargaining unit represented by the Union this section of the Agreement is then and there and by reason thereof automatically canceled and of no further force and effect; provided, however, that the Company shall upon the presentation of proof satisfactory to the Company, within ten days thereafter, that the Union did not directly or indirectly authorize, permit, endorse, aid or abet said strike, work stoppage, slowdown, picketing or interference referred to, reinstate this section of the Agreement, which section, if reinstated will, from and after the date of reinstatement, be of the same validity, force and effect as if it had not been canceled. In this connection, it is the expressed intention of the parties that for the purpose of making this cancellation provision effective without affecting the other sections of the Agreement, this Agreement is to be considered a severable agreement. Should the automatic cancellation of this section occur, it is the intention and agreement of the parties that all other sections and provisions of the Agreement remain in full force and effect as therein provided. The Company agrees that it will not deliberately arrange or incite such interference to the work or operations of the Company as are referred to in this section.

(j) The provisions of this Article I, Section 3(a) regarding Union Security, shall not be applied to bargaining unit members in any state in which such union-security provisions are prohibited by law. The parties agree that, if the current law changes to make such union security provisions applicable, or not applicable, to any employees covered by this Agreement, the Parties will deem the Agreement amended to comply with the then current law.

Section 4. The Company agrees that it will not attempt to hold the Union financially responsible or institute legal proceedings against the Union because of a strike, slowdown or work stoppage not authorized, abetted or condoned by the Union. The Union agrees that, in the event of an unauthorized work stoppage, it will in good faith and without delay exert itself to bring the work stoppage to a quick termination and insist that the employee(s) involved cease their unauthorized activities. To that end, the Union will promptly take whatever affirmative action is necessary. Furthermore, the Union agrees that any employee or employees who agitate, encourage, abet, lead or engage in such a strike, work stoppage, slowdown or other interference with the operations of the Company shall be subject to such disciplinary action as the Company may deem suitable, including discharge, without recourse to any other provision or provisions of the Agreement now in effect.

ARTICLE II

Section 1. The Company agrees to designate and authorize a representative or representatives to meet with The General Board of the Union. It is agreed that these meetings shall be held quarterly, at a time mutually agreed upon, and at any other time upon the written request of either party to this Agreement. These meetings will be held within seven days after such request is made. A-32

Section 2. The Company agrees to meet and confer with any special committee of the Union, duly appointed by the President to administer any activity relating to the welfare of the members of the Union.

ARTICLE III

Section 1. (a) This Agreement and the provisions thereof, shall become effective April 1, 2019 and shall continue in full force and effect until April 1, 2023, and from year-to-year thereafter unless changed by the parties.

(b) Either of the parties hereto desiring to change any section or sections of this Agreement and/or to terminate this Agreement shall notify the other party in writing of the desired changes at least 60 days prior to April 1, 2023 or any subsequent anniversary date. During this 60-day period, conferences shall be held by and between the parties hereto, with a view to arriving at a further Agreement, and in all events this Agreement shall remain in full force and effect during the period of negotiations. A-32

(c) In the event agreement is reached on or before April 1, the 2019 – 2023 Agreement will be extended for a mutually agreed number of calendar days. The Union shall have one-half of the mutually agreed number of calendar days immediately following the date an agreement is reached in which to submit the Agreement to its membership for ratification and in case of failure to ratify, in order that the Company shall have the remaining one-half of the mutually agreed number of calendar days as notice before a strike or work stoppage commences. Providing the mutually satisfactory Agreement is ratified by the membership within the first one-half of the mutually agreed number of days following the date an agreement is reached, such Agreement will be made retroactive to the 1st day of April and any agreed upon wage adjustments will be made retroactive to the 1st day of April.

Section 2. It is agreed that this Agreement may be amended or added to at any time by the written consent of both parties hereto.

ARTICLE IV

Section 1. The Company agrees to do nothing to encourage an employee to bargain individually.

Section 2. The Company agrees that if a matter rightfully termed a Union activity is referred by an employee to his or her representative or delegate, and this is taken up with the supervisor or any one qualified or authorized to act for the Company, such Company representative shall not initiate, negotiate, or discuss this question with the employee without affording the representative or delegate of the division an opportunity to be present.

Section 3. Departmental supervisory personnel will notify the departmental union delegate when a significant change or condition affecting that department or a work group within that department is contemplated by the management of the particular department. A-83 Upon written request by the departmental union delegate or the President of the Union, a meeting shall be arranged between the Company and the Union to discuss such changes. When major organizational changes affecting personnel in various departments are contemplated, the Company agrees to notify the Union President, in writing, at least 14 calendar days in advance of the change, and, upon written request by the President of the Union, a meeting shall be arranged between the Company and the Union to discuss such changes.

Section 4. Copies of bulletins issued by the Company concerning working conditions for any division or department represented by the Union, shall be forwarded to the General Board of the Union.

ARTICLE V

Section 1. The principle of seniority is recognized by the Company. There shall be two types of seniority defined as follows:

1. System service shall be based upon the length of time an employee has been continuously employed by the Company, and shall be the governing factor in establishing vacation dates.

2. Classified seniority shall be the length of time worked by an employee on a specific classified job.

3. Bargaining unit seniority shall be the length of time an employee has been (continuously) employed in a job position within the bargaining unit represented by the Union, and shall be the governing factor in the selection of vacation. The bargaining unit seniority list will be maintained by the Union based on information provided to the Union by the Company. The bargaining unit seniority list will be provided to the Company and used for the purpose of vacation selection beginning January 1, 2020.

It shall be considered a break in system service and seniority when an employee has been off the Company payroll, except when an employee has:

(1) Been laid off because of lack of work and has not, at any time during the period of layoff or during a period not to exceed three years from the date of layoff, refused to return to work for the Company in a capacity formerly held or comparable to the capacity formerly held, by the employee. However, actual time away will be deducted from the employee's system service.

(2) Been granted a leave of absence for good cause by consent of the Company, without loss of system service and seniority rights, providing the employees are available whenever necessary for the Company's medical examinations during the leave of absence. However, the employees will receive vacation in accordance with the second paragraph of Article IX, Section 5. Requests for leave of absence and consent hereto shall be in writing.

(3) Entered the military service of the United States or has been conscripted by the United States Government. No deductions for time away shall be made from the employee's system service and seniority record.

(4) Resigned voluntarily and subsequently been re-hired. Actual time away will be deducted from the employee's system service and seniority record, and, while previous system service shall be maintained, no classified seniority shall be retained.

Existing system service and seniority records shall not be rearranged to meet the above requirements in exceptions (1), (2) and (3), but they shall be met in all cases beginning March 21, 1983.

Section 2. (a) Job available postings for job classifications covered by this Agreement shall be provided by the Company and posted for a period of seven calendar days on the appropriate bulletin boards and/or on the Duke Energy Job Opportunities Portal page. A-65 A-82

(b) If after the initial posting the job opening has not been filled by a qualified applicant from the department or division, the job available notice will then be reposted for a period of seven calendar days on all bulletin boards throughout the Company where there are employees covered by this Agreement. In certain cases where it is known that A-3 there are no qualified applicants within a division or a department, the initial posting may be waived and the job posting will then be initially posted throughout the Company where there are employees covered by this Agreement. However, if applications are received from employees within the department requesting the job opening, these applications will be given consideration before those received from employees in other departments. Furthermore, anytime employees are accepted for a job opening on a lateral or cross bid, they shall not be eligible to laterally or cross bid again for a period of six months from the date of acceptance. The only exception to this six month waiting period is that employees may cross bid to another headquarters within the same bidding area at any time.

(c) It is agreed that classified seniority will be considered within a department, district or departmental section concerning available advancements, although other qualifications for the particular position will of necessity be considered. All other factors being sufficient, the employee oldest in the point of classified seniority shall be given a reasonable opportunity to qualify for the position. A-20 A-21 A-44 A-65

(d) Should the classified seniority of any two or more employees be equal, the respective seniority position of such employees shall be determined by the Union randomly drawing the names of the affected employees. The Company will be notified of the results, in writing.

In the event no fully qualified individual has bid on a Union wide job opening, the previous experience requirement only will be waived, with the exception of positions within the General Clerical sequence, and an employee will not be disqualified for promotion on the basis of not having passed through a lower job in the promotional sequence if otherwise qualified. Employees who have at least one half of the required previous experience and are in the direct promotional sequence of a job opening, posted Union wide, where previous experience has been waived, will be considered for the job before all other non-qualified employees. Any claim of discrimination in this connection may be taken up by the Union as a grievance.

(e) An employee may waive his right to promotion, providing such waiver is presented to the Company in writing and does not prevent other employees from acquiring experience in the job held by the employee. When an employee waives his right to promotion, the employee next in seniority, other qualifications being sufficient, shall be entitled to such promotion. When it is necessary to fill an open position, and no employees are willing to promote, the Company may assign the junior qualified employee to promote to the job classification.

(f) If no qualified regular full-time employee has been accepted following the posting procedure and consideration of requests for demotion, second consideration for non-technical job openings shall be given to part-time employees within the bargaining unit based on qualifications as determined by the Company. For technical job openings, the Company will give second consideration to part-time employees with a technical degree and/or technical expertise based on qualifications as determined by the Company. As a result of these determinations, if the top two or more part-time applicants have equal assessments, then the non-technical or technical job opening will be offered to the applicant with the greatest system seniority.

(g) Should the job opening not be filled after the posting procedure above, at the discretion of management, consideration may be given to requests for transfer which have been received from employees outside the bargaining unit or may be filled from outside the Company.

(h) If the particular job opening is not filled within 60 days from the expiration date of the bargaining unit-wide posting, the job opening will be reposted in accordance with the job posting procedure outlined above.

(i) The job posting procedure outlined above does not restrict the Company's right to cancel a job posting at any time.

(j) An employee shall not have seniority rights to bid on a demotion but may, in writing by letter or by submitting a bid for a posted job opening, request consideration for a demotion. However, if an employee's request for demotion is granted by the Company, any accumulated classified seniority will be forfeited in job classifications above the job to which he demotes.

(k) The Company and the Union agree that the job posting procedure will be waived for the employment of Co-ops, as probationary employees in job classifications represented by the bargaining unit, providing that the next opening in the same job classification and bidding area is posted and made available to employees within the bargaining unit. If such opening is not filled by a bargaining unit employee, openings in the same job classification and bidding areas will continue to be posted and made available to employees within the bargaining unit until such time that a bargaining unit employee fills one of the openings.

Section 3. (a) In the event of any layoffs or curtailments of employment, the Company will attempt to place the employee in a temporary assignment. Prior to making an assignment, the Company will discuss such assignment with the Union. If a temporary assignment is not available, rollbacks and layoffs shall be made in accordance with system seniority rights. When the Company reduces the number of employees in a job classification, the Company will use the following process to determine rollbacks and layoffs. Employees with the least amount of System Service seniority within the job classification that is targeted for a reduction will be assigned to vacant positions and/or replace full-time employees in the bidding area with the least amount of System Service seniority. Displaced employees must be qualified for the job classification to which they are assigned and the job classification must be within the same bidding area and below their former job classification. Displaced employees will be reclassified into the next lower job classification within their bidding area for which they are qualified, if there are employees in that job classification and they have less system seniority than the displaced employees. Displaced employees will have their wage rates red-circled for a period of 18 months. At the end of 18 months, their wage rates will be reduced to the maximum wage rate of the job classification to which they were reclassified. Displaced employees who are assigned to perform work in lower level job classifications, if qualified, will be A-49 A-55 reassigned to higher job classifications as they become available within the bidding area, until the displaced employees return to assignments within their former job classification; obtain a job within the bidding area at the same or higher wage level as their former job classification; or, obtain a job in another bidding area. Displaced employees will not be assigned to or be required to perform the duties of job classifications at levels higher than their former job classification. Any employees unable to be assigned to vacant positions and/or replace full-time employees in the bidding area will be subject to layoff.

Part-time Meter Readers will be laid off before any full-time Meter Readers are rolled back or laid off. The same holds true for part-time and full-time call-takers in the Call Center.

Where multiple part-time employees in a job classification at the same location are scheduled to work a total of 40 or more hours per week, a qualified displaced full-time employee in the same bidding area may replace the part-time employees by accepting a full-time job at that location, if the department can still schedule straight-time coverage for the required hours.

For those full-time displaced employees with at least 15 years of service and subject to layoff, including employees who have been placed in a temporary position in accordance with this subsection, an effort will be made by the Company to find another job at the same or lower wage level for which the employee is qualified. The Company will discuss the employee's reclassification with the Union prior to it going into effect. If there are multiple displaced employees, vacant positions will be offered by system seniority; an employee has the right to turn down one offered position. An employee who turns down a position and who is not currently in a temporary assignment, could be subject to immediate rollback or layoff in accordance with this Section or to rollback or layoff at the end of the temporary assignment if no job is available. If the Company identifies such a vacant position for which the employee is qualified, the Company may reassign and reclassify the employee without posting the position. If no positions are identified by the Company the displaced employee, if qualified, will be allowed to displace the employee with the least amount of system seniority outside of the displaced employee's bidding area.

An employee unable to be reassigned and subject to being rolled back to the Call Center or Meter Reading Departments, will have the option of accepting the assignment in the Call Center or Meter Reading, being laid off, or being offered a severance as outlined in Sidebar Letter A-70. A-70

Displaced employees unable to displace full-time employees and subject to layoff, if qualified, will be allowed to replace employees in part-time positions within their bidding area, by accepting the wage rate, benefits, work hours and other terms and conditions of employment of the part-time employee. The two exceptions are Meter Reading and Call Center, where these employees may retain their full-time status and accept the wage rate applicable to new full-time employees in these departments. Full-time employees within the Customer Relations bidding area, but outside the Call Center and Meter Reading Departments, may displace a maximum of four part-time employees in each department (i.e., Call Center and Meter Reading) within a 12-month period.

Employees who were rolled back prior to April 1, 2012 and whose wage rates are red-circled will continue to have their wage rates red-circled.

An employee will not have the right to recede to a position within his bidding area that he did not pass through before reaching his present position. For purposes of this section, if an employee is unable to exercise system seniority rights in lower job classifications within his department because he did not pass through those job classifications before reaching his present position, he will be credited with system seniority in all job classifications lower than his initial job within the bidding area which are in the same direct promotional sequence. Under no circumstances may an employee exercise seniority rights outside his own bidding area or in the selection of a specific job within a classification.

(b) In a department where there have been layoffs and a subsequent increase in employment exists within three years, the Company agrees to recall those employees in the department who have suffered a layoff because of lack of employment, in the reverse order of the dates of their layoffs. It is further agreed that the Company will notify the employee or employees, in writing by registered or certified mail, to report back to work. The Company agrees to send a copy of these letters to the Union at the time of the mailing of the original. If they do not report back to work within a 15-day period, the Company shall have the right to recall the next employee in line.

(c) It shall be the duty of all employees, including those on layoff status, to have their proper post office address and telephone number on file with their individual departments and the Human Resources Department of the Company.

(d) The Union may designate a witness to tests given in a departmental section, <u>A-4</u>
and shall have the right to review the results of these departmental tests upon request. This does not apply to standard tests given by the Staffing Services Division or by outside consultants.

(e) The Company will make an effort to find another job classification for which an employee is qualified if his job is abolished. An employee who, because of this job abolishment, is assigned to a classification having a lower rate of pay, will maintain his existing level of pay until the maximum wage rate of the job classification to which he is assigned is equal to his existing wage rate. This provision does not affect the right of an employee to bid on a future posted job opening for which he may be qualified.

<u>Section 4</u>. (a) Temporary transfers from one department, district, or departmental section to another will not affect an employee's system service or seniority rank(s) and his record will remain posted in the department, district, or departmental section from which he was transferred.

(b) Permanent transfers from one department, district, or departmental section to
another will not affect an employee's system service or classified seniority, which will be <u>A-2</u>
used to determine his system service and seniority rank in his new department, district,

or departmental section.

(c) When an employee has successfully bid on a posted job and his move to the posted job is delayed, consideration shall be given to the proper adjustment of the employee's seniority rank so that the employee will not be penalized with respect to future promotions. The employee will receive a seniority date and the wage rate of the job on which he has been accepted no later than the beginning of the third week after the employee is notified that he has been accepted for the new job.

Section 5. All new employees shall be classed as probationary for a period of one year and shall have no system service or seniority rights. After one year's service as a probationary employee, they shall be reclassified and their system service and seniority record shall include their previous employment as a probationary employee.

The probationary period of any employee on an approved leave of absence lasting more than thirty days, will be extended by the duration of the leave of absence.

Section 6. Temporary employees shall be those hired for a specific job of a limited duration, not to exceed six months unless agreed upon by both parties, and shall not acquire system service or classified seniority rights. The Union shall be notified of the hiring of such employees. A-6

Section 7. (a) Part-time employees shall be those hired to perform a continuing specific work requirement that is temporary in nature or less than 40 hours per week. Part-time employees will only be used for part-time applications in order to supplement the regular full-time workforce, unless otherwise agreed. While the intention is for part-time employees, who are non-temporary in nature, to be regularly scheduled to work less than 32 hours per week, the actual hours worked may be greater due to temporary operational needs or trading of hours with other employees. The departments utilizing part-time employees will develop schedules to be worked by such personnel. However, schedules for part-time employees may at times vary according to work needs. These employees will work in bargaining unit positions and will be paid the minimum wage rate for the job classification or at a specially negotiated rate. They shall not acquire classified seniority rights. Part-time employees may be laid off for any reason without recall rights. Such layoffs shall not be subject to the grievance procedure. Benefits for part-time employees shall be on a prorated basis as agreed to by the parties. A-48 A-61

(b) Part-time employees may request consideration for other part-time openings and may submit applications for openings in regular full-time positions. When part-time employees become full-time employees, they shall be credited with system service for the length of time they were employed by the Company as a part-time employee on or after January 1, 1996. For part-time employees who become full-time employees after April 1, 2008 and who have been employed as part-time for at least 12 consecutive months prior to becoming full-time, the probationary period shall be reduced from one year to nine months.

(c) The overtime provisions of this Agreement, including meal compensation, will only apply to part-time employees when they work in excess of their regular scheduled hours per day or eight hours per day, whichever is greater. Part-time employees will not be called out for overtime assignments unless all full-time available employees have been called. The total number of part-time employees, excluding those in the Call Center and Meter Reading work groups and those hired to perform a continuing specific work requirement that is temporary in nature, will not exceed 5% of the total number of full-time employees performing work represented by the Union.

Section 8. Employees promoted to a job outside the bargaining unit and who return to the bargaining unit within six months, shall retain all classified and bargaining unit seniority accumulated up to the date of their promotion. If employees who were in a job outside the bargaining unit for more than six months return to the bargaining unit the will be placed in a starting job classification and receive a classified seniority date behind all employees but shall retain all bargaining unit seniority accumulated up to the date of their promotion out of the bargaining unit. No employee may return to a bargaining unit job classification if management does not approve, a position is not available or if as a result, an employee represented by the Union would be laid off.

ARTICLE VI

Section 1. The parties hereto recognizing the importance of safety projects and regulations for the protection of the health, life and limb of all employees, agree to make all reasonable efforts to maintain such rules and regulations conducive to the health and safety of all concerned. The Company will notify the Union leadership of any work related accident resulting in the hospital admission or death of any employee in the bargaining unit. A-83

ARTICLE VII

Section 1. Any dispute or disagreement arising between an employee and the Company or the Union and the Company involving wages, hours or work, conditions of employment, or otherwise of any nature arising out of this Agreement may become the subject of a grievance. However, with respect to any claim or dispute involving the application or interpretation of an employee welfare or pension (includes defined benefit and 401(k) plans) plan, the claim or dispute shall not be resolved under the grievance procedure outlined herein, but instead, shall be resolved in accordance with the terms and procedures set forth in the relevant plan document. Additionally, should the content of any communication relating to employee benefits conflict with the terms of the relevant plan document, the terms of the plan document shall govern. Recognizing the importance of resolving disputes or disagreements in a peaceful and timely manner and at the earliest stage possible, grievances shall be processed in accordance with the following procedure: A-18 A-32

1st Step

An employee must take up any grievance initially with the supervisor involved, within 20 days of its occurrence or 20 days from the time the employee or the Union became aware of the occurrence. The initial meeting shall be held between the supervisor(s), the employee involved and the elected union representative or delegate. Grievances in this step shall be answered verbally at the meeting or within 5 days of the conclusion of the meeting. The supervisor will also inform the Union of the appropriate management person to notify in the event that the Union wishes to pursue the grievance to the second step.

2nd Step

If the parties are unable to resolve the grievance following the first step, within 10 workdays of the first step response, the Union may submit a written grievance to the management of the department designated in the first step. Department management will schedule a meeting with a small committee representing the Union within 20 workdays after receipt of the written grievance. A written decision will be sent by email and/or US Mail to the President of the Local Union within 20 workdays of the Step 2 meeting.

3rd Step

If the parties are unable to resolve the grievance following the second step, within 20 workdays of the second step response, the Union may notify the Labor Relations Department in writing of its desire to advance the grievance to the third step of the grievance procedure. The Labor Relations Department will schedule a meeting with the appropriate management representatives and a small committee representing the Union within 20 workdays after receipt of the written request. The Labor Relations Department will render a written decision within 20 workdays of the date of the third-step meeting. The written response will be sent by email or US Mail to the President of the Local Union.

In the case of a discharge, the Union may bypass the first step of the grievance procedure and submit a written grievance requesting a second step grievance meeting, within 10 days following the date of discharge.

Arbitration

Section 2. (a) If the parties are unable to resolve the grievance following the third-step, the Union, within 30 workdays of receipt of the third step response, may notify the General Manager, Labor Relations in writing of its desire to advance the grievance to arbitration.

(b) Upon receipt of the Union's notification, the parties within ten workdays will petition the Federal Mediation and Conciliation Service (FMCS) for a panel of seven arbitrators and will cooperate to select promptly an arbitrator from that list. In the event that no acceptable arbitrator appears on the panel of arbitrators submitted by FMCS, either party may request an additional panel from FMCS.

(c) The arbitrator so selected shall hold a hearing as promptly as possible on a date satisfactory to the parties. If a stenographic record of the hearing is requested by either party, the initial copy of this record shall be made available for the sole use of the arbitrator. The cost of this initial copy and its own copy shall be borne by the requesting party, unless both parties desire a copy. If both parties desire a copy, they shall equally share the cost of the arbitrator's copy, and shall each bear the cost of any copies of the record they desire.

(d) After completion of the hearing and the submission of the post-hearing briefs, the arbitrator shall render a decision and submit to the parties written findings that will be binding on both parties to the Agreement.

(e) The arbitrators' and other joint expenses mutually agreed upon shall be borne equally by both parties.

(f) Any grievance that is not taken to the next step within the time limits specified will be deemed to have been withdrawn. If at any step in the grievance procedure, the Company does not answer within the designated time frame, the Union may notify the Company of its desire to advance the grievance to the next step of the grievance procedure. Any time limits may be extended by written agreement between the parties.

(g) The arbitrator shall have no authority to add to, detract from, alter, amend, or modify any provision of this Agreement. It is also mutually agreed that there shall be no work stoppage or lockouts pending the decision of the arbitrator or subsequent thereto.

ARTICLE VIII

Section 1. (a) The parties hereto agree that the wage rate schedules in effect immediately prior to the execution of this Agreement shall be amended as follows:

MAXIMUM HOURLY WAGE RATES

		Clerical				
		As Of April 1, 2018	Effective April 1, 2019	Effective April 1, 2020	Effective April 1, 2021	Effective April 1, 2022
	Base Increase	NA	2.50%	2.50%	2.50%	2.50%
Wage level	1	$ 14.86	$15.23	$15.61	$16.00	$16.40
	2	$ 16.43	$16.84	$17.26	$17.69	$18.14
	3	$ 18.37	$18.83	$19.30	$19.78	$20.28
	4	$ 18.37	$18.83	$19.30	$19.78	$20.28
	5	$ 19.71	$20.20	$20.71	$21.23	$21.76
	6	$ 21.52	$22.06	$22.61	$23.17	$23.75
	7	$ 21.52	$22.06	$22.61	$23.17	$23.75
	8	$ 23.88	$24.48	$25.09	$25.72	$26.36
	9	$ 25.53	$26.17	$26.82	$27.49	$28.18
	10	$ 27.45	$28.14	$28.84	$29.56	$30.30

	Year	2018	2019	2020	2021	2022
	Base Increase	NA	2.50%	2.50%	2.50%	2.50%
	11	$ 27.45	$28.14	$28.84	$29.56	$30.30
	12	$ 28.61	$29.33	$30.06	$30.81	$31.58
	13	$ 29.88	$30.63	$31.39	$32.18	$32.98
	14	$ 30.97	$31.74	$32.54	$33.35	$34.19
	15*	$ 31.66	$32.45	$33.26	$34.09	$34.95
	16*	$ 32.33	$33.14	$33.97	$34.82	$35.69
	17*	$ 33.96	$34.81	$35.68	$36.57	$37.49

* Specially negotiated rates not subject to the Wage Evaluation Committee.

		Meter Reading				
		As Of April 1, 2018	Effective April 1, 2019	Effective April 1, 2020	Effective April 1, 2021	Effective April 1, 2022
	Base Increase	NA	2.50%	2.50%	2.50%	2.50%
Wage level	MR1	$ 18.32	$18.78	$19.25	$19.73	$20.22
	MR2	$ 18.52	$18.98	$19.46	$19.94	$20.44
	MR3	$ 21.75	$22.29	$22.85	$23.42	$24.01
	MR4	$ 25.79	$26.43	$27.10	$27.77	$28.47
	MR5	$ 27.72	$28.41	$29.12	$29.85	$30.60
	MR6	$ 19.81	$20.31	$20.81	$21.33	$21.87

		Call Center and Revenue Services				
		As Of April 1, 2018	Effective April 1, 2019	Effective April 1, 2020	Effective April 1, 2021	Effective April 1, 2022
	Base Increase	NA	Max Rate	Max Rate	Max Rate	Max Rate
Level	C2*	$ 16.00	$16.00	$16.40	$16.81	$17.23
	C3**	$ 15.08	$15.08	$15.08	$15.08	$15.08
	C4**	$ 13.00	$13.00	$13.00	$13.00	$13.00
	C5**	$ 18.50	$19.00	$19.00	$19.00	$19.00
	C7*	$ 19.00	$19.50	$19.50	$19.75	$19.75

*Eligible for the annual wage increase.

** Not eligible for the annual wage increase.

Employees at the maximum rate of pay will receive the annual wage increase applicable to Clerical employees in the form of a lump sum.

		Manual				
		As Of April 1, 2018	Effective April 1, 2019	Effective April 1, 2020	Effective April 1, 2021	Effective April 1, 2022
	Base Increase	NA	2.50%	2.50%	2.50%	2.50%
Wage Level	7	$ 29.36	$30.09	$30.84	$31.61	$32.40
	10	$ 27.80	$28.50	$29.21	$29.94	$30.69
	12	$ 31.69	$32.48	$33.29	$34.12	$34.98
	16	$ 31.69	$32.48	$33.29	$34.12	$34.98

		Technical				
		As Of April 1, 2018	Effective April 1, 2019	Effective April 1, 2020	Effective April 1, 2021	Effective April 1, 2022
	Base Increase	NA	2.50%	2.50%	2.50%	2.50%
Wage Level	1	$ 23.42	$24.01	$24.61	$25.22	$25.85
	2	$ 25.58	$26.22	$26.88	$27.55	$28.24
	3	$ 28.38	$29.09	$29.82	$30.56	$31.33
	4	$ 30.39	$31.15	$31.93	$32.73	$33.55
	5	$ 32.66	$33.48	$34.32	$35.17	$36.05
	6	$ 34.09	$34.94	$35.81	$36.71	$37.63
	7	$ 35.50	$36.39	$37.30	$38.23	$39.19
	8	$ 36.83	$37.75	$38.69	$39.66	$40.65
	9	$ 37.89	$38.84	$39.81	$40.81	$41.83
	10*	$ 39.68	$40.67	$41.69	$42.73	$43.80
	11*	$ 40.75	$41.77	$42.81	$43.88	$44.98
	12*	$ 41.81	$42.86	$43.93	$45.02	$46.15

* Specially negotiated rates not subject to the Wage Evaluation Committee.

		CPC				
		As Of April 1, 2018	Effective April 1, 2019	Effective April 1, 2020	Effective April 1, 2021	Effective April 1, 2022
	Base Increase	NA	2.50%	2.50%	2.50%	2.50%
Level	CP1	$ 29.09	$29.82	$30.56	$31.33	$32.11
	CP2	$ 34.30	$35.16	$36.04	$36.94	$37.86
	CP3	$ 41.81	$42.86	$43.93	$45.02	$46.15

		IT				
		As Of April 1, 2018	Effective April 1, 2019	Effective April 1, 2020	Effective April 1, 2021	Effective April 1, 2022
	Base Increase	NA	2.50%	2.50%	2.50%	2.50%
Level	IT1	$ 39.68	$40.67	$41.69	$42.73	$43.80
	IT2	$ 34.12	$34.97	$35.85	$36.74	$37.66
	IT3	$ 28.85	$29.57	$30.31	$31.07	$31.85

(b) These wage rate increases shall not apply to the minimum wage rates of starting job classifications. Any changes to wage rates, including merit or general wage increases, will be applied beginning the first day of the pay period that includes the effective date of the increase.

(c) The wage increases mentioned above shall not apply to any employee whose present wage rate is on or above the new maximum wage rate of his job classification, except employees who are on physical retrogressions, who shall receive the increase applicable to their individual wage rate as of the indicated dates of increase.

(d) Manual employees shall be provided the higher of a $10.00 promotional increase above the maximum wage rate of the job classification from which they promote, or the minimum wage rate of the job classification to which they promote. Clerical and Technical employees shall be provided the higher of a $10.00 promotional increase or the minimum wage rate of the job classification to which they promote. This provision will not apply when the maximum wage rate of a job classification is not at least $10.00 above the maximum wage rate of the job classification from which it promotes.

(e) Whenever the difference between the minimum and maximum wage rates of a job classification is not divisible by $0.25, the intermediate wage rates will be by $0.25 steps, with the exception of the last step to the maximum wage rate of the job. In such case the increase to the maximum wage rate will include the $0.25 increment plus the odd amount necessary to equal the maximum wage rate, provided, however, that the total amount of this increase is less than $0.50. A-40

(f) Any employee in the Union who was on or below the maximum wage rate of his job classification as of the indicated dates of increase shall receive the increase applicable to the maximum wage rate of his job classification.

(g) The shift differentials and Sunday premium paid to employees on scheduled shifts on classified jobs will be as follows:

Name of Shift	**Definition of Shift**	**Shift Differential Cents Per Hour May 6, 2019 – March 31, 2023**
Day Shift	Where the majority of the scheduled hours worked are between 8:00 a.m. and 4:00 p.m.	$0.00
Afternoon Shift	Where the majority of the scheduled hours worked are between 4:00 p.m. and 12:00 Midnight	$1.80

Night Shift	Where the majority of the scheduled hours worked are between 12:00 Midnight and 8:00 a.m.	$1.85

When the majority of the hours in a shift are on a Sunday, a Sunday premium will be paid to an employee for all scheduled straight time hours worked on that shift.

	As of May 6, 2019
Sunday Premium	$2.05

(h) The nature of the work involved under each payroll classification shall be defined, as nearly as possible, by the Company and occupational classifications and job descriptions shall be prepared by the Company and be subject to review by the Union. A-40

(i) The Job Evaluation Committee of the Company will be responsible for evaluating all new or revised job classifications. The evaluation established by this Committee will be used to determine the maximum wage rate for each new or revised job classification. Results of the evaluation will be communicated to the Union at least two weeks before the effective date of the new or revised job classification. A-21 A-38 A-40 A-41

(j) The Union shall appoint a Classification Committee consisting of not more than five members who may review the evaluation and wage rate of any new or revised classification. The Union's Committee may, by request, meet with the Company's Committee as soon as possible at a mutually agreeable time, but within 30 days after the Union has been notified by the Company of the proposed new or revised classification, for the purpose of presenting any information relative to the evaluation of a new or revised classification. The Union will be notified after the Company's Committee has reviewed the information presented by the Union. All wage rates so established shall be final and binding and not subject to the grievance and arbitration procedure. However, if any revised wage rates are reduced as a result of the evaluation(s), they will not be placed into effect until the Company and the Union have had an opportunity to negotiate them during full contract negotiations, even though the revised job classification will be in effect. Employees, presently in, or promoting to, such job classifications will continue to receive wage adjustments in accordance with the other provisions of the Agreement just as if the wage rate had remained at the same level until a new Agreement is reached.

(k) When the Union believes that a new or revised job description does not adequately describe the principal duties and minimum qualifications necessary to provide a sufficient basis for evaluating that job description, a letter outlining the Union's suggested changes may be sent to the management of the appropriate department for consideration. However, there will be no recourse to the grievance and arbitration procedure because of the language of a job description or the evaluation of a job classification.

(l) Where the Union deems an employee to be improperly classified, it will be considered as a grievance and shall be handled under the grievance procedure described elsewhere in this Agreement.

Section 2. (a) With the exception of shift differential premium, and a holiday occurring during an employee's vacation, it is agreed that under no circumstances shall any section of this Agreement be interpreted to provide the pyramiding of a benefit or premium payment to employees covered by this Agreement. For example, no employee may claim sick pay while receiving vacation pay or holiday pay while receiving sick pay.

(b) It is further agreed that there shall be no interruption in the payment of one benefit in order that employees may receive payment for another benefit. For example, employees may not interrupt vacation to begin sick leave or interrupt sick leave to include a holiday. The only exceptions to this provision are that an employee's sick pay may be interrupted to include vacation pay and that vacation pay may be interrupted to include death in family pay as set forth in the Agreement.

Section 3. Pay Checks will be directly deposited into one or more bank accounts employees shall designate and authorize. Direct Deposit advices will be mailed to the employee's home address if he/she has elected to receive a printed copy. For any employee who specifically declines to authorize direct deposit. a paper check will be mailed to the employee's home address.

ARTICLE IX

Section 1. ABSENCE DUE TO SICKNESS, FAMILY CARE AND PARENTAL LEAVE. (a) Effective January 1, 2020, employees will be eligible for paid time off due to qualifying sick or family care reasons and, effective upon ratification of this Agreement for paid parental leave, on the same basis as the Company's general, non-represented employee population.

(b) After a part-time employee with 12 months of service or a full-time employee has been continuously disabled, subject to medical determination, and unable to return to work for more than seven consecutive calendar days, the employee will receive Short-Term Disability pay consisting of up to 26 weeks of pay per incident with payment based on the schedule below or until the employee is able to return to work, whichever occurs first.

Years of Service	Maximum Weeks at 100% Pay	Weeks at 66 2/3% Pay
0-1	None	All
1-5	10	Balance
6-10	15	Balance
11-14	20	Balance
15-20	26	Balance
21 or more	ALL	N/A

(c) After an employee has been continuously disabled, subject to medical determination, and is unable to return to work for more than 27 consecutive weeks, and has exhausted Short-Term Disability benefits, the employee will receive Long-Term Disability benefits as described in the Company's Long-Term Disability Plan Description.

Section 2. Compensation will not be provided for illnesses resulting from such causes as: illegal use of drugs or alcohol, willful intention to injure oneself, the commission A-50
of a crime, elective or cosmetic procedures not covered by the medical plan, the employee's refusal to adopt such remedial measures as may be commensurate with the employee's disability or permit reasonable examinations by the Company.

Section 3. It is also mutually understood and agreed that the Company shall have the right to investigate and determine for its own satisfaction the bona fide nature of any illness for which pay is requested as well as the duration thereof. In order to facilitate the scheduling of the work forces, employees who will be absent from work are expected to notify the Company as soon as possible, but not later than one hour after their regular starting times and in the case of shift workers, one hour before the start of their shifts. Unless an employee submits a legitimate excuse for not reporting the cause of absence before the end of the first hour of such absence, the employee's claim for sick leave pay shall not begin until such notice is received.

Section 4. When employees have received all of the disability pay to which they A-5
are entitled under this Agreement they shall be granted, upon written request on a form provided by the Company, a "leave of absence" and shall not be eligible for further disability pay benefits until they have returned to steady employment.

Section 5. (a) An employee accrues entitlement of 1/12 of their current year's A-52
vacation for each full month the employee is employed during the current calendar year or is on STD, or leave of absence. Any employee leaving the Company's service during any calendar year shall receive payment for any unused portion of accrued vacation for that current year. However, in the event of an employee's death, the estate of the employee will be paid the unused portion of the employee's total vacation allotment for the current year.

Employees returning from military service will receive vacations with pay in the calendar year in which they return as follows:

Month in which Employee Returns to Company's Employment	Amount of Vacation Based on System Service of Employee
Up to and including June	Full
July, August and September	One-Half
After September	None

(b) In order for an employee to qualify for a vacation, the employee must have been ready, willing and able to work as a full-time regular or probationary employee during the calendar year the vacation is taken.

(c) The anniversary of employment shall determine the employee's vacation status. Every effort will be made to grant vacations at a time suitable to the employee, but should the vacation of an employee handicap the operations of the Company in any way, the Company reserves the right to require the vacation be taken at another time. Normally, preference shall be granted in the selection of vacation dates on the basis of system service. A-1 A-8

(d) Employees with less than one year of service with the Company shall be entitled to one day of vacation for each month worked, with a maximum of 10 total days.

(e) Employees with one year of service with the Company shall be entitled to a vacation of two weeks.

(f) Employees with seven or more years of service with the Company shall be entitled to a vacation of three weeks. Should the amount of work or other working conditions be such that the operations of the Company would be handicapped by granting of the third week of an employee's vacation, the Company reserves the right to require an employee to take his third week of vacation at such time that does not interfere with the operations of the Company.

(g) Employees with 15 or more years of service with the Company shall be entitled to a fourth week of vacation or payment of one week's wages (40 hours) at straight time in lieu thereof. The Company may also require such employees to take the fourth week of their vacation at such time as does not interfere with the operations of the Company.

(h) Employees with 21 or more years of service with the Company shall be entitled to a fifth week of vacation or payment of one week's wages (40 hours) at straight time in lieu thereof. The Company may also require such employees to take the fifth week of their vacation at such time as does not interfere with the operations of the Company.

(i) Employees with 32 or more years of service with the Company shall be entitled to a sixth week of vacation or, if required to work by the Company, payment of one week's wages (40 hours) at straight time in lieu thereof. The Company may also require such employees to take the sixth week of their vacation at such time as does not interfere with the operations of the Company.

ARTICLE X

Section 1. Regular employees entering the armed services of the United States or employees who are conscripted by the United States Government during a period of national emergency shall continue to accumulate full system service and full seniority and may return to their former position or one of equal pay and rank, provided they report for work with a certificate of satisfactory completion of military or governmental service within 90 days after their release from active service.

Section 2. (a) All Company sponsored life and AD&D insurance coverage for employees starting an approved military leave of absence will be continued for a period of at least 90 days after the employee's leave of absence begins with the same cost sharing as before the leave began.

(b) Company Group Life Insurance of employees returning to Company service within 90 days after their release from active service will be reinstated without physical examination or waiting period.

Section 3. None of the foregoing provisions in this Article shall apply to those employees who are not eligible for statutory re-employment rights.

ARTICLE XI

Section 1. (a) The following days are observed as regular holidays which will be recognized on the indicated dates. The Company may change the date for recognizing a holiday if the date indicated is changed by a legislative enactment or if the prevailing community practice is not consistent with the indicated date.

HOLIDAY	DATE RECOGNIZED
New Year's Day	January 1
Memorial Day	Last Monday – May
Independence Day	July 4
Labor Day	First Monday – September
Thanksgiving Day	Fourth Thursday – November
Day after Thanksgiving	Friday after Thanksgiving
Christmas Eve	December 24
Christmas Day	December 25

(b) If the recognized date of a holiday occurs on a Saturday or Sunday, the Company will have the option of either celebrating that holiday on another date which is consistent with community practice or paying eight hours of regular straight time holiday pay in lieu thereof for the holiday.

(c) Regular employees whose duties do not require them to work on holidays will be paid straight time. Regular employees who are scheduled to work on a recognized holiday will be paid at time and one-half for the first eight hours worked in addition to their straight time holiday pay. However, those employees who work less than the eight hours scheduled will have their straight time holiday pay correspondingly reduced.

(d) Regular employees who are called out to work on a recognized holiday for a period of four hours or less not contiguous with hours worked into or out of the holiday will A-11 be paid for four hours at time and one-half in addition to their straight time holiday pay. Employees who are called out to work on a recognized holiday for more than four hours not contiguous with hours worked into or out of the holiday but less than eight hours will be paid for eight hours at time and one-half in addition to their regular straight time holiday pay. Employees who are required to work more than eight hours on a recognized holiday will be paid at the rate of double time for all such work in excess of eight hours. An employee must work either his full scheduled day before, or his full scheduled day after a holiday to be entitled to receive holiday pay. An employee will not be compensated for travel time on a call-out which occurs on a regular holiday.

(e) When a holiday falls within an employee's vacation, the employee shall, at the discretion of the Company, either be allowed an additional vacation day at such time in the same year as shall be mutually agreed upon between the employee and his supervisor or shall receive eight hours additional pay to compensate for the loss of such holiday pay.

(f) An employee beginning a leave of absence will not receive holiday pay for holidays occurring after the last day worked except when the employee works the full calendar day immediately before a recognized holiday which is in the same pay period.

Section 2. (a) An employee who has completed six months of service with the Company shall be entitled to four compensated Personal days off and one compensated Diversity day off each calendar year. Requests for Personal/Diversity days should be made at least five calendar days prior to the date requested and must be approved by management. However, because of extenuating circumstances, a day off with less than a five calendar-day notification may be approved by an employee's supervisor; such approval will not be unreasonably denied. The Company reserves the right to limit the number of employees who can be off on a specific day. Individual departments will attempt to accommodate as many requests as possible to take a Personal/Diversity day or vacation day on Martin Luther King, Jr. Day, Presidents' Day, and/or Good Friday.

(b) If a Personal/Diversity day is not used during a year, it shall be lost and no additional compensation shall be granted. Any employee who resigns, retires or is discharged from the Company for any reason shall not receive compensation for any remaining Personal/Diversity days.

(c) Personal/Diversity days must be taken in full day increments. Paid Personal/Diversity days will not be considered as absences for purposes of an individual's attendance record.

ARTICLE XII

Section 1. (a) It is agreed that the present establishment of 40 hours per week of the Company will remain in effect, except in those divisions where longer or shorter hours are now being worked, and the Company guarantees employment of not less than 40 hours per week for 52 weeks of each year to all employees represented by the Union as bargaining agent, who are available and ready to work, and who are regular full-time employees of the Company, except those on a less than 40 hour basis now. No such employees shall be required to work more than 40 hours in any one week, consisting of seven days, nor more than eight hours in any one day except as hereinafter provided.

(b) Nothing in this section will affect in any manner the right of the Company to make temporary or permanent reductions in forces when considered necessary by the Company.

(c) Nothing in this Agreement shall be deemed to require the Company or the Union to commit an unfair labor practice or other act which is forbidden by, or is an offense under, existing or future laws affecting the relations of the Company with the employees bargained for by the Union.

Section 2. (a) The work week of an employee for payroll purposes and for determining off-days shall consist of seven consecutive days with a minimum of two scheduled off days and be from midnight Sunday to midnight the following Sunday. Employees working on a shift beginning two hours or less before midnight will be considered as having worked their hours following midnight. A-12 A-17

(b) Regular scheduled hours of work per day will be at straight time for regular scheduled work days, time and one-half for the employee's first scheduled off-day in the work week, double time for the employee's second scheduled off-day in the work week and time and one-half for any additional scheduled off-days in the work week. Any time in excess of the employee's regular scheduled hours per day will be paid at the rate of time and one-half except the employee's second scheduled off-day worked which will be paid at double time. A-71 A-76

(c) Employees required to work more than 16 consecutive hours will be paid double time for all time worked in excess of, and contiguous with, the 16 consecutive hours.

(d) Schedules for all employees will be based on the time prevailing in the City of Cincinnati.

(e) In no case will an employee be forced to take time off in lieu of overtime pay. The Company shall be the sole judge as to the necessity for overtime work, and the employee shall be obligated to work overtime when requested to do so. When overtime occurs in a group or department, where more employees are qualified and available to work than are necessary at the moment, the Company agrees to establish a system of selecting the employees who are to work, in a sincere effort to equalize overtime work. The employees will be notified in advance, whenever possible, when they are required to work overtime.

Section 3. (a) The Union recognizes the need for shift work and weekend work in order to provide for continuous operation, and overtime rates will apply as set forth in Article XII, Section 2.

(b) An employee who is transferred from his regular shift to another shift shall be notified of said transfer at least 24 hours prior thereto. A-13

Section 4. (a) Employees called out for other than planned overtime shall be paid a minimum of four hours at the appropriate overtime rate. Travel time of one-half hour each way will be allowed on a call-out when such call-out exceeds four hours of continuous work that is not contiguous with a regular scheduled shift. Employees will not be compensated for any travel time for planned overtime; or on a call-out when the employee is not released from work before his regularly scheduled shift; nor will travel time be allowed when overtime is worked continuously at the end of a regularly scheduled shift. A-74 A-78

(b) Planned overtime shall be defined as time worked upon notice to an employee given before leaving his headquarters or place of reporting, or in case of an off-day, during or before what would have been his scheduled hours on that day, that he is to report outside of his regular schedule on any succeeding day. Such time worked shall be paid for at the appropriate overtime rate but not for less than four hours unless such planned overtime extends into or directly follows the employee's regularly scheduled work day, when it shall be paid for at the appropriate overtime rate for the actual hours worked.

Section 5. (a) Employees working two hours or more in excess of their normal work day, shall receive a meal, or compensation in lieu thereof, and an additional meal, or compensation in lieu thereof, after each additional five hours of continuous overtime work over and above the original two hours mentioned above.

(b) Employees called out on either their scheduled off day, or four or more hours before his regularly scheduled starting time, shall be furnished a meal, or compensation in lieu thereof, for each contiguous five hour interval worked even though he works into his regularly scheduled work day.

(c) The meal compensation allowance referred to above shall be as follows:

Effective May 6, 2019 – March 31, 2023
$11.50

Section 6. It is further agreed by the Company that any manual employee temporarily advanced to a higher classification shall receive the minimum rate of pay applicable to that classification if such work is for four hours or more. If such work is for more than four hours the employee shall receive the minimum rate of pay applicable to that classification for the remainder of the normal day worked. In the administration of this section of the Agreement, a temporary assignment shall be construed to mean any job assignment which is not expected to continue for more than 90 consecutive days. A-46

Section 7. (a) Employees in this bargaining unit temporarily assigned to a supervisory position outside the bargaining unit for four hours or more, shall receive $1.50 per hour above the maximum rate of pay of either their job classification, or the highest rated job classification they supervise, whichever is greater. It is expressly understood that employees temporarily assigned to a supervisory position shall direct the flow of work and oversee the assignment and completion of work in accordance with applicable policies and procedures in the department. However, they shall not have any responsibility for making hiring decisions, issuing evaluations or discipline, or moving work currently performed by other bargaining unit members into or out of any department.

(b) Employees promoted to a job outside the bargaining unit and who return to the bargaining unit within six months, shall retain all classified seniority accumulated up to the date of their promotion. If employees who were in a job outside the bargaining unit for more than six months, return to the bargaining unit, they will be placed in a starting job classification and receive a classified seniority date behind all employees. No employee may return to a bargaining unit job classification if, as a result, an employee represented by the Union would be laid off.

ARTICLE XIII

Section 1. (a) The Company agrees that upon his or her return to work from illness or disability, consideration will be given to the employee's physical condition, and, if possible, a less vigorous type of work will be granted at no reduction in the employee's regular pay for a temporary period to be determined by the employee's and the Company's physicians.

(b) If an employee with 15 or more years of service becomes physically unable to satisfactorily and safely perform the regular duties of his classification, an effort will be made by the Company to find work of a less strenuous nature for which he is qualified and to which the employee will be retrogressed. The employee's wage rate will be reduced by an amount equal to the semi-annual merit increase for the employee's job classification at the time of the assignment to a job of a lower classification and at six months' periods will be reduced by an amount equal to the semi-annual merit increase for the employee's job classification until the employee's wage rate is equal to the maximum wage rate of the job classification to which he has been retrogressed.

(c) If an employee with 10 to 14 years of service becomes physically unable to satisfactorily and safely perform the regular duties of his job classification, he may request a demotion to a lower classification requiring work of a less strenuous nature for which he is qualified to perform. If such a demotion is granted by the Company, the employee will be assigned to a lower classification and will have his wage rate red-circled until it is equal to the maximum wage rate of the job classification to which he has been demoted. Employees whose wages have been red-circled and who subsequently achieve 15 years of service will become retrogressed in accordance with paragraph (b) above.

(d) If an employee with less than 10 years of service becomes physically unable to satisfactorily and safely perform the regular duties of his job classification, he may request a demotion to a lower classification requiring work of a less strenuous nature for which he is qualified to perform. If such a demotion is granted by the Company, the employee will be assigned to a lower classification and will have his wage rate established at the maximum wage rate of the job classification to which he has been demoted.

Section 2. Injured employees who are unable to work because of an industrial accident will be paid a supplement in an amount equal to one half of the difference between what he/she would have received at regular work and the amount received as compensation for such injury, for a period not to exceed 26 weeks. This supplemental industrial accident compensation will begin after the initial seven calendar day waiting period and will continue for not more than 26 weeks of continuous disability. If, however, an industrial accident disability continues for two or more weeks, the employee will receive this supplemental industrial accident compensation for the initial seven day waiting period.

Section 3. Upon the death of the designated relatives of an employee, the employee, upon request, may be entitled to the stipulated maximum number of calendar days off for which the employee is entitled to receive regular pay for not more than the indicated number of consecutive working days, including the day of the funeral. No pay will be granted for regular scheduled off days.

Relationship	Maximum Consecutive Calendar Days Off	Maximum Consecutive Working Days Off With Pay
Spouse or Domestic Partner	7	5
Child/Step/Foster	7	5
Mother/Step/Foster	7	5
Father/Step/Foster	7	5
Brother/Step/Foster	7	5
Sister/Step/Foster	7	5
In-Laws (father, mother, brother, sister, son or daughter)	5	3
Grandchild/Step	5	3
Grandparent/Spouse's Grandparent	5	3
Any relative who resides in the employee's household.	7	5
Aunt/Uncle	5	3
Nephew/Niece	5	3

If an employee has reported to work and is notified of a death in the family and leaves the job, the day will not be charged as one of the consecutive working days for which the employee is entitled to receive regular pay.

ARTICLE XIV

Section 1. The Company agrees to erect bulletin boards at locations to be selected by the Union and the Company. The use of these boards is restricted to the following: notices of Union meetings, notices of Union elections, notices of changes within the Union affecting its membership, and any other notices issued on the letterhead of the Union. There shall be no other general distribution or posting by the members of the Union of pamphlets, or political literature of any kind, except as herein provided.

ARTICLE XV

Section 1. Any member or members not to exceed three members elected or employed by the Union whose duties for the Union require their full time shall be granted a leave of absence by the Company for six months and additional six months' periods thereafter, provided that each member is from a different promotional sequence or that the Company has granted permission for two members to be from the same promotional sequence. On return to the employ of the Company, such employees shall be employed at their previous classification or other higher classification within this unit for which they may be qualified.

ARTICLE XVI

Section 1. (a) The Company agrees to notify the Union of the contemplated hiring of any outside contractors to do work normally performed by regular employees covered by this Agreement. Such notification will be given if it is contemplated that the work will be in excess of 2,000 man-hours.

(b) It is the sense of this provision that the Company will not contract/outsource any work which is ordinarily done by its regular employees if as a result thereof, it would become necessary to lay off any such employees.

Section 2. (a) Each employee shall have a specific headquarters for reporting for work. However, the right of the Company to effect transfers and reassignments to properly run its business is recognized.

(b) When it is necessary to temporarily assign employees to a headquarters other than their own or to a job site reporting location that is further from their home than their regular headquarters, these employees will be paid mileage at the prevailing rate based on the additional round-trip mileage employees are required to drive. No mileage compensation will be paid for the temporary assignment if the other reporting location is closer to the employee's home. Employees reassigned (non-temporary assignment) to a different headquarters will be paid mileage compensation during the first fourteen calendar days of the reassignment. A-15

(c) When an entire work group is assigned to a new headquarters, paragraph (b) of this Article shall not apply.

(d) Job site reporting and other temporary assignments will be offered on a voluntary basis. If there is an insufficient number of volunteers, assignments will be made on a junior qualified basis. When assigning the junior qualified, unusual or extenuating circumstances will be taken into consideration.

(e) Employees may be assigned to drive Company vehicles from and to the job site from home or sites close to home. If Company vehicles are used in such a manner, the mileage provisions for job site reporting are not applicable. An option to the mileage provision is that employees may, during a job site reporting assignment, pick up and return a Company vehicle to their regular headquarters, provided travel is on their own time.

ARTICLE XVII

Section 1. Witness Fees. Regular pay and reasonable or required expenses will be allowed employees who may be summoned or requested to testify for the Company.

Section 2. (a) Employees required to serve on a jury shall be compensated on the basis of their regular salary. Employees must report to work during the working hours when they do not need to be present for jury duty.

(b) An employee working on either a night or afternoon shift at a time when he is scheduled for jury duty, who is unable to postpone the jury duty until a time when he will be working on a day shift, may request the Company to assign him to a day shift schedule. Such a request must be made at least seven working days before the jury duty service is scheduled to begin. When the term of jury duty for such an employee has ended, he shall return to his normal working schedule.

ARTICLE XVIII

Section 1. RETIREMENT INCOME PLAN: (a) Eligible Union employees hired or rehired before January 1, 2016 will participate, or continue to participate, in the existing Cinergy Corp. Union Employees' Retirement Income Plan (the "Retirement Income Plan"); provided, however, that effective January 1, 2009, the cash balance feature provided under the Retirement Income Plan shall be amended to provide that all future pay and interest credits provided thereunder to eligible Union employees will mirror the pay and interest credits provided as of the date of this Agreement under the Duke Energy Retirement Cash Balance Plan (i.e., 4% - 7% depending on age and years of service), and as further amended under the terms set forth in the April 15, 2015 Letter Agreement titled "Amendment to A58 Retirement Plan Agreement. Employees hired or rehired on or after January 1, 2016 will not be eligible to participate in the Retirement Income Plan.

(b) It is agreed that the Company will not reduce the benefits and the Union will not request any change in the Retirement Income Plan until the expiration of the Agreement on April 1, 2019.

ARTICLE XIX

Section 1. Any insurance benefit plans under the Duke Energy Health & Welfare Benefit Plans not specifically referenced elsewhere in this Contract (i.e. life insurance, supplemental, accidental death and dismemberment and dependent life insurance) that the Company maintains and/or implements for the general non-unionized employee population shall also be provided to the bargaining unit employees at the same benefit levels, costs and plan design structure as for the non-unionized employees. The Company has the right to add, eliminate, and alter or to make any other changes to these insurance benefit plans or the employee costs for the plans, consistent with any changes it makes for the general, non-unionized employee populations.

ARTICLE XX

Section 1. HOSPITAL AND MEDICAL PLANS: (a) Health care coverage shall consist of the specially negotiated EPO Plan and shall remain in effect for the term of the 2008 – 2012 Contract. All terms of the specially negotiated EPO Plan, regarding plan design, covered services, premiums and other employee costs, shall be in accordance with the 2008 negotiations letter of agreement entitled "Health Care Benefits." A-42 A42b

(b) Any other health care plans (medical or dental) that the Company unilaterally implements at its sole discretion for the general non-represented employee population shall also be provided to the bargaining unit employees at the same costs and plan design structure as for the non-represented employees. It is expressly understood that the right to add, eliminate, and alter or to make any other changes to these health care plans or to employee costs for the plans, is reserved to the Company.

(c) The Company's part of the premium will continue to be paid while an employee is receiving illness or accident compensation provided the employee was covered by such a contract immediately prior to their sickness or industrial accident.

ARTICLE XXI

Section 1. The level of benefit coverage within the medical, dental, flexible spending accounts, basic and additional life, long-term disability, and pension plans will remain substantially equivalent to the coverages mutually agreed upon during negotiations.

ARTICLE XXII

Section 1. (a) Eligible Union employees will participate or continue to participate in the existing Duke Energy Retirement Savings Plan (the "RSP"); provided, however, that (i) for eligible Union employees in the Cinergy Traditional Formula under the Cinergy Corp. Union Employees' Retirement Income Plan (Retirement Income Plan), the matching contribution formula (rate and definition of eligible compensation) under the RSP will continue to be the formula in effect prior to January 1, 2009 (i.e. 100% match on pre-tax and Roth 401(k) contributions up to 3% of the participant's eligible pay, 50% match on the A-58 A-58a pre-tax and Roth 401(k) on next 2% of the participant's eligible pay, and an incentive match based on the attainment of corporate goals established by Duke Energy), (ii) for all other eligible Union employees, the matching contribution formula rate (rate and definition of eligible compensation) under the RSP will mirror the matching contribution formula provided under the RSP for all eligible union employees other than "Cinergy Traditional Employees" as of the date of this Agreement (i.e. 100% match on pre-tax and Roth 401(k) contributions up to 6% of the participants eligible compensation, with no incentive matching contribution opportunity), and (iii) for eligible Union employees who are not eligible for the Retirement Income Plan on or after January 1, 2016, the RSP shall provide the employer retirement contribution formula (rate and definition of total pay under the RSP that mirrors the employer retirement contribution formula provided for all participants who are not eligible to participate in a defined benefit pension plan (i.e.4% of total pay) as of the date of this Agreement.

(b) The RSP is contained in the existing Duke Energy Retirement Savings Plan as amended and restated effective January 1, 2014 and as amended by an amendment dated December 19, 2014.

(c) The Company hopes and expects to continue the RSP indefinitely, but must reserve the right to alter it or discontinue Company contributions to it for a time. However, under no circumstances shall any part of the corpus or income held by the Trustee of the RSP be recoverable by the Company or be used for or diverted to any purposes other than for the exclusive benefit of the employee participants or their beneficiaries as provided in the RSP.

IN WITNESS WHEREOF, the Utility Workers Union of America, AFL-CIO, Local 600, formerly the Independent Utilities Union, Cincinnati, Ohio and Duke Energy Ohio, Inc., Duke Energy Kentucky, Inc., do hereby, by their duly authorized agents, execute and sign this Agreement in duplicate on this 29 day of March, 2019.

DUKE ENERGY OHIO, INC.
DUKE ENERGY KENTUCKY, INC.

Amy B Spiller
Amy Spiller
State President-Ohio/Kentucky

Stan Sherrill
Stan Sherrill
Vice President – Strategic HR Business Solutions, Employee & Labor Relations

Jay R. Alvaro
Jay R. Alvaro
Director, Labor Relations

Lisa A. Gregory
Lisa A. Gregory
Manager, Labor Relations

Michael Ciccarella
Michael A. Ciccarella
Sr. Human Resources Consultant

Terri Barnes
Terri Barnes
Sr. Human Resources Consultant

UTILITY WORKERS UNION OF AMERICA, AFL-CIO, LOCAL 600

Steve Kowolonek
Steve Kowolonek
President

Mike Hoffman
Mike Hoffman
Vice President

D Wallace
D.L. Wallace
Secretary

Jueisha Boykin
Jueisha Boykin
Treasurer

Illyana Long
Delegate

Camille Waller
Camille Waller
Delegate

Kelly Cooper
Kelly Cooper
Sr. National Representative
UWUA Region III

HISTORICAL SIDEBAR LETTERS
2019 – 2023

Between

Duke Energy Ohio, Inc.
Duke Energy Kentucky, Inc.

and

Utility Workers Union of America,
AFL-CIO, Local 600

Appendix A

Historical Documents Preserved
And Made A Part Of This Agreement
For Interpretation And Application

The index and marginal references in the Labor Agreement to documents in Appendix A are intended only for convenience in administering the Labor Agreement. The index and marginal references and Appendix A are not intended to list every document that could be applicable to any factual situation arising under a given Article or Section of the Labor Agreement. It is also not intended that each document referenced in an Article or Section will be applicable to any or all factual situations covered by the referenced Article or Section. No inferences, presumptions, or conclusions shall be drawn by the Company, the Union, or any arbitrator from the indexing of, a marginal reference to, or failure to reference any document listed in Appendix A.

Document Number	Document Date	Article	Subject
A-1	12/22/71	IX, 5(c)	Vacation Selection
A-2	07/16/74	V, 4(b)	Inter-Department Transfers
A-3	03/28/77	V, 2(c)	Multiple Posting System in Property Department
A-4	03/28/77	V, 3(d)	Testing Procedures When Employees Promote
A-5	04/13/12	IX, 4	Leaves of Absence
A-6	04/18/89	V, 6	Hiring Co-ops – Union Notification
A-8	04/13/12	IX, 5(c)	Partial Day Vacation Administration
A-9	04/18/89	I, 2(c)	Falsification and Tampering with Company Records
A-11	04/16/92	XI, 1(d)	Holiday Call-Out
A-12	04/16/92	XII, 2(a)	Flextime
A-13	04/16/92	XII, 3(b)	24 Hour Notice – Change of Shift
A-14	04/16/92	I, 1(a)	Reorganization of Distribution Operations Division
A-15	04/16/92	XVI, 2(b)	Out-of-Town Work or Training
A-17	04/13/12	XII, 2(a)	Four 10-Hour Day Guidelines
A-18	04/16/92	VII, 1(a)	Personal Attorneys
A-20	07/19/94	V, 2(e)	Gas Operations Trainer
A-32	04/14/15	II, 1 III, 1(b) VII, 1(a)	Time Off for Union Duties/Business
A-38	09/02/98	VIII, 1(i)	BOGAR Job Evaluation System
A-40	12/29/00	VIII, 1(e) VIII, 1(h) VIII, 1(i)	Manual, Clerical and Technical Job Classifications
A-41	05/14/03	VIII, 1(i)	Disconnect Non-Pay, Succession and Special Reads
A-42	06/10/04	XX, 1	Post-Retirement Medical
A-42a	04/13/12	XX, 1	Amendment to Sidebar Letter A-42 Post- Retirement Medical Benefits
A42-b	04/01/19	XX, 1	Amendment to Sidebar Letter A-42 and A42a Post-Retirement Medical Benefits
A-46	04/01/19	XII, 6	Temporary Upgrading in Clerical and Technical Jobs
A-48	04/01/19	V, 7(a) VIII, 1(a)	East Meter Reading
A-49	04/21/05	V, 3(a)	Interplant Seniority Rights
A-50	04/21/05	IX, 2	Treatment for Substance Abuse
A-51	04/21/05	XI, 2(a)	Personal/Diversity Day Requests
A-52	04/01/19	IX, 5(a)	Vacation Carryover
A-55	04/21/05	V, 3(a)	Job Elimination Situations
A-58	06/02/08	XXII, 1	Retirement Plan Agreement
A-58a	04/14/15	XXII, 1	Amendment to Retirement Plan Agreement

Document Number	Document Date	Article	Subject
A-59	06/02/08	Misc.	Sabbatical Vacation Bank and Vacation Credit Programs
A-60	06/02/08	Misc.	Union Employee Annual Incentive Program (UEIP)
A-60a	04/14/15	Misc.	Amendment to Union Employee Annual Incentive Plan (UEIP)
A-60b	04/01/19	Misc.	Amendment to Union Employee Annual Incentive Plan (UEIP)
A-61	04/01/19	V, 7(a) VIII, 1(a)	Cincinnati Call Center
A-62	06/02/08	Misc.	Part-Time Employee Benefits
A-64	04/01/19	VIII, 1(a)	Revenue Services Representatives
A-65	04/01/19	V, 2	Competency Based Selection
A-70	04/01/19	V, 3(a)	UWUA Severance Program
A-71	04/13/12	XII, 2(b)	Overtime Provisions
A-72	04/13/12		Outsourcing Affecting Job Elimination
A-73	11/16/09	Misc.	LIT Job Progression
A-74	03/31/11	XII, 4(a)	On Call Rotation – Local IT Support
A-76	12/20/12	XII, 2(b)	Foreign Utility Assistance
A-77	05/08/14	Misc.	Senior Work Management Support Specialist
A-79	04/14/15	Misc.	Separation of Delivery Operations and Gas Operations
A-80	04/14/15	Misc.	Global Positioning Systems (GPS)
A-81	04/14/15	Misc.	Engineering Specialist Progression
A-82	04/14/15	V, 2	Customer Relations Representative/Clerk C Positions
A-83	04/01/19	VI	Inclement Weather
A-84	04/01/19	XII, 2(a)	Alternate Work Schedule
A-85	04/01/19	Misc.	Gas Marketing Progression
A-86	04/01/19	Misc.	Lighting Specialist

THE CINCINNATI GAS & ELECTRIC COMPANY

CINCINNATI, OHIO 45201

December 22, 1971

Mr. Charles J. Neuhaus
Chairman
Independent Utilities Union
P.O. Box 1757
Cincinnati, Ohio 45201

Dear Mr. Neuhaus:

Reference is made to our discussion at a meeting on November 30, 1971 and to your letter of December 1, 1971, concerning a uniform vacation selection procedure for employees represented by the Independent Utilities Union.

In accordance with our conversation, the Company will adopt the following vacation selection procedures effective January 1, 1972:

> Preference for the first two weeks of vacation to which an employee is entitled will be considered within a job classification at each particular work location on a system service basis. Employees entitled to more than a two week vacation may select that additional vacation on a system service basis after all eligible employees within the job classification at each particular work location have had an opportunity to select the dates for at least two weeks of their vacation.

It is emphasized that this procedure will in no way affect the Company's right to determine the number of employees who may take a vacation at any one time.

Please confirm that the procedure stated in this letter is satisfactory to the Union so that the various affected Company departments may be notified prior to January 1, 1972.

Very truly yours,

Robert E. Byrnes

Robert E. Byrnes
Manager
Industrial Relations

A-1

(Due to the deteriorating condition of the original, this letter has been retyped.)

July 16, 1974

Mr. Charles J. Neuhaus
Chairman
Independent Utilities Union
P.O. Box 1757
Cincinnati, Ohio 45202

Dear Mr. Neuhaus:

During the 1974-1977 negotiation meetings, the committees of the Company and the Independent Utilities Union discussed interdepartment transfers to different job classification and lateral bids and their effect on classified seniority. The following procedure has been implemented as a result of the negotiations and subsequent discussions with representatives of the Union.

Individuals who laterally bid or transfer from one bidding are to another will receive classified seniority dates based on the dates they enter the new job classifications in the new bidding area. However, when an employee's move is delayed, consideration will be given to the proper adjustment of the employee's classified seniority rank so that the employee will not be penalized with respect to future opening within the new department. When such employees bid on future openings in the new department, they will be ranked on the basis of their classified seniority date in that bidding area. Should these employees bid on an opening posted outside their immediate bidding area, their wage level seniority will be used in determining their ranking for consideration on the posting. In accordance with past practice, departmental personnel will be given first consideration on an initial I.U.U. wide posting.

The only exceptions to the above procedures are for the following employees in the Customer Services Division of the Customer and Public Relations Department: Douglas Ray Deaton, Patricia L. Lindsay, and Ronald Eugene May. These employees, as was agreed during the negotiations, will be ranked according to wage level date on all promotional bids after they acquire the minimum work experience required for a promotion.

The procedure described in this letter applies only to transfers and lateral bids across bidding areas. Wage level seniority will continue to govern on lateral bids within a bidding area where specific procedures have previously been established.

The Company believes that the described procedures will conform with the agreement reached during the discussions at the 1974 negotiation meetings and will eliminate the potential for employees who transfer or laterally bid into another bidding area from subsequently acquiring more seniority than incumbent employees within the same classification. If the Union concurs with these arrangements, please initial and return the attached copy of this letter.

Very truly yours,

Robert L. Byrnes
Manager
Industrial Relations

cc: L. M. Dagenbach
R. G. Graham

A-2

(Due to the deteriorating condition of the original, this letter has been retyped.)

March 28, 1977

Mr. E. Edward Divine
Chairman
Independent Utilities Union
P.O. Box 1757
Cincinnati, Ohio 45201

Dear Mr. Devine:

During the 1977 negotiation meetings, the Company and the Union agreed to the introduction of a multiple posting system into the Property Department. This system is designed to speed up the process of filling job openings in the clerical and manual groups of the Department. For the purpose of posing job openings, accepting bids and selecting qualified applicants for job classifications bargained for by the Independent Utilities Union the existing northern, southern, eastern and western divisions of the Department will remain unchanged. Through multiple posting any known original job openings that the Company decides to fill will be listed on the posting. Any equal or lower level job that opens as a result of the original postings may be filled as a resultant available opening. In addition, any original job opening that becomes available during the posting period may also be filled as a resultant available opening. However, the Company must maintain the right to discontinue the filling of openings at any level of the procedure.

To clarify the procedures, the meaning of certain terms used herein are defined at follows:

A "posting" is the announcement of a job opening on the proper forms which are displayed on the bulletin boards of headquarters within the four divisions of the Property Department.

A "bid" is a written request of an employee on the proper form for consideration for an opening.

A "cross-bid" is a bid for an opening in the same job classification in another Division.

A "lateral bid" is a bid for an opening in a different job classification having the same maximum rate of pay.

A "promotional bid" is a bid for an opening in a job classification having a higher maximum rate of pay.

Any Property Department employee may submit a bid at any time. It is not necessary that a job opening be posted before a bid can be submitted. Only one promotional bid, one cross-bid or one lateral bid can be made on a single bid sheet. The bidder may also indicate on the bid sheet his preference for geographical division in numerical sequence. The bid sheet on file with the latest date as of the closing date of a particular posting will be used in processing that posting. It is imperative that the employee be continually aware of the bids he has on file, as well as his promotional opportunities. An employee accepted on a valid bid must accept the new job classification or new location.

To be valid, a bid must be made out in duplicate and signed by the bidder's supervisor on or prior to the closing date of a posting. One copy of the bid will be returned to the bidder and the other copy will be forwarded to the general office of the Property Department. All bids submitted in the beginning of a calendar year will be retained and used for processing all postings for the calendar year unless changed by the employee.

The acceptance of a bidder on a posting will invalidate all bids of that employee and the employee must submit new bids for consideration on future openings. Any individual bid can be invalidated (withdrawn) by submission of a similar bid with a later date or by the bidder submitting a bid sheet requesting cancellation of all previous bids. In addition, all bids become invalid on December 31 of any year. This will require new bids to be submitted on the first working day of each year or as soon thereafter as practical.

After a job posting has closed the ranking of applicants will be determined on the basis of qualifications, promotional sequences, and classified seniority. Bids will be considered in the following order:

1. Cross-bids
2. Lateral bids
3. Promotional bids

The successful applicant on lateral and promotional bids may be required to qualify by means of an examination if specified by the applicable job descriptions.

Requests for specific job assignments, locations, or shifts within a division may be made in writing to the supervisor in charge of that division. The supervisor will forward a copy of such request to the general office of the Property Department for filing. These requests will be considered by the division supervisor when an opening occurs and prior to the posting of such an opening. However, employees may not exercise their seniority to assure a particular job assignment, location or shift within a division. Requests for assignments will be retained in file until December 31 of any particular year and will be given consideration when job openings occur in the division in which the applicant presently works.

A "results of job opening" will be posted after all bids have been processed. This form will indicate the successful applicants, the headquarters, shift schedule, type of change and effective date. Any applicable payroll changes will be effective on the date which is designated on the multiple posting results sheet.

If, as the result of a job posting, an original opening or any resultant opening cannot be filled by an employee within the Property Department, that job may be posted Company wide.

In addition to permitting more than one cross-bid per posted opening, it is believed that this procedure will materially reduce the time required for the filling of job openings thereby expediting the promotion of employees. It is contemplated that this change in procedure in the Property Department will become effective on or about May 1, 1977.

Very truly yours,

Arthur R. Ehrnschwender

(Due to the deteriorating condition of the original, this letter has been retyped.)

March 28, 1977

Mr. E. Edward Divine
Chairman
Independent Utilities Union
P.O. Box 1757
Cincinnati, Ohio 45201

Dear Mr. Divine:

During the 1977 negotiations, the committees for the Company and the Union discussed the testing procedures which are utilized in many promotional sequences when employees promote.

In certain areas of the Company, an employee is tested on the basis of the job from which he promotes. In other instances, testing is based on the job into which an employee will progress and is given within a certain time interval before or after the employee is accepted. Further, the re-testing time interval for employees who do not successfully complete a promotional test varies in different departments. In certain areas of the Company, employees may be pre-tested for future promotional openings. The Union has requested that such advance testing be made available to employees for the next job in their promotional sequence even though an opening may not exist.

The Company is not opposed to advance testing in those situations where a supervisor agrees that such advance testing is in the best interest of all concerned. It must be realized, however, that in some areas of the Company, methods or technology often change so that advance testing is not practical, in such instances the material upon which an employee is tested may be altered substantially at the time an employee may ultimately be promoted. An employee who wishes to be considered for this advance testing should consult with his supervisor. The supervisor will appraise the employee if such testing is permissible and, if not, the supervisor will explain to the employee why his request may not be granted.

It is thought that this letter will clarify any misunderstanding that may have existed concerning advance testing.

Very truly yours,

Arthur R. Ehrnschwender

A-4

Duke Energy®

April 13, 2012

Mr. James Anderson
President
Utility Workers Union of America
IUU Local 600
810 Brighton Street
Newport, Kentucky 41071

Re: Leaves of Absence

Dear Mr. Anderson:

During 2012 contract negotiations, the parties discussed Sidebar Letter A-5 dated April 10, 1986 regarding good cause for granting leaves of absence. The parties recognized that there have been significant legal developments since 1986, including but not limited to passage of the Family Medical Leave Act (FMLA) and the Uniformed Service Employment and Reemployment Rights Act (USERRA). Given these and other similar developments, the parties agreed to replace the April 10, 1086 Sidebar Letter as set forth herein.

The Company understands that employees may need to be away from the workplace at times for legitimate reasons. The Company further recognizes that time away from work is important to maintaining a healthy work-life balance. At the same time, the Company depends on a responsible and dependable workforce to serve its customers and meet its business goals.

To balance these interests, the Company provides leaves of absence for qualifying reasons, such as for new parents, medical issues (experienced by the employee or eligible family members), military service, caregivers, education, and other personal reasons deemed by the Company or its third party administrators to justify a leave of absence. Leaves of absence may be granted for up to a maximum of six (6) months, or as otherwise set forth in the applicable summary plan description.

All leaves of absence are provided in a manner consistent with applicable laws. To the extent that a leave of absence provided by the Company is over and above the employee's legal entitlement, it is recognized to be a privilege and not a right of the employee. Such leaves are granted at the discretion of the Company. While never desirable, an employee's absence in most situations can be tolerated more so during certain times of the year than other times.

It is difficult to enumerate the variable circumstances under which employees may be granted personal leaves of absence. The Company evaluates each request on an individual basis in light of the surrounding circumstances specific to such request. For

A-5

example, leaves of absence will not be granted for individuals who are absent due to incarceration or for individuals who want to try full-time employment elsewhere.

Employees are expected to cooperate with providing supporting documentation in a timely and truthful manner as needed by the Company and/or its third party administrators to manage the leave process consistently. Employees also are expected to keep their management apprised of their return-to-work status and any work-related restrictions prior to returning to work. Advance notice of the employee's return-to-work date and of any work-related restrictions is necessary for business planning and to ensure compliance with applicable laws.

It is believed that this letter accurately describes the parties' agreement.

Very truly yours,

Jay R. Alvaro
Vice President, Labor Relations

CG&E The Energy Service Company

The Cincinnati Gas & Electric Company
P.O. Box 960 Cincinnati, Ohio 45201-0960

Robert E. Byrnes
Senior Vice President

April 18, 1989

Mr. Patrick G. Bradford
Chairman
Independent Utilities Union
P. O. Box 1757
Cincinnati, Ohio 45201

Dear Mr. Bradford:

During the 1989 negotiations, the parties discussed the possibility of the Company notifying the Union of the initial employment of co-ops in two year Associate Degree programs.

As agreed during these negotiations, Department Managers will attempt to inform the Union delegates whenever a two year co-op is hired within their areas of responsibility.

It is thought that by proceeding in this manner, the concerns expressed by the Union during the negotiating meetings will be alleviated.

Very truly yours,

Robert E. Byrnes

Robert E. Byrnes

A-6

Duke Energy®

April 13, 2012

Mr. James Anderson
President
Utility Workers Union of America
IUU Local 600
810 Brighton Street
Newport, Kentucky 41071

Re: Partial Day Vacation Administration

Dear Mr. Anderson:

During 2012 contract negotiations, the parties discussed the granting of vacations in less than one day increments.

As was agreed, department managers will review their individual work groups and where it will not disrupt normal operations, at their discretion, permit requests for partial day vacations in increments of one-half the employee's scheduled work day but not less than four hours. It was further agreed that requests for these partial days must be made at least seven calendar days prior to the date requested and must be approved by supervision. However, because of extenuating circumstances, a partial day off with less than a seven (7) calendar day notification may be approved by an employee's supervisor.

Currently there are some departments that allow, business needs permitting, employees to take partial vacation days in less than half day increments. It is agreed that individual departments will have the ability to grant vacation requests for less than half day increments at their discretion.

It is believed that this letter accurately describes the parties' agreement.

Very truly yours,

Jay R. Alvaro
Vice President, Labor Relations

CG&E The Energy Service Company

The Cincinnati Gas & Electric Company
P.O. Box 960 Cincinnati, Ohio 45201-0960

Robert E. Byrnes
Senior Vice President

April 18, 1989

Mr. Patrick G. Bradford
Chairman
Independent Utilities Union
P. O. Box 1757
Cincinnati, Ohio 45201

Dear Mr. Bradford:

During the 1989 negotiation meetings, the committees for the Company and the Union discussed the degree of discipline to be administered to employees who falsify or tamper with Company records.

Many employees represented by the Union are in positions of trust concerning Company records and accounts. The management depends upon the integrity of each employee in the performance of his or her various job duties and responsibilities. The importance of this reliance upon complete employee veracity cannot be overemphasized.

In many disciplinary situations, the Company adheres to a policy of progressive and constructive discipline in order to impress upon employees the nature of Company expectations. However, as mutually agreed upon during the negotiations, employees whose dishonest acts adversely affect the Company will be summarily discharged. For example, it has been a long established Company policy that all meter reading personnel will be terminated who curb readings, falsify records, or are guilty of defalcation; immediate discharge for these activities will continue.

Employees in various departments have access to Company and other accounting and business records and are confronted with situations where circumstances could allow indiscretions for their personal gain or the benefit of others without proper remuneration to the Company. Many positions of trustworthiness could be misdirected to a manipulation or falsification of Company records in a fraudulent, larcenous, or otherwise dishonest manner. As agreed, such activities will result in immediate termination of employment.

If the types of activities occur as described above, the Company will react in good faith upon a full, fair, and impartial investigation. The Company will take every precaution to evaluate particular incidents in full light of all circumstances in order to make certain that any summary termination is not undertaken in an arbitrary, capricious, or disparate manner.

Very truly yours,

Robert E. Byrnes

Robert E. Byrnes

A-9

CG&E The Energy Service Company

The Cincinnati Gas & Electric Company
P.O. Box 960 Cincinnati, Ohio 45201-0960

April 16, 1992

Mr. Patrick G. Bradford
Chairman
Independent Utilities Union
P. O. Box 1757
Cincinnati, Ohio 45201

Dear Mr. Bradford:

During the 1992 negotiation meetings, representatives of the Company and the Union discussed the negotiated intent and the current administration of holiday call out provisions contained in Article XI, Section 1 (d) of the Agreement.

There was no dispute between the parties as to how an employee is compensated for any call out assignment where all the hours worked by the individual were entirely within the holiday (midnight to midnight). When such call out assignments are for four hours or less the employee receives four hours pay at the appropriate overtime rate and no travel pay. When such call outs are more than four hours but less than eight, the employee receives eight hours of pay at the appropriate overtime rate and no travel pay. When an employee works entirely within the holiday for more than eight hours, all hours worked after eight hours are compensated at the double time rate of pay with no travel pay. The area of dispute between the parties concerns those call out assignments which are worked contiguous to hours on the day before or the day after a holiday.

In order to completely resolve this matter, the Company is willing to compensate the employee for one hour of travel time at the appropriate rate of pay for call outs of four hours or more contiguous with hours worked into or out of a Company recognized holiday. However, the guarantee of eight hours pay for a call out that is more than four hours but less than eight that is contained in Article XI, Section 1 (d) will not apply to call outs that are contiguous with hours into or out of the holiday.

By proceeding in this manner, it is thought that a consistent and equitable manner of administering the holiday pay provisions of the Agreement can be attained.

Very truly yours,

Edward R. Schuette

Edward R. Schuette

CG&E The Energy Service Company

The Cincinnati Gas & Electric Company
P.O. Box 960 Cincinnati, Ohio 45201-0960

April 16, 1992

Mr. Patrick G. Bradford
Chairman
Independent Utilities Union
P. O. Box 1757
Cincinnati, Ohio 45201

Dear Mr. Bradford:

During the 1992 negotiation meetings between the Company and the Union, the committees discussed the use of flextime.

As was discussed during these meetings, it is the policy of the Company to use flextime programs in those work groups where such scheduling is deemed appropriate by the Department Manager. Although the Company reserves the right to discontinue the use of flextime where appropriate, it will meet with the Union before proceeding.

It is thought that this will adequately describe the discussion concerning this matter.

Very truly yours,

Edward R. Schuette

Edward R. Schuette

CG&E The Energy Service Company

The Cincinnati Gas & Electric Company
P.O. Box 960 Cincinnati, Ohio 45201-0960

April 16, 1992

Mr. Patrick G. Bradford
Chairman
Independent Utilities Union
P. O. Box 1757
Cincinnati, Ohio 45201

Dear Mr. Bradford:

During the 1992 negotiation meetings, the committees for the Company and the Union discussed the change of schedule provision in Article XII, Section 3 (b).

Although the language in the current Agreement states that an employee will receive at least a 24-hour notice of a change in shift, the Company will attempt to give at least a five calendar day notice of such changes.

It is thought that this is a fair and equitable policy which will satisfy the interests of all concerned.

Very truly yours,

Edward R. Schuette

Edward R. Schuette

CG&E The Energy Service Company

The Cincinnati Gas & Electric Company
P.O. Box 960 Cincinnati, Ohio 45201-0960

April 16, 1992

Mr. Patrick G. Bradford
Chairman
Independent Utilities Union
P. O. Box 1757
Cincinnati, Ohio 45201

Dear Mr. Bradford:

During the 1992 negotiations, the committees for the Company and the Union discussed the reorganization of the Distribution Operations Division of the Electric Systems Operations Department.

As was agreed during these negotiations, the supervisory positions within this section will have the flexibility to perform bargaining unit work when an Operations Technician is unavailable to readily respond to a customer inquiry that needs immediate attention. On those occasions supervision will be able to investigate, resolve and recommend solutions to customers about their inquiries. They may also be setting test equipment and or preparing written recommendations for customers. It is anticipated that the performance of this bargaining unit work will be minimal. As stated during the negotiations, it is thought that supervisory employees will only perform these types of operations on an average of one per week. In the event that the Operations Technician, assigned to a specific area, is on vacation, that average may increase to approximately two to three per week. This agreement does not restrict supervisory employees from doing work they previously performed.

It is thought that this agreement will enable us to better serve our customers.

Very truly yours,

Edward R. Schuette

Edward R. Schuette

CG&E The Energy Service Company

The Cincinnati Gas & Electric Company
P.O. Box 960 Cincinnati, Ohio 45201-0960

April 16, 1992

Mr. Patrick G. Bradford
Chairman
Independent Utilities Union
P. O. Box 1757
Cincinnati, Ohio 45201

Dear Mr. Bradford:

During the 1992 negotiation meetings, representatives for the Company and the Union discussed the policies and procedures to be utilized when employees are required to work or train at out-of-town locations.

The mode of transportation to be utilized for all out-of-town trips will be determined by the Company. Commercial airlines will be used whenever possible. The Company will normally furnish roundtrip airline tickets (tourist or coach class) between the Greater Cincinnati Airport and the point of destination. If prior arrangements are made and the Company agrees, employees may drive to and from their destination and be reimbursed at the appropriate mileage rate but not exceeding the cost of the roundtrip airline ticket. Each individual request will be evaluated by the Company before determining if alternate transportation will be permitted. Employees utilizing the personal car option will not be granted additional time off from their regular scheduled work week in order to meet travel schedules not arranged by the Company. Nor will any other expenses such as personal auto repairs and insurance, extra meals or lodging be reimbursed by the Company.

Normally the Company will arrange for, and pay any living accommodation expenses. Occasionally, there will be times when employees will be responsible for direct payment prior to leaving the hotel/motel. In this case, the employees will receive advance payment for the applicable room rates and must reconcile their accounts personally. During most other out-of-town trips, prior arrangements may permit invoicing of applicable hotel/motel room costs directly to the Company. In this situation, involved employees will not receive any direct payments for room costs. Other types of accommodations will be handled on a case-by-case basis with methods of payment appropriate to the situation.

For extended trips, employees will be informed prior to leaving for the out-of-town assignment as to the number of return trips to Cincinnati they will be allotted. For these return trips, the Company will normally furnish transportation. In the event that visits home are granted and taken, the Company will reimburse each employee for roundtrip transportation costs only.

The Company may establish and pay an applicable per diem rate in advance for each out-of-town day and each travel day. This rate, which may vary between individual out-of-town locations, will include all other expenses, such as meals, laundry, telephone calls, tips, etc. Transportation and lodging will not be included in the daily per diem amount that each employee will receive. Any expenses incurred over and above the stipulated per diem amount for any given trip will be the responsibility of the employee. Alternately, the Company may elect to reimburse employees for the direct reasonable expenses for such items as meals, laundry, telephone calls, tips, etc. The Company will determine on a case-by-case basis whether a per diem arrangement or reimbursement for reasonable expenses is used for out-of-town assignments.

It is thought that this letter will clarify the Union's concerns about the policies and procedures to be utilized when employees are required to work or train at out-of-town locations.

Very truly yours,

Edward R. Schuette

Edward R. Schuette

Duke Energy®

April 13, 2012

Mr. James Anderson
President
Utility Workers Union of America
IUU Local 600
810 Brighton Street
Newport, Kentucky 41071

Re: Four 10-Hour Day Guidelines

Dear Mr. Anderson:

During the 2012 negotiations, the parties discussed Side bar Letters A-17 and A-47 regarding four 10-hour day workweeks. As a result of those discussions, the parties agreed to the following revised Guidelines for employees who are assigned to work four 10-hour days.

1. **Off Days.** Management will attempt to provide employees working a four 10-hour day workweek with three consecutive off days. However, employees in a particular work group may request or may be required to have two consecutive off days and another off day within the scheduled workweek. Supervision will give due consideration to such requests.

2. **Overtime.** Time and one-half will be paid for all overtime hours worked in any single workweek, with the exception of Sunday. All overtime hours worked on a Sunday will be paid at double time.

3. **Vacation.** One day vacations are for 10 hours. Weekly vacations are for 40 hours. Employees who are transitioning to or from a four 10-hour day workweek shall be entitled to all accrued vacation (i.e., if an employee returns to an five 8-hour day schedule with 10 hours remaining vacation, the employee will have one day and two hours of vacation to take in accordance with the contract).

4. **Personal Days.** Personal days must be taken in full days regardless of the employee's schedule, and cannot be taken in smaller increments. For employees on 10-hour shifts, personal days are paid for 10 hours. For employees on 8-hour shifts, personal days are paid for 8 hours.

5. **Holidays.** Employees working four 10-hour shifts convert to a five 8-hour day schedule during all workweeks that contain a holiday recognized by the Company in an effort to maintain consistency throughout the bargaining unit for employees to receive 40 hours of pay.

A-17

For any other alternate work hour schedule that may be developed, it is agreed that at least two off days will be consecutive. The two consecutive off day agreement does not apply to any currently established workweek or when changing from one schedule to another. Furthermore, the two consecutive off day requirement can be waived, but both supervision and the employee must mutually agree to such a schedule.

It is thought that this letter accurately describes the parties' agreement.

Very truly yours,

Jay R. Alvaro

Jay R. Alvaro
Vice President, Labor Relations

CG&E The Energy Service Company

The Cincinnati Gas & Electric Company
P.O. Box 960 Cincinnati, Ohio 45201-0960

April 16, 1992

Mr. Patrick G. Bradford
Chairman
Independent Utilities Union
P. O. Box 1757
Cincinnati, Ohio 45201

Dear Mr. Bradford:

During the 1992 negotiation meetings the committees of the Company and the Union discussed the representation of employees by personal attorneys or outside agencies during the grievance and arbitration procedures.

As a result of these discussions, the parties agreed that the Union is the sole bargaining representative for its members and therefore no outside representation will be permitted during such meetings. This in no way restricts the Union's ability to have an attorney represent its own interests during the grievance and arbitration procedures.

It is believed that by proceeding in this manner the concerns expressed during these meetings have been alleviated.

Very truly yours,

Edward R. Schuette

CG&E The Energy Service Company

The Cincinnati Gas & Electric Company
P.O. Box 960 · Cincinnati, Ohio 45201-0960

July 19, 1994

Mr. Patrick G. Bradford
Chairman
Independent Utilities Union
P. O. Box 1757
Cincinnati, Ohio 45201

This letter cancels and supercedes my previous letter to you, dated July 13, 1994.

Reference is made to our meeting on Tuesday, June 28, 1994 regarding the new job classification, Gas Operations Trainer, Job Code #827. In addition to you and I, Messrs. E. Schuette and D. Zanitsch representing the Company and Mr. D. Rosing representing the IUU were also in attendance.

As agreed, the new job classification of Gas Operations Trainer, Job Code #827 will be established at wage level 12. This new job classification was evaluated by the Company's Non-Manual Job Evaluation Committee as a wage level 11.

In return for the Company's willingness to establish this new job classification at wage level 12, the Union agreed that the Management of Gas Operations will select the individual they deem to be most qualified for this position in lieu of accepting the most senior qualified individual. The Union further agreed not to process any grievances related to the selection process for this position.

If future re-evaluations of this job classification increase the total number of points sufficient to increase the wage level to 12, this job classification will remain a wage level 12 and the selection process will revert to being conducted in accordance with the Union contract in effect at that time.

If you concur with this agreement, please sign and date a copy of this letter and return it to my office.

Patrick G. Bradford
Chairman IUU
7/21/94

Very truly yours,

Patrick P. Gibson

Patrick P. Gibson

cc: E.R. Schuette
D.E. Zanitsch

\jobeval\trainer

DUKE ENERGY.

Duke Energy
139 East Fourth St
Cincinnati, OH 45201

April 15, 2015

Mr. James Anderson
President
Utility Workers Union of America
Local 600
810 Brighton Street
Newport, Kentucky 41071

RE: Time Off For Union Duties/Business

Dear Mr. Anderson:

During the 2015 - 2019 negotiations, the representatives of the Company and the Union clarified the administration of time off work and compensation for performing Union duties/business. Subject to legitimate business needs, the Company will grant compensated or non-compensated time off work in accordance with the following guidelines.

NEGOTIATIONS — Members of the Union negotiating committee and any other employee required to attend or prepare for negotiating meetings will be able to attend during working hours. These employees will not be compensated by the Company for time spent in and preparing for negotiations, unless previously agreed to by the parties.

GRIEVANCES & ARBITRATIONS — A reasonable number of employees will be able to prepare for and attend grievance and arbitration meetings. Union employees will not lose their straight-time wages while attending grievance meetings. The time spent by Union members in preparing for and attending all arbitration meetings is not compensable by the Company.

JOINT MEETINGS — A reasonable number of employees will be able to attend joint meetings between Union members and Company representatives. These employees will not lose their straight-time wages while attending or preparing for joint meetings.

UNION DUTIES/MEETINGS — A reasonable number of employees may be excused but not compensated by the Company for attending, preparing for or performing union duties/meetings. This includes items such as counting votes, regular Union meetings, General Board meetings, working on Union accounting records, or other union duties or meetings.

MILEAGE EXPENSES	The Company will agree to reimburse the Union mileage expenses for up to two union representatives to attend Company scheduled meetings. This does not include grievance meetings, arbitrations, negotiations or meetings held at the request of the Union. The Company will agree to reimburse the Union mileage expense for one union representative to attend fact finding meetings. The Union will provide an itemized statement each month for this expense and the Company will reimburse the Union.

There may be occasions when exceptions to these guidelines may be granted. The parties will make every effort to accommodate each other in these matters. The Union agreed to give as much advance notice as possible to supervisors of employees who need to be off work for Union business.

The advancing of wages for non-compensable union business will continue, absent abuse of this process. If problems arise, management will meet with the Union in an attempt to correct the abuse. However, management must maintain the right to discontinue this arrangement, if a satisfactory resolution cannot be reached.

Sincerely,

Jay R. Alvaro

Jay R. Alvaro
Director, Labor Relations
Duke Energy

Cinergy Corp.
139 East Fourth Street
P.O. Box 960
Cincinnati, OH 45201-0960

September 2, 1998

Mr. Patrick G. Bradford
Chairman
Independent Utilities Union
P O Box 1757
Cincinnati, Ohio 45202

CINERGY.
CG&E

Dear Mr. Bradford,

As you are aware, a new job evaluation system, the BOGAR Job Evaluation System is being implemented for all job classifications represented by the IBEW, Local 1347, IUU and the USWA, Locals #12049 and #5541-06. The new system was designed by the ERT Sub-Committee II (Joint Union/Management Team) and approved for implementation by the ERT at its June 29, 1998 meeting. The BOGAR Job Evaluation System completely replaces the McIntyre system.

The McIntyre Evaluation break points for each grade level have been mathematically converted to new break points under the BOGAR System, therefore it is not necessary for job classifications to be reevaluated at this time. Only new job classifications or revised job classifications with significant changes since their last evaluation will be evaluated using the new system. Job classifications will retain their current wage rates/grade levels, but will be subject to change if they are revised and reevaluated as was the practice in the past.

Under the current agreement, a company job evaluation committee is responsible for evaluating all new or revised job classifications. (Article VIII, Section 1(l)). A key component of the new job evaluation system is the establishment of a new joint Union/Management job evaluation committee. The committee will consist of two management representatives from each business unit, two representatives from the IUU, IBEW and each USWA local and two representatives from the Corporate Center. Accordingly, there will be 16 total members with a maximum of 10 active during an evaluation. Operating guidelines for the committee are as follows:

- Unions will appoint their representatives and they will only participate in the evaluation of job classifications represented by their Union.
- Unaffected union representatives may be present, but will not participate at this time.
- No more than two of the four USWA representatives will participate in the evaluation of USWA job classifications.

- The participating union must have at least one representative available during the evaluation process.
- Consensus should be reached on each factor during the evaluation; absent consensus, majority rules.
- The participating Business Unit must have at least one representative available during the evaluation process.
- All job evaluation members should be informed it is a long term commitment.
- A quorum to have a meeting is six members.

A job evaluation coordinator from the Human Resources Department will also facilitate in the evaluation process and will not be a voting member. The ERT Sub-Committee II also established the pre-evaluation process, presentation guidelines, post evaluation process, training, a creditability check and employee communication and these will be implemented as presented to the ERT at the June 29 meeting.

This letter and accord modifies the terms of the 1996-2001 contract with respect to the job evaluation system and it is believed that this letter accurately describes the agreement the Company and Union have reached.

Sincerely,

Kenneth E. Williams

Kenneth E. Williams
Manager
Employee Relations and Safety

INTERNAL CORRESPONDENCE

To: Officers, General Managers and Managers

From: Patrick Gibson

Subject: **MANUAL, CLERICAL AND TECHNICAL JOB CLASSIFICATIONS**

Date: December 29, 2000

Reply By:

CINERGY.

The purpose of this letter is to amend and update the Walter C. Beckjord letter of October 1, 1945, which has served as a preamble to the Cincinnati Gas & Electric Company's job classification and evaluation system for Union represented job classifications.

In October 1945, after a careful and comprehensive study of the various kinds of work necessary to conduct the business of the Company in a safe, efficient and otherwise satisfactory manner, and the requirements of each job involved, the Company by agreement with the Unions representing the employees and with the approval of the National War Labor Board (Region V), placed into effect a schedule of job titles and descriptions for *all* manual, clerical and technical employees. Wage rate schedules were established and made effective in accordance with the Union agreements and the approval of the War Labor Board.

The job descriptions and wage rate schedules were designed to provide a fair and equitable means by which all the jobs, within the scope of the plan, being filled by manual, clerical and technical employees could be designated with uniformity and understanding throughout the Company system. The Company and the duly certified exclusive bargaining representatives of the bargaining units agreed to the basis used for defining jobs. It became the duty and responsibility of the supervisory force as the representatives of management to see that it was applied and maintained in a fair and consistent manner. It was also essential that employees clearly understood the duties and requirements of the jobs to which they were assigned. While the job descriptions were not intended to be all-inclusive, they were intended to cover such typical tasks necessary to provide a fair basis for evaluation.

The job classification and evaluation plan provided:

1. A set of job descriptions which prescribe typical duties and qualifications;

INTERNAL CORRESPONDENCE

2. A set of promotional charts indicating the line of normal promotions in the respective departments;

3. A set of wage schedules containing maximum wage rates for all jobs and steps of progression to arrive at the maximum wage rates;

In September 1998, a new evaluation system (BOGAR) was implemented to evaluate all manual, clerical and technical job classifications represented by the International Brotherhood of Electrical Workers, Local 1347; the United Steelworkers of America, Locals 12049 and 5541-06; and the Independent Utilities Union. A joint union/management committee designed the BOGAR Job Evaluation System. In addition to the items listed above, the BOGAR system requires a Job Evaluation Questionnaire to be completed and approved for each new or revised job classification.

JOB DESCRIPTIONS

Each job description consists of a statement of the nature of work involved in the job classification, in sufficient detail to identify the title and content to those familiar with the organization; also a statement of the minimum qualifications required to enter the job. Each job description is subdivided into two parts, "Duties" and "Qualifications" as follows:

DUTIES

This section is devoted to a description of the essential duties required in the classification itself, considered entirely apart from the individual who may occupy the position. A sufficient number of duties are listed to:

1. Indicate the character and grade of the work;

2. Indicate the variety of duties;

3. Distinguish each job classification from another.

The duties for each job description are those principal duties that are required to properly identify and evaluate each of the specific job classifications. These duties are not to be considered all-inclusive. Employees may be temporarily assigned, within their capabilities, duties of other classifications. When the temporarily assigned duties are those of a higher or lower rated job classification the employees should be paid the appropriate rate of pay in accordance with the Union agreement.

This section also indicates, as a general guide, the degree of supervision under which the employees are expected to be able to perform their work; that is under "Close," "Directive," or "General Directive" supervision. These terms are defined as follows:

INTERNAL CORRESPONDENCE

1. The term "under close supervision" means that the employees perform only those tasks which they have been instructed to do and are observed and supervised most of the time while performing them.

   For example: A helper assisting a mechanic in performing assignments would ordinarily be under the "close" supervision of the mechanic.

2. The term "under directive supervision" means that the employees perform primarily those tasks and duties which they have been directed to do and then carry out such instructions under observation or checking from time to time.

   For example: A mechanic, working under the direction of a supervisor, assigned to a section of the work but observed or contacted periodically during the day, by the supervisor, would be considered as working under "directive" supervision.

3. The term "under general directive supervision" means that the employees under general instructions perform duties independently, but within the limitations of standard practices or procedure.

   For example: A Senior Lineperson operating in the field on scheduled assignments, in accordance with standard practices and procedures but without any supervision while in the field, whose production or performance would be the check on activities and quality of work, would be considered as working under "general directive" supervision.

QUALIFICATIONS

In this section of the job descriptions are listed those minimum qualifications which the individual is expected to bring to the job. Specifically included are such items as basic education, degree of skill, extent of experience, special knowledge, and other required qualifications.

Company Requirements as to General Qualifications

In addition to the duties and qualifications for each job classification as set forth in the job descriptions, each employee must meet the Company's requirements as to general qualifications, which include:

1. The physical and mental abilities to perform the essential functions of the job classification, with or without reasonable accommodations;

INTERNAL CORRESPONDENCE

2. The willingness to follow instructions and cooperate with other employees;

3. The willingness to respond to calls outside of regular hours, when the need arises and in emergencies, to help in any department or phase of the Company's operations in which they are qualified to help;

4. The willingness to work a shift schedule and irregular hours where the nature of the work requires it;

5. The willingness to direct and instruct or train employees, of a lower job rating, assisting on the same work;

6. If required by assignment to drive automobile or trucks, must hold a valid State Bureau of Motor Vehicles Operators' license;

7. Compliance with the general rules and practices of the Company, with specific rules of the department in which they are employed, and with those of other departments with which their work must be coordinated;

8. Thorough familiarity with and strict observance of the Company's safety rules applicable to their job;

9. Have the characteristics of dependability, trustworthiness, and carefulness, and have a satisfactory previous record in these respects;

10. The willingness to submit to physical examinations by a licensed physician designated by the Company;

11. The willingness to supply the necessary employment records including, but not limited to, birth certificate, social security number, selective service record, military record, character and past employment records.

JOB EVALUATION QUESTIONNAIRE

Each questionnaire consists of questions related to the six factors used to evaluate a job classification under the BOGAR system. One or more employees in a job classification represented by the applicable Union must complete and sign one questionnaire. A departmental management representative must approve the completed questionnaire. The six factors and related sections of the questionnaire are as follows:

INTERNAL CORRESPONDENCE

Knowledge

Questions related to the amount of formal and informal education, training and experience.

Responsibility

Questions related to the amount of responsibility for such things as: Company funds; confidential information; safety, training and/or work direction of others; materials and equipment; etc.

Customer Contact

Questions related to the amount, importance and difficulty of contacts with internal and external customers.

Decision Making and Complexity of Duties

Questions related to the complexity of the work; the freedom employees have to make decisions; and, the impact their decisions may have on the Company.

Physical/Adverse Characteristics

Questions related to the amount, duration and frequency of: physical work (e.g., lifting, climbing and walking); and, work in adverse conditions (e.g., heat, cold, dust and noise).

Hazards

Questions related to the inherent dangers in the job which directly expose the employee to the possibility of accidents which may result in lost time accidents or death.

WAGE SCHEDULE

Starting Rates

When employees are first assigned to a job classification, they receive the starting/minimum rate indicated in the wage schedule for that job, except in cases where an employee is already receiving a rate equal to or in excess of the starting/minimum rate indicated. In such event when the employee is promoting into the job classification, the employee receives an increase as described in the applicable Union Agreement, but in no event in excess of the maximum wage rate for the job to which the employee is assigned.

INTERNAL CORRESPONDENCE

Progression Steps within a Wage Range

The wage range provides for progression steps leading up to the maximum evaluated rate of the job. Job progression steps are designed for the purpose of advancing an employee within the wage range. These progression steps are to be used as follows:

At intervals of six months, the supervisor shall make a review of the employee's development and progress on the assigned job. If progress, measured by demonstrated ability and performance, has been satisfactory, the scheduled progression step will be made effective on the first Monday following the expiration of that particular interval, until the employee's wage rate equals the maximum rate specified for the particular job classification.

When the performance review indicates that the employee has not made satisfactory progress in the job and an increase in pay is not warranted the employee is to be personally notified by the immediate supervisor that the progression step increase is being withheld. The notification must take place at least one month in advance of the date for the scheduled progression step. In addition, serious consideration should be given as to whether or not the employee should be demoted, transferred or released. The Union may request a review of such a decision. Such review is to be made by a representative or representatives of the Union and a representative or representatives of the Company.

For new employees the six-month interval will start from the hiring date, and for promoted employees, a new series of six-month intervals will start on the date of promotion.

CONCLUSION

Although this plan is set forth as clearly and explicitly as possible, questions may arise as to the intent or interpretation of some provisions. In such event, the matter should be discussed with a representative in the Labor Relations department.

Very Truly Yours,

Patrick P. Gibson

Cinergy Corp.
139 East Fourth Street
P.O. Box 960
Cincinnati, OH 45201-0960

May 14, 2003

Ms. Mary Harthun
President
Local Union 600, IUU
Utility Workers Union of America
810 Brighton Street
Newport, Kentucky 41071

CINERGY.
CG&E

Re: Disconnect Non-pay, Succession And Special Meter Reads Agreement

Dear Ms. Harthun:

This letter documents our discussions and agreements related to disconnect non-pay (DNP) field credit activity and succession and special meter reading work.

In August 2002, the Company met with the leadership of each of the CG&E affiliated local unions to discuss the need to significantly increase the number of completed DNP's and to complete all succession/special meter reads at a competitive cost. As a result of those discussions, a team was formed, which included the leadership from each union and management representatives, to evaluate the business case for implementing necessary flexibilities and cost control measures to perform the identified work at a competitive cost. The team was charged with reaching a consensus on a plan to achieve the desired results.

It was recognized that residual union jurisdictional issues around the DNP work and the succession and special meter reading work had resulted in restrictive work practices across the multiple unions connected with these job functions. Since August of 2002, the joint union and management team has worked together on a regular basis to achieve compromise for the implementation of the following competitive alternatives to outsourcing these job functions. Pending agreement with the leadership of the four local unions involved in the discussions, the Company will implement the changes described below.

The Company will form a new centrally managed work group for the specific purpose of performing the DNP fieldwork. The Company will initially staff the new work group with 10 existing employees (Senior Representatives) represented by the UWUA currently performing DNP work. Additionally, 8 employees will be added in each of two entry-level job classifications, one represented by the USWA and the other by the IBEW, Local 1347. It is understood that if any of the aforementioned 10 employees represented by the UWUA vacate their position and the Company decides to backfill the position(s), it will be filled as an entry-level DNP worker represented by the USWA or IBEW. The Company assured the Union that the two clerical positions that provide support to the DNP work process would not be eliminated as a result of this reorganization.

The 16 new entry-level DNP worker job openings will be made available to other employees represented by their respective unions (i.e., USWA and IBEW). If all 16 openings are not filled by employees in their respective unions or by displaced employees in redeployment represented by the IBEW, the remaining openings will be made available to full-time meter readers and then part-time meter readers, in that order. If any full-time or part-time meter readers vacate their positions as a result of accepting any of the initial 16 DNP worker job openings represented by the IBEW and USWA, the Company will backfill those vacancies accordingly (i.e., part-time with part-time and full-time with full-time). These agreements only apply to the initial 16 DNP worker job openings.

If any of the 10 Senior Representatives In Revenue Collections are bumped by Senior Representatives with more seniority as a result of Company initiatives, it will not impact the number of positions being eliminated through attrition.
The succession and special meter reading duties will be primarily, but not exclusively, assigned to UWUA represented employees. As a result, 10 new full-time meter reader job openings will be filled. Management intends to assign work other than succession/special reads to DNP workers represented by the USWA and IBEW, whenever there is other productive work available for them to perform within their job classifications. However, this does not restrict management's right to assign those employees to perform such meter reads. The Company agreed to backfill part-time meter reader positions that are vacated as a result of part-time meter readers accepting any of the initial 10 new full-time meter reader positions.

This agreement is made between the parties without prejudice to the position of either party regarding the jurisdiction, assignment and contracting of work. However, the Union agrees that no grievances will be filed or pursued relating to the assignment of work as described above, for the duration of this agreement. To the extent that the Company has retained its rights with regard to making future changes to this, or any other work processes in the future, the Union retains its right to grieve in the event that management implements changes to the above-described terms for achieving the DNP, succession and special meter reading work. In this context, however, it is also understood that slight modifications to this overall business plan may be made, as long as the plan's basic design remains in effect.

The team of management and union leaders is commended for their commitment to meeting the present day business needs in a competitive manner. It is expected that all parties will benefit by this plan for achieving this work with company employees. Please sign where indicated below to indicate the Union's agreement to the above terms.

For the Company:

Todd Arnold 5/14/03
Todd Arnold — Date
V.P., Customer
Contact Services

Patricia Walker 5/14/03
Patricia K. Walker — Date
V.P., Billing &
Metering Services

For the Union:

Mary Hatthun 5-15-03
Mary Hatthun — Date
President
Local Union 600, IUU
Utility Workers Union
Of America

Cc: J. O'Conner
J. Polley

Cinergy Corp.
139 East Fourth Street
P.O. Box 960
Cincinnati, OH 45201-0960

June 10, 2004

Ms. Mary Harthun
President
Local Union 600, IUU
Utility Workers Union of America
810 Brighton Street
Newport, Kentucky 41071

CINERGY.
CG&E

Re: Post-Retirement Medical Benefits

Dear Ms. Harthun:

On April 27, 2004, the Company met with union representatives from UWUA Local 600, USWA 5541-06 and 12049 and IBEW 1347 to continue the negotiations for providing a post-retirement health reimbursement account ("HRA") option (the "HRA Option") to our active employees. Prior to that meeting, in a letter dated March 2, 2004, the Company provided the unions (I) a written overview of the Company's proposed design for the HRA Option, and (II) written responses to certain related questions. This letter updates the Company's proposed design for the HRA Option.

I. OVERVIEW OF HRA OPTION

All current, full-time employees represented by UWUA, Local 600 will be able to make a one-time choice between continuing in the current traditional post-retirement medical option (the "Traditional Option") or electing to participate in the new HRA Option described below. Employees will be required to make this election by a specified election date in 2004. (Notwithstanding the foregoing, employees currently receiving long-term disability benefits or on a military leave of absence, will make this election when they return to active, full-time status. If they do not return to active, full-time status, they will default to the Traditional Option.) All employees hired or rehired on or after January 1, 2005 will participate in the HRA Option. Each employee who elects to participate in the HRA Option, and each employee hired on or after January 1, 2005, will be referred to as a "HRA Participant" herein.

Under the Traditional Option, eligible retirees (those who retire after attaining age 50 with five (5) years of Service, as defined in the applicable Pension Plan) are provided access to group medical coverage and a premium subsidy that varies based upon the retirees' service and classification (see detail regarding the various classifications and subsidy levels attached hereto).

Subject to any collective bargaining obligation, the Company reserves the right to amend, modify or terminate the Traditional Option and/or the HRA Option at any time. However, amounts already credited to a HRA Participant's account will not be reduced by amendment, except to the extent necessary or appropriate to comply with changes in the law.

The benefit under the HRA Option is based on a bookkeeping account that can grow like a savings account with service and interest credits as described below. An employee who elects the HRA Option will start with an opening balance that is equal to 1/12th of $1,000 for each prior calendar month in which the HRA Participant worked at least one day for the Company. In the future, the Company will credit eligible HRA Participants with an additional 1/12th of $1,000 for each calendar month in which the HRA Participant works at least one day for the Company. The Company will also credit each eligible HRA Participant's bookkeeping account with an annual interest credit. Interest will be credited at the same interest rate as the cash balance updates as determined in August of each year, except that for the term of the current labor agreement, the interest rate will not be less than 3.5%; for 2004, the rate is 5.31%. Except as discussed below, only HRA Participants who are active, full-time employees and work at least one day in the month are eligible for the monthly service credit. Like retirees in the Traditional Option, HRA Participants will have access to group medical coverage only if they retire after attaining age 50 with five (5) years of Service (as defined in the applicable Pension Plan), however, there will be no subsidy. Please note the following regarding the HRA Option:

a. If a HRA Participant retires after attaining age 50 with five (5) years of Service (as defined in the applicable Pension Plan), the amounts credited to the HRAs generally can be used for the qualified medical expenses, as defined in Section 213(d) of the Internal Revenue Code, of the retiree and the retiree's spouse and eligible dependents (see IRS publication 502 for examples of qualified medical expenses). To the extent permitted by applicable law and as is otherwise practicable, the HRA option is intended to provide a tax-free benefit. Due to future law changes, however, there can be no assurance of favorable tax treatment.

b. Except as provided below, if the employment of a HRA Participant terminates prior to attaining age 50 with five (5) years of Service (as defined under the applicable Pension Plan), the HRA Participant forfeits all amounts credited to the HRA Account.

c. If a HRA Participant dies while actively employed prior to attaining age 50 with five (5) years of service (as defined in the applicable Pension Plan), the HRA Participant forfeits all amounts credited to the HRA Account.

d. If a HRA Participant dies while actively employed after attaining age 50 with five (5) years of Service, his/her spouse and eligible dependents will be entitled to use amounts credited to the HRA to pay qualified medical expenses immediately.

e. In the event of disability or leave, the Company will continue monthly service credits for the first 12 months. The Company will continue interest credits while the HRA Participant is disabled or on leave (and prior to recovery or retirement). For HRA Participants on a military leave, service credits and interest credits will continue for the full qualified leave period.

f. If the employment of a HRA Participant is involuntarily terminated in connection with an involuntary reduction in force and such termination is in no way related to performance deficiencies, the HRA Participant will be eligible to maintain his/her HRA balance as of termination. The HRA Participant will be able to use amounts held in his/her HRA Account immediately following the termination.

g. For the term of the current Collective Bargaining Agreement, the Company will agree not to amend, modify or terminate retiree health care benefits for any active employees covered by the CBA. Amounts credited to a HRA Participant's account will not be reduced by amendment, except to the extent necessary or appropriate to comply with changes in the law.

II. QUESTIONS

Set forth below are responses to some of the questions regarding the HRA Option raised in previous meetings.

1. **Will the Company offer choice to all employees?**

   A: Yes. Presently, the Company plans to allow all current, full-time employees to elect to stay in the Traditional Option or switch to the HRA Option. After January 1, 2005, new hires and rehires will automatically participate in the HRA Option.

2. **Will an employee be able to elect the HRA Option upon retirement?**

   A: No. A one-time election will take place in 2004.

3. **Can a HRA Participant withdraw amounts credited to his/her HRA account in cash upon retirement? Can the Company pay the amount out in a lump sum?**

   A: Money may be withdrawn from the HRA account only for paying qualified medical expenses. The account will not be paid out in cash. Favorable tax treatment is available for a HRA only if the HRA reimburses medical expenses as defined in Section 213(d) of the Internal Revenue Code. As stated below from IRS Notice 2002-45, any right to receive cash will disqualify the HRA from receiving favorable tax treatment.

   "An HRA does not qualify for the exclusion under § 105(b) if any person has the right to receive cash or any other taxable or non-taxable benefit under the arrangement other than the reimbursement of medical care expenses. If any person has such a right under an arrangement currently or for any future year, all distributions to all persons made from the arrangement in the current tax year are included in gross income, even amounts paid to reimburse medical care expenses. For example, if an arrangement pays a death benefit without regard to medical care expenses, no amounts paid under the arrangement to any person are reimbursements for medical care expenses excluded under § 105(b)... Arrangements formally outside the HRA that provide for the adjustment of an employee's compensation or an employee's receipt of any other benefit will be considered in determining whether the arrangement is an HRA and whether the benefits are eligible for the exclusions under §§ 106 and 105(b). If, for example, in the year an employee retires, the employee receives a bonus and the amount of the bonus is related to that employee's maximum reimbursement amount remaining in an HRA at the time of retirement, no amounts paid under the arrangement are reimbursements for medical care expenses for purposes of § 105(b)..."

4. **What happens to the HRA balance upon disability or extended leave from the Company?**

   A: See Section I(e).

5. **What happens to the HRA balance in the event of a termination of employment?**

   A: See Section I.

6. **What happens to the HRA balance if I die while actively employed?**

   A: See Sections I(c) and I(d). Currently, the spouse and eligible dependents of an employee who dies while actively employed with Cinergy can elect to become covered under the non-union medical plan and receive subsidized coverage at the active employee rate until death or a disqualifying event (for the spouse, this would include, but not be limited to, remarrying or becoming Medicare eligible; for an eligible dependent, it would include, but not be limited to, ceasing to qualify as an eligible dependent due to age).

7. **Will the Company contributions be indexed in future years (e.g., indexed to the trend line for health care costs)?**

   A: No. At this time, we do not plan to align our service credit or interest credit to any index. However, the Company will continue to evaluate its crediting levels. Subject to any collective bargaining obligations, the Company reserves the right to make adjustments, including increasing, decreasing or discontinuing credits unilaterally.

8. **Will the opening HRA balances be calculated with retroactive interest crediting?**

   A: No. Making retroactive interest credits would be cost prohibitive from the Company's perspective.

9. **What are other companies doing with regards to post-retirement healthcare?**

   A: See Hewitt survey previously provided (51% of survey respondents have a unionized workforce).

10. **How can HRA Participants use amounts credited to the HRA?**

    A: Money credited to a HRA can be used to reimburse the HRA Participant for medical expenses as defined in Section 213(d) of the Internal Revenue Code. See IRS publication 502 for examples of qualified medical expenses.

11. **Who will administer the HRA account balances?**

    A: Hewitt Associates will track the HRA credits while HRA Participants are actively employed. The Company is reviewing proposals from third party administrators for post-retirement administration, but this will likely be Hewitt Associates.

12. **Will the HRAs be protected/guaranteed?**

    A: The benefit under the HRA option is based on a bookkeeping account and is not funded like a 401(k) plan. See Section I regarding the Company's ability to amend.

13. **If the Company decides to eliminate the Traditional Option at a later date, would employees be allowed to get in the HRA?**

    A: The Company periodically evaluates its benefit programs and would determine the appropriate course of action at that time.

14. **Would interest on the HRA account continue to accrue after an employee retires?**

    A: See Section I.

15. **If two Cinergy employees are married, can they make different elections with respect to the HRA Option?**

A: Yes, one could elect to remain in the Traditional Option, and the other could elect the HRA Option; if they remain married during retirement and so elect, they would receive subsidized coverage under the Traditional Option and have access to amounts credited to the HRA on behalf of the other spouse. Regardless, the elections are independent of each other.

Please note that the explanation set forth above merely summarizes the basic elements of our currently proposed design for the HRA Option. The Company is in the process of working out the details of the HRA proposal and necessarily reserves the right to work out those details. The Company also reserves the right to more fully document the HRA Option, which option will be governed and construed in accordance with the terms of the Plan as adopted by the Company.

Very truly yours,

John E. Polley
John E. Polley
General Manager
Labor Relations

cc: T. Verhagen
P. Gibson
K. Feld

bcc: L. Gregory

What are other companies doing with regards to post-retirement healthcare? Hewitt Associates conducted a survey for the Henry J Kaiser Family Foundation between June and September 2003 to understand how large private-sector employers are handling retiree health benefits. The survey included responses from 45% of all Fortune 100 companies and 30% of all Fortune 500 companies. Among the companies surveyed this is what they had to say:

- 10% have terminated all subsidized health benefits for *future* retirees
- 20% say they are very likely to terminate all subsidized health benefits for future retirees
- 35% of the firms terminated benefits for future retirees and now provide access-only to health benefits with the retiree paying 100% of the cost
- 6% of employers shifted to a defined contribution approach
- 71% report having increased retiree contributions to premiums in the past year 53% report increases to plan design cost sharing
- 57% increased prescription drug co-payments
- 12% now require mandatory mail-order refills for maintenance drugs

Summary of Post-Retirement Health Care Options

Current Post-Retirement Health Care Option

Employees hired before January 1, 2005, who elect the subsidy option and who retire from the company on or after age 50 with at least five years of service, may be entitled to a post-retirement health care subsidy from the company dependent on their years of service at retirement.

Subsidy Schedule:

Service at Retirement	(Pre-65 only)
30+	50%
29	45%
28	40%
27	35%
26	30%
25	25%
24	20%
23	15%
22	10%
21	5%
20	0%
19	0%
18	0%
17	0%
16	0%
15	0%
14	0%
13	0%
12	0%
11	0%
10	0%
9	0%
8	0%
7	0%
6	0%
5	0%

Duke Energy®

April 13, 2012

Mr. James Anderson
President
Utility Workers Union of America
IUU Local 600
810 Brighton Street
Newport, Kentucky 41071

Re: Amendment to Sidebar Letter A-42 Post-Retirement Medical Benefits

Dear Mr. Anderson:

During 2012 contract negotiations, the parties discussed Sidebar Letter A-42 dated June 10, 2004 regarding post-retirement medical benefits. As a result of those discussions, the parties agreed that Sidebar Letter A-42 will (i) continue to apply without modification for employees hired prior to January 1, 2013, and (ii) be amended to reflect that any employee hired or rehired on or after January 1, 2013 will not participate in the HRA Option or the Traditional Option (both as defined in Sidebar Letter A-42). It follows that Sidebar Letter A-42 is hereby amended as set forth below:

In the second full paragraph on page one of Sidebar Letter A-42, the fifth and sixth sentences are hereby deleted and replaced with the following:

- All employees hired or rehired on or after January 1, 2005 and before January 1, 2013 will participate in the HRA Option. No employee hired on or after January 1, 2013 will participate in the HRA Option or the Traditional Option.

- No employee rehired on or after January 1, 2013 will continue to participate in the HRA Option or the Traditional Option following such rehire date. Any such rehired employee who was participating in the HRA Option or the Traditional Option at the time of such employee's prior termination of employment:
  (i) shall be eligible for access to the HRA or premium subsidies, as applicable, only if he or she was eligible for such HRA access or premium subsidies at the time of such prior termination of employment, and
  (ii) shall not accrue additional benefits under either the HRA Option or the Traditional Option.

- Employees hired or rehired on or after January 1, 2013 who retire after attaining age 50 with at least five (5) years of service under the applicable Pension Plan are provided unsubsidized access to post-retirement medical coverage.

- Each employee who elected to participate in the HRA Option, and each employee hired on or after January 1, 2005 and before January 1, 2013 will be referred to as an 'HRA Participant' herein.

A-42a

Any provision of Sidebar Letter A-42 that is inconsistent with the above shall be deemed no longer in effect. Except as provided herein, the remaining provisions of Sidebar Letter A-42 continue in full force and effect.

It is believed that this letter accurately reflects the parties' agreement.

Very truly yours,

Jay R. Alvaro

Jay R. Alvaro
Vice President, Labor Relations

DUKE ENERGY.

Duke Energy
Labor Relations
139 East Fourth St
Cincinnati, OH 45201

April 1, 2019

Mr. Steve Kowolonek
President
Utility Workers Union of America
Local 600
810 Brighton Street
Newport, Kentucky 41071

RE: Post-Retirement Healthcare

Dear Mr. Kowolonek:

During the 2019 negotiations, the parties discussed post-retirement healthcare benefits. This letter amends the Post-Retirement Medical Benefits Sidebar Letter A-42 dated June 10, 2004 and A-42a dated April 13, 2012, and confirms these discussions and the resulting agreement.

Access to Post-Retirement Health Benefits

Employees who terminate on or after October 1, 2015 after attaining at least age 50 with at least 5 years of service will have unsubsidized access (i.e., no Company contributions) to post-retirement medical, dental, and vision coverage; provided, however, that beginning as soon as January 1. 2021. employees who do not enroll in Duke Energy-sponsored pre-65 retiree medical. dental and vision coverage at the time of retirement or following the expiration of any COBRA continuation will not be permitted to enroll themselves or their eligible dependents at a future date. Coverage for retirees age 65 and older will be provided on an unsubsidized basis through a Medicare Coordinator. The Company shall provide a subsidy/contribution towards the cost of post-retirement health coverage only as provided below in this letter.

Subsidies/Company Contributions - Traditional Option

For employees who terminate on or after October 1, 2015, the "Traditional Option" is hereby amended to provide contributions towards the cost of post-retirement healthcare coverage, in the form of credits to a newly established Subsidy Health Reimbursement Account ("Subsidy HRA"), only for individuals who are under age 65 and who are:

- In a group eligible for a medical subsidy under the rules in effect prior to October 1, 2015, which is limited to those hired prior January 1, 2013; and
- At least age 55 with at least 1 O years of service at termination of employment.

The amount of the contributions will vary as follows:

- Eligible employees age 50 or older by October 1, 2015 will receive (during retirement) a pre- 65 contribution of $350 per month, plus $175 per month for their spouse/domestic partner, if any; and
- Eligible employees younger than age 50 as of October 1, 2015 will receive (during retirement) a pre-65 contribution of $250 per month, plus $125 per month for their spouse/domestic partner, if any

Subsidies/Company Contributions - HRA Option

Effective October 1, 2015, the "HRA Option" is hereby amended such that:

- The Company will discontinue crediting 1 /12 of $1,000 each month to the health reimbursement accounts for those employees who have a health reimbursement account under the HRA Option, with interest credits continuing; and

- The Company will offer a choice window in 2015 to employees who have a health reimbursement account under the HRA Option to elect whether to continue In the HRA Option (modified as described in the above bullet) or to forego their rights to their modified health reimbursement accounts under the HRA Option in exchange for participation in the Traditional Option (modified to provide credits to a Subsidy HRA as described above).

Miscellaneous

The post-retirement health benefits described above will replace the post-retirement medical coverage options in effect prior to October 1, 2015, for employees who terminate on or after October 1, 2015, Including those described in Sidebar Letters A-42 and A-42a. These benefits will be governed by and construed in accordance with the applicable plan documents.

In all other respects, Sidebar Letters A-42 and 42a shall continue in accordance with their terms.

Sincerely,

Jay R. Alvaro

Jay R. Alvaro
Director, Labor Relations

Duke Energy
Labor Relations
139 East Fourth St
Cincinnati, OH 45201

April 1, 2019

Mr. Steve Kowolonek
President
Utility Workers Union of America
Local 600
810 Brighton Street
Newport, Kentucky 41071

RE: Temporary Upgrading

Dear Mr. Kowolonek:

During the 2019 contract negotiations, representatives of the Company and the Union discussed temporarily upgrading employees in clerical and technical job classifications.

The Agreement provides that temporary upgrading shall only be available for manual employees. However, as a result of these discussions, the Company will agree, during the term of the 2019 – 2023 Agreement, to permit clerical and technical employees to be temporarily advanced to higher classifications. Employees will only be given consideration for temporary advancement when they actually replace another employee in a higher job classification for a full day or more; or supervision deems there is a need for an employee to fulfill the duties of a higher classified job for a full day or more. When employees are temporarily upgraded they will receive the minimum rate of the higher job classification or $10.00 per week more than their current wage rate, whichever is greater. When selecting the individual to be temporarily advanced, the management will give consideration to seniority and rotation among qualified employees. Such upgrading will not take place when the work duties of another employee are distributed among several other employees, or when employees perform duties of higher classified jobs for training purposes.

The Company voiced a serious concern about the potential for voluminous grievances if temporary upgrading is permitted for non-manual employees as described. As agreed, no grievances will be processed by the Union as a result of this limited exception to Article XII, Section 6 of the Agreement.

Sincerely,

Michael Ciccarella

Michael A. Ciccarella
Senior HR Consultant
Labor Relations

DUKE ENERGY.

Duke Energy
Labor Relations
139 East Fourth St
Cincinnati, OH 45201

April 1, 2019

Mr. Steve Kowolonek
President
Utility Workers Union of America
Local 600
810 Brighton Street
Newport, Kentucky 41071

RE: Meter Reading

Dear Mr. Kowolonek:

During the 2019 contract negotiations, representatives of the Company and the Union discussed Meter Reading operations.

Job Classification, Meter Reader - New: As discussed, the Meter Reader - Full Time job classification will be retitled Meter Reader - New and the wage rate adjusted to the MR 3 wage level upon ratification of the new Agreement. Incumbent employees in this classification will have their hourly rate adjusted to the minimum rate of the MR 3 wage level and will be eligible for merit and general wage increases as outlined in the Agreement.

Part-time Meter Readers: Should part time employees be utilized in the future, they will be hired into the Meter Reader - New classification at the minimum rate of pay as outlined in the Agreement. All provisions of the Agreement regarding part-time employment would apply to these employees. Part-time Meter Readers will receive the appropriate compensation for overtime when they work in excess of 8-hours in a day or any other regularly scheduled shift that is longer than 8 hours.

Hours of Work: Core meter reading hours will be from 7:30 AM to 4:00 PM, subject to changes based on business needs and to any schedule arrangements approved by an employee's supervisor or manager. The normal work day will consist of 8.5 hours including a 30 minute unpaid meal break; however, based on business needs, employees may be assigned a straight eight hour shift with a paid fifteen minute break. The Company reserves the right to change these hours based on business needs in accordance with the Agreement. Employees working in excess of their scheduled work day will receive premium pay and meal compensation as provided for in the Agreement.

Transfers: Any future full-time openings in divisions offices will first be offered to voluntary transfers of current qualified full-time Meter Readers.

Sincerely,

Michael Ciccarella

Michael A. Ciccarella
Senior HR Consultant
Labor Relations

Cinergy Corp.
139 East Fourth Street
P.O. Box 960
Cincinnati, OH 45201-0960

April 21, 2005

Mr. Jim Anderson
President
Utility Workers Union of America
IUU Local 600
810 Brighton Street
Newport, Kentucky
Cincinnati, Ohio 45202

CINERGY.
CG&E

Re: Interplant Seniority Rights

Dear Mr. Anderson:

During the 2005 negotiations, representatives of the Company and the Union discussed the interplant seniority rights for employees at the electric generating stations, in the event of a surplus situation.

As agreed, during the term of the 2005 - 2008 Agreement, should the Company declare a surplus at one of its electric generating stations and affected employees cannot be absorbed into the work force at the plant, all of the electric generating stations within the CG&E service territory will be considered one department for purposes of administering roll-backs. The intent is to provide the more senior employees at the station with a surplus situation, the ability to bump the less senior employees at the other stations. The wage rates of surplus employees will be red circled.

By proceeding in this manner, the Union's concern in this matter is alleviated.

Very truly yours,

John E. Polley

John E. Polley
General Manager
Labor Relations

Cinergy Corp.
139 East Fourth Street
P.O. Box 960
Cincinnati, OH 45201-0960

April 21, 2005

Mr. Jim Anderson
President
Utility Workers Union of America
IUU Local 600
810 Brighton Street
Newport, Kentucky 41071

CINERGY.
CG&E

Re: Treatment for Substance Abuse

Dear Mr. Anderson:

During the 2005 negotiations, representatives of the Company and the Union discussed the compensation policy for employees who undertake treatment for substance abuse.

While the treatment of these conditions is specifically excepted from coverage under the sick leave provisions of the Agreement, the Company will, for the term of the 2005 – 2008 Agreement, continue the arrangement of providing short-term disability benefits (STD) to employees who obtain treatment at an appropriate detoxification facility under the direction of the Company or in coordination with the Company and the employee's personal physician. Available STD may only be used for the first continuous absence when an employee undertakes to correct a substance abuse problem through an approved program. If the initial rehabilitation effort at a treatment center is not successful, the employee will not be granted additional STD.

The Company is willing to extend this extra effort to help afflicted employees and their families, to eliminate the burden imposed upon fellow employees, and to minimize lost productivity and absenteeism caused by substance abuse. Employees who are unwilling to accept the responsibility for their own behavior or who refuse to participate in a necessary program will, as in the past, jeopardize their continued employment with the Company.

The Union is encouraged to make the Company aware of individuals thought to have substance abuse problems. With such assistance, fellow employees may be given a chance for which they may be forever grateful.

Very truly yours,

John E. Polley

John E. Polley
General Manager
Labor Relations

Cinergy Corp.
139 East Fourth Street
P.O. Box 960
Cincinnati, OH 45201-0960

April 21, 2005

Mr. Jim Anderson
President
Utility Workers Union of America
IUU Local 600
810 Brighton Street
Newport, Kentucky 41071

CINERGY.
CG&E

Re: Personal/Diversity Day Requests

Dear Mr. Anderson:

It was agreed that the individual departments would attempt to accommodate as many requests as possible to take a personal/Diversity or vacation day on Martin Luther King, Jr. Day, Presidents' Day and/or Good Friday during the term of the 2005 - 2008 Agreement. All requests for a personal/Diversity or vacation day must be made by employees at least 7 days in advance. Days requested with the 7 day advance notice will not be considered as an absence for determining an individual attendance record.

It is thought that this agreement will be mutually beneficial for all involved.

Very truly yours,

John E. Polley

John E. Polley
General Manager
Labor Relations

DUKE ENERGY.

Duke Energy
Labor Relations
139 East Fourth St
Cincinnati, OH 45201

April 1, 2019

Mr. Steve Kowolonek
President
Utility Workers Union of America
Local 600
810 Brighton Street
Newport, Kentucky 41071

RE: Vacation Carryover

Dear Mr. Kowolonek:

During the 2019 negotiations, representatives of the Company and the Union discussed carryover vacations.

It was agreed that henceforth employees entitled to a vacation may carryover up to a maximum of 80 hours of vacation into the next year. The amount of carryover vacation available in any calendar year may not exceed the 80 hour maximum. Use of vacation carried over may be taken any time during the following calendar year, subject to approval by supervision and the terms outlined in the Agreement for vacation use.

Sincerely,

Michael Ciccarella

Michael A. Ciccarella
Senior HR Consultant
Labor Relations

April 21, 2004 2005

Cinergy Corp.
139 East Fourth Street
P.O. Box 960
Cincinnati, OH 45201-0960

Mr. James Anderson
President
Utility Workers Union of America
IUU Local 600
810 Brighton Street
Newport, Kentucky 41071

Re: Job Elimination Situations

CINERGY.
CG&E

Dear Mr. Anderson:

During the 2005 contract negotiations, representatives of the Company and the Union discussed the possibility of employees bumping other employees with less system service seniority at the same wage level in other job classifications in the event of a job elimination situation.

During the discussions the Union wanted the Company to agree to allow senior employees at a given wage level within a bidding area, the right to bump junior employees in other job classifications at the same wage level within the same bidding area, even though the senior employees had never been in the job classification(s) occupied by the junior employees. Due to the potential for a significant loss in productivity, the Company could not agree to that arrangement. However, during the term of the 2005 – 2008 agreement, it was agreed that if such a situation should arise, the Company would work with the Union on a case-by-case basis, in an attempt to place such employees in other available job classifications at the same wage level within the same bidding area. It was further agreed that if the Company is unable to place such employees in job classifications at the same wage level within the bidding area and they have 25 or more years of system service, they will maintain their job titles and wage levels and be eligible for negotiated increases and bonuses. This only applies when such employees with more system service seniority are qualified, but cannot bump into a same wage level job within the bidding area, held by a junior system service seniority individual because they have not passed through the other job.

It was also agreed that should a job elimination situation occur during the term of this Agreement, at the request of the Union, the parties would meet to discuss the rollback procedure described in Article V, Section 3, which may be revised by mutual agreement of the parties.

This accurately reflects the agreements reached between the parties.

Very truly yours,

John E. Polley

John E. Polley
General Manager
Labor Relations

Duke Energy®

DUKE ENERGY CORPORATION
139 East Fourth St.
PO Box 960
Cincinnati, OH 45201-0960

June 2, 2008

Mr. James W. Anderson
President
Utility Workers Union of America
Local 600
810 Brighton Street
Newport, Kentucky 41071

RE: Retirement Plan Agreement

Dear Mr. Anderson:

During the 2008 contract negotiations, representatives of the Company and the UWUA, Local 600 (the "Union") discussed the Company's desire to migrate all employees to a common benefits program. The following outlines the agreement between the Company and the Union for providing the employees with options and protections for Retirement Plan participation that will remain in effect during the 2008 – 2012 Contract.

Traditional Retirement Program Frozen:

Participation in the Cinergy Traditional Retirement Program will be frozen as of January 1, 2013 for certain employees. Active employees on January 1, 2013 who are younger than age 50 (as of December 31, 2012) and anyone who is older than 50 but has fewer than 25 years of service (as of December 31, 2012), will automatically begin participating in the New Duke Retirement Program.

Voluntary Conversion Opportunities:

Active employees in the Traditional Retirement Program will be offered a voluntary window in 2008 to elect to remain in the Traditional Pension Program or elect the New Retirement Program. In 2012, a second voluntary window will be offered only to those active employees who remain in the Traditional Program and who are age 50 with 25 years or more of service as of December 31, 2012.

Voluntary Conversion to the New Retirement Program:

Part A Benefit (Part A): The pension plan benefit employees will earn under the Traditional Program will be based on their participation service as of the "day before conversion date" and their final average monthly pay at retirement (not the date of conversion).

AND

Part B Benefit (Part B): On the "conversion date," employees will start earning an additional pension plan benefit through a new formula that "mirrors" the Duke Energy Retirement Cash Balance Plan.

The Company matching contributions for the 401(k) plan will be enhanced to mirror the Duke Energy Retirement Savings Plan. As a result, employees will be eligible to receive higher matching contributions on a broader definition of pay. The higher amount is a dollar-for-dollar match on the first 6% of eligible pay (this includes base, overtime and annual incentive pay).

Employees will also begin participating in an annual incentive plan with greater award opportunities (up to 5%).

With Mandatory Conversion to the New Retirement Program:

1. Mandatory conversion will be effective January 1, 2013 for employees who have elected to remain in the Cinergy Traditional Retirement Program. Other terms applicable to the mandatory conversion are as follows:

   a. The final average monthly pay for retirement will be frozen at the time of conversion (no pay run up).

   b. Employees will have no choice between annuity and lump sum on Part A; only the current traditional program annuitant options will be available for Part A.

   c. Can still grow in to the 85 points.

   d. Employees will receive the enhanced 401(k) and enhanced incentive pay as described above once they mandatorily convert.

Employees Currently in the Cash Balance Plans:

Employees who previously selected one of the Cinergy cash balance plans (Balance or Investor) will automatically transition to the New Retirement Program as soon as administratively possible, but no later than January 1, 2009, to include participation in a cash balance pension plan that mirrors the Duke Energy Retirement Cash Balance Plan and an enhanced 401(k) plan to mirror the Duke Energy Retirement Savings Plan and an enhanced annual incentive plan as described below:

Annual Incentive Plan Summary Changes for those who elect or automatically move to the New Retirement Program:

In conjunction with the New Retirement Program, all participants who volunteer or upon mandatory conversion to the New Retirement Program will be eligible for up to a 5% maximum annual incentive pay (payable in 2010) based on the achievement of goals as set forth below:

NEW RETIREMENT PROGRAM – UEIP

Goal	Level 1	Level 2	Level 3
Company Financial Result	.75%	1.5%	3%
Safety	.5%	.75%	1%
Customer Satisfaction	.5%	.75%	1%
	1.75%	3.0%	5.0%

Annual Incentive Plan Summary Changes for those who do not elect the New Retirement Program:

Employees who elect to remain in the Cinergy Traditional Program, which provides benefits under the current final average pay formula, will not be eligible for the higher incentive payout, but will continue their eligibility for the current Cinergy 401(k) Plan formula and will begin participating in an annual incentive plan, with a maximum award of 2% based on the achievement of goals as set forth below:

TRADITIONAL RETIREMENT PLAN – UEIP

Goal	Level 1	Level 2	Level 3
Company Financial Result	.5%	.75%	1%
Safety	.25%	.375%	.5%
Customer Satisfaction	.25%	.375%	.5%
	1.0%	**1.5%**	**2.0%**

The Retirement Conversion Agreement Survives the 2008 – 2012 Contract:

The Company and the Union expressly understand and agreed that the Retirement Program conversion agreement shall continue in full force through January 1, 2013, surviving the termination of the 2008 – 2012 Contract, and shall continue in full force through succeeding contracts, or in the absence of succeeding contracts, unless changed by mutual agreement of the parties.

Very truly yours,

Jay R. Alvaro
Vice President

DUKE ENERGY.

Duke Energy
139 East Fourth St
Cincinnati, OH 45201

April 15, 2015

Mr. James Anderson
President
Utility Workers Union of America
Local 600
810 Brighton Street
Newport, Kentucky 41071

RE: Amendment to A-58 Retirement Plan Agreement

Dear Mr. Anderson:

During the 2015 negotiations, the Company and the Union discussed changes to the Company's retirement programs. This letter sets forth the changes that were agreed to by the Company and the Union.

Retirement Benefits for New Hires

For employees hired or rehired on or after January 1, 2016, the Company will provide an annual contribution to the Duke Energy Retirement Savings Plan ("RSP") in the amount of 4% of the employee's annual compensation (including base, overtime, and incentive compensation) in accordance with the RSP plan documents. Such newly hired or rehired employees also will be eligible for the Company-provided matching contribution equal to 100% of the before-tax (and Roth) contributions made up to 6% of eligible compensation in accordance with the RSP plan documents on the same basis as employees hired or rehired prior to January 1, 2016. Employees hired or rehired on or after January 1, 2016 will not be eligible to participate in the Cinergy Corp. Union Employees' Retirement Income Plan (the "Retirement Income Plan").

Cash Balance Interest Credit

The cash balance interest credit rate under the Retirement Income Plan for pay credits made on and after January 1, 2016 will be based on a 4% interest rate (0.327% monthly equivalent interest rate). For purposes of clarity, the cash balance interest credit rate applies to cash balance participants and the Part B benefit for participants who have a Part A (traditional) and Part B (cash balance) pension plan benefit. The Part A (traditional) portion of the participant's benefit will not be affected by this change.

Retirement Income Benefit for Long-Term Disability

A participant who starts receiving long-term disability benefits on or after July 1, 2016 will receive interest credits under the Retirement Income Plan's cash balance formula while disabled, but will not receive pay credits while long-term disabled, in accordance with the Retirement Income Plan documents. This change will not apply for any individual who starts receiving long-term disability benefits before July 1, 2016, or participants under the traditional formula, or for the Part A benefit for participants who have a Part A (traditional) and Part B (cash balance) pension plan benefit.

For purposes of clarity, as previously agreed, the Company may in its discretion merge the Retirement Income Plan into the Duke Energy Retirement Cash Balance Plan or other defined benefit plan maintained by the Company. In accordance with applicable law, any such merger will not reduce participants' accrued benefits.

The complete provisions of the Company's retirement plans are set forth in the plan documents, as amended to make administrative changes, legally-required changes and/or technical changes that do not reduce the benefits formula. In the event of a conflict between any other communication and the plan documents themselves, the plan documents control.

It is thought that this letter accurately describes the agreement reached by the parties regarding amendments to Sidebar Letter A-58 relating to retirement plan agreements.

Sincerely,

Jay R. Alvaro
Director, Labor Relations
Duke Energy

Duke Energy®

DUKE ENERGY CORPORATION
139 East Fourth St.
PO Box 960
Cincinnati, OH 45201-0960

June 2, 2008

Mr. James W. Anderson
President
Utility Workers Union of America
Local 600
810 Brighton Street
Newport, Kentucky 41071

RE: Sabbatical Vacation Bank and Vacation Credit Programs

Dear Mr. Anderson:

During the 2008 contract negotiations, representatives of the Company and the UWUA, Local 600 (the "Union") discussed the phasing out of the Sabbatical Vacation Bank and the Vacation Credit Programs.

As agreed, these programs shall be phased out in accordance with the attached document, Attachment A, which outlines the specific revisions to the Sabbatical Vacation Bank and Vacation Credit Programs that will remain in effect through December 31, 2012.

The Company and the Union expressly understand and agreed that the phasing out of the Sabbatical Vacation Bank and the Vacation Credit Programs, as stated in the attached document, shall continue in full force until December 31, 2012, surviving the termination of the 2008 – 2012 Contract, and shall continue in force through succeeding contracts, or in the absence of succeeding contracts, unless changed by mutual agreement of the parties.

Very truly yours,

Jay R. Alvaro

Jay R. Alvaro
Vice President

Attachment

ATTACHMENT A

REVISIONS TO THE SABBATICAL VACATION BANK AND VACATION CREDIT PROGRAMS FOR UWUA, LOCAL 600

Effective January 1, 2009, the Vacation Bank and Vacation Credit Programs will be phased out over a four year period and will be ending on December 31, 2012.

THE CHANGES:

Sabbatical Vacation Program:

- The sabbatical banking program will be eliminated for employees who are younger than 47 years old as of December 31, 2008.
- Employees who are 47 years old or older as of December 31, 2008 will be eligible to continue banking vacation until December 31, 2012, up to the limits described on the schedule below.
- Employees who have already banked more than the maximum amount of vacation based on the schedule below (including any vacation credits) cannot bank more after January 1, 2009 but will be grandfathered with the amount they have banked.
- No additional banking will be permitted after January 1, 2013. Therefore, the last opportunity to bank vacation will be in December 31, 2012 because banking is done at the end of the year.
- Banked vacation will be paid out at the final rate of pay at retirement.

Vacation Credit Program:

- Vacation Credits: Up to six weeks credit, starting at age 51, cannot exceed the employee's vacation entitlement.
- Employees who are at least 51 years old as of December 31, 2012 will continue to receive "vacation credits" up to the lesser of their annual vacation entitlement or the schedule below.
- The vacation credit program will be modified for employees who are younger than 51 years old as of December 31, 2012. For those employees "only" hired prior to January 1, 1997 will receive their "vacation credits" up to the amount of vacation time they were eligible for as of January 1, 2006.
- Vacation credits will be paid out at the final rate of pay of retirement.

Service Credit Program:

- Service Credits: Up to two weeks for years 32 and 33 years of employment in lieu of a 6th week of vacation time off.
- Employees will continue to receive one week of "service credit" added to their vacation bank in years 32 and 33 of employment in lieu of time off until December 31, 2012. Effective January 1, 2013, employees will be granted a 6th week of vacation time off during their 32nd year of employment in lieu of a week of service credit.
- An employee who has already reached their maximum or more of vacation bank before January 1, 2013 will receive their 6th week of vacation as "time off" in lieu of a service credit.

THE SCHEDULE:

Age as of: 12/31/2008	Maximum Banked Vacation (including vacation and service credits)
47	10
48	10
49	10
50	12
51	14
52	16
53	18
54	20
55	22
56	22

Duke Energy®

DUKE ENERGY CORPORATION
139 East Fourth St.
PO Box 960
Cincinnati, OH 45201-0960

June 2, 2008

Mr. James W. Anderson
President
Utility Workers Union of America
Local 600
810 Brighton Street
Newport, Kentucky 41071

RE: Union Employee Annual Incentive Program (UEIP)

Dear Mr. Anderson:

During the 2008 contract negotiations, representatives of the Company and the UWUA, Local 600 (the "Union") discussed that the payout for the incentive bonuses for employees will vary based on their participation in the offered retirement program.

Beginning with the 2009 goals and during the term of the 2008 – 2012 Agreement, the UEIP payout (payable in 2010) will be administered as follows:

Annual Incentive Plan Summary Changes for those who elect or automatically move to the New Retirement Program:

In conjunction with the New Retirement Program, all participants who volunteer, or upon mandatory conversion, will be eligible for up to a 5% maximum annual incentive pay, as specified below:

NEW RETIREMENT PROGRAM – UEIP

Goal	Level 1	Level 2	Level 3
Company Financial Result	.75%	1.5%	3%
Safety	.5%	.75%	1%
Customer Satisfaction	.5%	.75%	1%
	1.75%	**3.0%**	**5.0%**

Annual Incentive Plan Summary Changes for those who remain in the Traditional Retirement Program:

Employees who elect to remain in the Cinergy Traditional Program, which provides benefits under the current final average pay formula, will not be eligible for the higher incentive payout, but will participate in an annual incentive plan, with a maximum award of 2%, as specified below:

TRADITIONAL RETIREMENT PLAN -- UEIP

Goal	Level 1	Level 2	Level 3
Company Financial Result	.5%	.75%	1%
Safety	.25%	.375%	.5%
Customer Satisfaction	.25%	.375%	.5%
	1.0%	**1.5%**	**2.0%**

Very truly yours,

Jay R. Alvaro
Vice President

Duke Energy
139 East Fourth St
Cincinnati, OH 45201

April 15, 2015

Mr. James Anderson
President
Utility Workers Union of America
Local 600
810 Brighton Street
Newport, Kentucky 41071

RE: Amendment to A-60 Letter Regarding the Union Employee Annual Incentive Plan (UEIP)

Dear Mr. Anderson:

During the 2015 contract negotiations, representatives of the Company and the UWUA, Local 600 ("Union") discussed eligibility for the Union Employee Annual Incentive Plan ("UEIP"). As a result of those discussions, the parties agreed to amend Letter A-60 dated June 2, 2008 as set forth below.

Beginning with the 2015 calendar year performance period under the UEIP, the Company will provide a prorated UEIP payment (calculated as set forth below) to any eligible Union employee who meets the following criteria during a performance period: (i) works for at least six complete calendar months, and (ii) retires (as defined below).

Such prorated UEIP payments shall be paid in the first quarter of the calendar year immediately following the applicable performance period at the same time and on the same basis as other UEIP payments are made to other eligible Union employees, and any such prorated UEIP payment shall be calculated based on the eligible earnings of the retired Union employee during the applicable performance period and actual achievement relative to the pre-established goals set forth in Letter A-60.

For purposes of clarity, in no event will a Union employee who does not meet the criteria set forth in this letter be eligible for a prorated UEIP payment for a performance period if he or she isn't employed on December 31st of the performance period. For purposes of this Letter, "retire" means separate from employment with the Company after having attained at least age 55 and 10 years of service (as determined for purposes of access to Company sponsored retiree medical coverage).

In other respects, Sidebar Letter A-60 shall continue in full force and effect herein for the duration of the 2015 - 2019 Agreement, unless changed by mutual agreement of the parties.

Sincerely,

Jay P. Alvaro
Director, Labor Relations
Duke Energy

Sidebar Letter A60a

Duke Energy
Labor Relations
139 East Fourth St
Cincinnati, OH 45201

April 1, 2019

Mr. Steve Kowolonek
President
Utility Workers Union of America
Local 600
810 Brighton Street
Newport, Kentucky 41071

RE: Union Employee Annual Incentive Program (UEIP)

Dear Mr. Kowolonek:

During the 2019 negotiations, the parties discussed the UWUA Union Employee Annual Incentive Program (UEIP). This letter amends the UEIP Sidebar Letter A-60 dated June 2, 2008 and confirms these discussions and the resulting agreement.

As discussed during negations, beginning with the 2020 incentive year UWUA represented employees are eligible for an incentive lump sum bonus up to a maximum of 2% or 5% of straight time and overtime wages per year in accordance with Sidebar Letter A60 Union Employee Incentive Plan (UEIP), based on the achievement of goals during the previous year, as determined by the Company.

In all other respects, Sidebar Letters A60 shall continue in accordance with the terms as outlined.

Sincerely,

Michael Ciccarella

Michael A. Ciccarella
Senior HR Consultant
Labor Relations

Duke Energy
Labor Relations
139 East Fourth St
Cincinnati, OH 45201

April 1, 2019

Mr. Steve Kowolonek
President
Utility Workers Union of America
Local 600
810 Brighton Street
Newport, Kentucky 41071

RE: Cincinnati Customer Care Center

Dear Mr. Kowolonek:

During the 2019 contract negotiations, representatives of the Company and the UWUA, Local 600 (the "Union") discussed the Duke Energy Cincinnati Customer Care Center.

As agreed, the Cincinnati Customer Care Center organization will consist of Customer Service Representatives (CSR) and Service Installation (SI). The CSR group will consist of employees in the Cust Svc Rep-FT Regular, Customer Service Rep-Full Time New, and Cust Service Rep-Part Time New job classifications. The Service Installation group will consist of employees in the Order Processing and Customer Service Representative – Service Installation classifications.

The Cincinnati Customer Care Center wages and merit increases will be administered per the attached (Attachment A). The minimum wage rate for the Cust Svc Rep-FT Regular and Customer Service Rep-Full Time New classifications will be $14.50 per hour and the maximum hourly rate will be $16.00 per hour. Effective April 1, 2020 and for the remaining term of the 2019 – 2023 Agreement, the General Wage Increase (GWI) applicable to UWUA represented Clerical employees will be applied to the maximum hourly wage rate of $16.00 for the Cust Svc Rep-FT Regular and Customer Service Rep-Full Time New classifications. In addition, this increase will be applied to the individual hourly wage rates for employees in these classifications not to exceed the maximum rate of pay. The minimum rate of pay will not increase over the term of the Agreement.

Incentives in the Cincinnati Customer Care Center will be based on the achievement of established performance measures as determined by the Company. The Company will notify the Union of any changes and will meet to discuss if requested by the Union. Any request by the Union to meet for discussion will not delay the implementation of incentive measures. Any employee, who is serving in a non-call-taking role, will receive a bonus equal to the average bonus payout for call-takers, unless an alternative method is mutually agreed upon by management and union representatives. There will be a quarterly review by management and union representatives to ensure that bonus calculations are accurate. Assuming the union representatives involved in this review are in agreement with the calculations, the Union agrees not to support or process grievances related to the bonus calculations.

An incentive eligible employee, who leaves the Cincinnati Call Center, prior to the end of a quarter, will receive a prorated bonus for the time worked in the Cincinnati Call Center organization.

It is expected that representatives working evening, night, holiday or weekend shifts provide at least three hours' notice if they are going to be unable to report to work, whether due to illness or other factors. It is understood that there will be times when an emergency occurs within three hours of the start of an employee's shift.

Employees (including SI), who are called out for other than planned overtime, will be paid a minimum of four hours at the appropriate overtime rate except when they come in, relative to storms, less than four hours before their scheduled shift. In this case, they will only be paid at the applicable overtime rate for a minimum of two hours.

Employees (including SI), who are called out for other than planned overtime, will be paid a minimum of four hours at the appropriate overtime rate except when they come in, relative to storms, less than four hours before their scheduled shift. In this case, they will only be paid at the applicable overtime rate for a minimum of two hours.

The Call Center may elect to observe the actual holiday or the Company designated holiday based on business needs. Prior to December 31 of each year the Company will notify employees of the holiday schedule for the following year. Employees scheduled to work the holiday designated by the Call Center that are excused from work by the Company will receive holiday pay for the regularly scheduled hours they would have worked on the holiday. All other employees will receive eight hours of holiday pay. Twelve hour and nine hour employees working on the holiday designated by the Call Center will receive time and one-half pay for their scheduled hours. If the employee exceeds their scheduled hours, double time will be paid for those hours worked in excess of their schedule. In order to be eligible to receive holiday pay, full time Customer Service Representatives must work the last regularly scheduled workday prior to the holiday and the first regularly scheduled workday after the holiday.

The Union agrees to support the following:

Virtual Routing (Base Customer Care)

- The Union agrees to not grieve the routing of Duke Energy customer calls and other types of Call Center non-call work to available representatives within the Duke Energy Call Centers or outsourced center(s). The outsourced portion of this work is not subject to any related side-letter agreements.

Premium for Specialties

- Employees in developmental roles will receive $1.75 per hour in addition to the employee's normal hourly wage rate. These roles currently include the training of new employees and performing the duties of On Job Trainer. This premium may be applied to other roles as determined by the Company. Prior to applying this premium to other duties, the Union and Company will meet at least thirty days in advance to discuss.

- Full-time new and part-time representatives, within the Cincinnati Call Center, who demonstrate, through assessment, that they are fluent in Spanish, will be paid a premium of $1.00 per hour.

Applicable to Customer Care Operations (Base and SI)

- *Virtual Agents.* The use of Virtual Agents was discussed and it was agreed that the Company will have the ability to implement a Virtual Agent program based on business needs. The advantages to such a program include faster response for emergency/outage situations, a more efficient use of resources, and increased customer satisfaction. Eligibility will be based on an employee's performance including but not limited to:

    - Achieving or exceeding all performance metrics.

    - No corrective action within the past twelve months.

    - Minimal escalations or Resource Support Line (RSL) calls.

    - Participating employees who subsequently develop performance related issues may have their Virtual Agent privileges revoked.

The number of employees participating in the program is at the sole discretion of the Company. In the event that two or more employees' performance is equal as determined by the Company, seniority will be the deciding factor. Order Processing Representative and Customer Service Representative – Service Installation (CSR-SI) classifications will be combined when determining eligibility for the Service Installation work group. In addition, the program may be suspended or discontinued based on business needs by the Company in its sole discretion. Prior to making such a decision, the Company will meet with the Union for discussion.

- *Emergency or Abnormal Operations.* In order to ensure that our customers' needs are met during outage, abnormal, or emergency situations, it was agreed that a 33% response rate over a rolling twelve month period would apply to all Cincinnati Customer Care employees. Response is defined as reporting to work a call out associated with these types of situations. Any employee who has pre-approved vacation/personal time scheduled immediately prior to or after scheduled off days, or is beginning or ending a bereavement leave, will not have a non-response credited to them for the purposes of calculating the response rate. However, if an employee does respond in this situation a credit will be applied. Employees failing to meet the required rate are subject to corrective action.

- *Vacation Availability.* In the event that Workforce Management determines that additional vacation slots are available during the workday, employees will have the ability to make a request to take advantage of these slots.

Applicable to Base Customer Care Operations

Employees may be hired either as full time or part time based on business needs. In accordance with the Collective Bargaining Agreement new employees will be classified as probationary for a period of one year. Probationary CSRs will not be eligible to apply for other positions for a period of twelve months from the date of hire. Employees meeting the educational requirements for technical positions represented by the UWUA will be eligible to apply within the twelve month period.

Based on business needs there may be a requirement for part time CSRs. All part-time CSRs will receive part-time employee benefits, regardless of the number of hours they work. While the intention is for part-time CSRs to be scheduled for less than 32 hours per week, they may exceed this number of hours due to actual or expected peak call volumes, trading of hours between employees, etc.

In 2012 two new schedules were agreed to;

A) 3 twelve hour days and 1 four hour day.

B) 4 nine hour days and 1 four hour day.

The Company reserves the right to implement these and other schedules based on business needs. At least 30 days prior to implementation, the Union and Company will meet to discuss the schedule. The Company will make every attempt to notify effected employees within a reasonable amount of time when planned overtime is being cancelled.

The meal provision for twelve hour workers will be triggered when the employee works thirteen consecutive hours and fifteen consecutive hours with the employee receiving a meal, or compensation in lieu thereof. For employees on a nine hour schedule, a meal or compensation in lieu thereof, will be provided at eleven and fifteen consecutive hours respectively.

Personal days must be taken in full day increments regardless of the employee's schedule. Twelve hour shift workers will be entitled to three personal day and one diversity day and nine hour shift workers will be entitled to four personal days and one diversity day.

Applicable to Service Installation

Customer Service Representative – Service Installation (CSR-SI) within the Customer Relations bid area will have a minimum wage rate of $16.50 and a maximum wage rate of $19.00 per hour. Only full time employees will be considered for this position. The minimum and maximum wage rates are not subject to the negotiated annual wage increases. For the first 12 months after entry into the classification, and in accordance with the Patrick P. Gibson Letter, employees failing to meet performance standards may be demoted to the Full Time New job classification. Such demotion may take place prior to corrective action being taken. This does not preclude action being taken on more serious offenses such as but not limited to attendance, zero tolerance calls, or any dischargeable offense. Any demotion will not be subject to the grievance procedure. If such a demotion occurs, the employee's rate of pay will be reduced to the rate of pay at the time the employee promoted to the CSR-SI position plus any merit increase that the employee had received since their promotion, not to exceed the maximum wage rate for the CSR classification. If the employee is demoted, they will not be considered for promotion for an additional nine months, from the date of demotion or last corrective action. During the first six months, an employee can request to demote from CSR-SI. Employees who demote within six months will retain their classified seniority. Employees demoted after six months will receive an adjusted seniority date.

Employees in the CSR-SI classification will receive a $0.50 merit increase every six months in accordance with the December 29, 2000 Patrick P. Gibson Letter in lieu of the annual general wage increase until reaching the maximum rate of pay. Once an employee reaches the maximum rate of pay, they will receive an annual lump sum equal to the negotiated general wage increase for clerical employees.

Employees accepting a Customer Service Representative – Service Installation position will not be eligible to cross or laterally bid for a period of nine months from the date they enter the classification.

This letter will be in effect during the term of the 2019 – 2023 Agreement.

Sincerely,

Michael Ciccarella

Michael A. Ciccarella
Senior HR Consultant
Labor Relations

Attachments

	Cust Svc Rep-FT Regular and Customer Service Rep-Ftn			
	Current Max	April 1, 2020	April 1, 2021	April 1, 2022
General Wage Increase	NA	2.5%	2.5%	2.5%
Max Wage	$16.00	TBD	TBD	TBD

1. Merit increases for Customer Service Rep-Ftn remain at $0.25 every six months in accordance with the Letter of Agreement dated February 23, 2018.

2. Merit increases for Cust Svc Rep-FT Regular remain at $0.50 until April 1, 2020 at which time the amount will be reduced to $0.25 due to the GWI being applicable.

3. Customer Care Incentive Bonus of up to $500 per quarter based on performance.

4. Employees are eligible to participate in the UEIP.

Title	Wage Range	Negotiated Base Wage Increases	Merit Increases	UEIP	Call Center Incentive Bonus
CSR – PTN	$12.00 - $13.00[1]	Same as Clerical[2]	$0.25	Yes	Up to $375 per Quarter
CSR-SI	$16.50 - $19.00[1]	See #3	$0.50[4]	Yes	See #5
Order Processing Rep	N9	Same as Clerical	$0.25 every six months.	Yes	See #5

1. The minimum and maximum wage rates for the CSR-PTN and CSR -SI will not increase with annual base wage increases.

2. Any CSR-PTN with a wage rate at or above the maximum will receive their annual increase in the form of a lump sum rather than a base increase.

3. Semi-annual merit increases are in lieu of General Wage Increase.

4. $0.50 every six months is in lieu of General Wage Increase. After maximum is reached employee will receive a lump sum increase equal to the negotiated annual wage increase for clerical employees.

5. Service Installation representatives assigned to take base calls at least 35% of the quarter will receive the quarterly Call Center Incentive based on their performance.

Duke Energy®

DUKE ENERGY CORPORATION
139 East Fourth St.
PO Box 960
Cincinnati, OH 45201-0960

June 2, 2008

Mr. James W. Anderson
President
Utility Workers Union of America
Local 600
810 Brighton Street
Newport, Kentucky 41071

RE: Part-Time Employee Benefits

Dear Mr. Anderson:

During the 2008 contract negotiations, representatives of the Company and the UWUA, Local 600 (the "Union") discussed benefits that would be extended to part-time employees represented by the Union. Accordingly, the following table outlines the benefits that these employees will receive during the term of the 2008 – 2012 Collective Bargaining Agreement.

Benefit	Comment
Pension	Only if work greater than 999 hours in a 365 day period
401(k)	Same as full time employees
Medical	Same as full time employees
Dental	Same as full time employees
Vision	Same as full time employees
Flex Spending Accounts	Same as full time employees
Short-Term Disability (STD)	After 12 consecutive months of employment
Bereavement	Day of funeral only
Holidays	Only if holiday falls on a regular scheduled work day
Personal Day	One personal day after 12 consecutive months of employment
Vacation	Number of hours regularly scheduled per week times # of vacation weeks based on years of service
Supplemental Workers' Compensation	Same as full time employees
Jury Duty & Witness Pay	Only if it falls on a regular scheduled work day
Shift/Sunday Premiums	Same as full time employees
Life and AD&D Insurance	Same as full time employees
Dependent Life Insurance	Same as full time employees

Very truly yours,

Jay R. Alvaro

Jay R. Alvaro
Vice President

DUKE ENERGY.

Duke Energy
Labor Relations
139 East Fourth St
Cincinnati, OH 45201

April 1, 2019

Mr. Steve Kowolonek
President
Utility Workers Union of America
Local 600
810 Brighton Street
Newport, Kentucky 41071

RE: Revenue Services Representative

Dear Mr. Kowolonek:

During the 2012 negotiations, the parties discussed consolidating the current three work groups within the Revenue Services Department into one newly created job classification titled "Revenue Services Representative" (RSR). Based on these discussions, the parties agreed to create the RSR position in accordance with this letter.

Specifically, Revenue Services currently is comprised of three work groups: (1) Billing, (2) Accounts Receivables, and (3) Payments. These three work groups' functions will be combined and performed by the newly created RSR position. The job description for the RSR position is Attachment A to this letter.

Wage Rate: The minimum rate of pay for the RSR position is established at $17.00 per hour and will not increase during the term of the contract. The maximum rate of pay is $19.50 per hour with the maximum increasing to $19.75 on April 1, 2021. The GWI will not increase the minimum or maximum rate of pay for this position. Any employee below the new minimum rate of pay will be increased to new minimum with next payroll following contract ratification.

Merit Increases: Employees in the RSR position may progress to the maximum wage rate through merit increases of $0.25 at six-month intervals. Employees will be eligible for $0.25 merit increases in accordance with the December 29, 2000 Patrick P. Gibson Letter. Employees at the maximum rate of pay will receive an annual merit increase in a lump sum amount equal to the negotiated general wage increase for clerical employees, which may be in the form of a percentage pay increase and/or lump sum amount.

Selection: The Company will give first consideration to full-time employees over part-time employees in the competency-based selection process for the RSR position when all other things are equal.

Incumbent Employees. Incumbent employees will perform all functions of the newly created job description but will be considered grandfathered in their existing classifications. Incumbent employees will continue to receive the negotiated general wage increases applicable to their current job classifications in accordance with the Collective Bargaining Agreement. In addition, these employees will retain all bid and rollback rights in the Customer Relations Bidding Area.

Tamper Theft and Switched Meter Work -The Company and the Union agree to establish a $1.75 per hour premium to be paid to employees in the RSR position when management assigns them to perform tamper theft and switched meter work. Management will assign full-time employees to perform specialty-type work as needed. Any employee who has received a verbal warning in the past six months, or a disciplinary letter or higher-level discipline in the past year will not be considered. Such employees are eligible for consideration once his or her record is free from a verbal warning for six months, and/or free from any disciplinary letter or higher-level discipline for one year. It is anticipated the number of employees performing this work will vary based on work load

Should additional specialty type work be brought into these teams the company will meet with the Union, at their request, to determine whether the premium is applicable to the work. The Company reserves the right in its sole discretion to determine whether the premium is applicable.

Management will consider seniority as a tiebreaker to determine which equally qualified employees will be assigned to perform this work. No premium will be paid to employees while training or on paid time off. This letter shall not be construed as limiting management's rights under the terms of the applicable collective bargaining agreement.

Title	Wage Range	Merit Increase
Revenue Services Rep April 1, 2019 - March 31, 2020	\$17.00 - \$19.50	\$0.25 every 6 months
Revenue Services Rep April 1, 2021 - March 31, 2023	\$17.00 - \$19.75	\$0.25 every 6 months

This letter will be in effect during the term of the 2019 - 2023 Agreement.

Sincerely,

Michael Ciccarella

Michael A. Ciccarella
Senior HR Consultant
Labor Relations

DUKE ENERGY.

Duke Energy
Labor Relations
139 East Fourth St
Cincinnati, OH 45201

April 1, 2019

Mr. Steve Kowolonek
President
Utility Workers Union of America
Local 600
810 Brighton Street
Newport, Kentucky 41071

RE: Competency Based Selection

Dear Mr. Kowolonek:

During the 2019 negotiations, the Company and Union discussed the ongoing implementation of a Competency Based Selection (CBS) Process for certain job classifications. Specifically, this process will be utilized when filling certain clerical jobs designated as Level NB and above and certain technical jobs designated as level T4 and above. This will ensure that the most qualified candidate is selected for the position and is more likely to succeed.

Job openings will be filled using the following Competency Based Selection process:

- Job applications/resumes will be screened to determine that the basic qualifications, as set forth in the job description are met. An employee's corrective action which is below Suspension will not affect consideration of the employee for any jobs that are posted externally.

- To supplement their application, Company employees may print copies of their training records, job history, or other similar documents relating to their employment from the Employee Center on the Company's portal, and provide such documents to interviewers during the interview process or as attachments to their electronic application. All such documents provided by employees will be considered by the Company.

- Candidates meeting the minimum qualifications will be evaluated based on the following factors: skills and qualifications, prior job performance and/or experience and, in certain positions, a Basic Skills Assessment.

- Absent unusual circumstances, candidates will be interviewed by a team of at least three qualified, interviewers as determined by the Company. When determined by the Company to be feasible, one of the interviewers will be from a department outside of the department posting the position. Human Resources and/or Labor Relations will continue to provide guidance as appropriate.

- Company employees will be provided with advantage points in the process that will not be provided to external applicants. Specifically, the advantage points will be calculated as follows:

- One point will be provided for existing UWUA members; and

- One point will be provided for existing UWUA members who are full-time employees.

  Accordingly, a part-time UWUA member would be provided with one advantage point and full- time UWUA members would be provided with two advantage points.

- Seniority will be the deciding factor if there are two full-time, internal candidates who are equally qualified as determined by the Company. (

- Unsuccessful candidates under this process will be provided with additional interview training and/or assistance with resume preparation upon their written request to their HR Business Partner.

The process, as outlined above, will be used for the following job classifications:

CLERICAL	TECHNICAL
Gas Operations Administrator	System Integrity Technician Associate
Administrative Office Clerk	System Integrity Technician
Electric Operations Clerk	Sr System Integrity Technician
Order Processing Representative	Gas Technician
Sourcing/Purchasing Associate	Control Technician III
Customer Relations Representative B	Technician
Gas Document Specialist	Control Technician II
Customer Relations Clerk B	Gas Layout Technician
Office Coordinator	T&D Support Technician
Revenue Services Representative	Control Technician I
Service Installation Representative	Sr Gas Layout Technician
Customer Experience Support	GIS Technologist II
Senior Work Management Specialist	GIS Technologist I
Land Analyst	GIS Technologist III
Gas Office Coordinator	LIT Support Agent II
Gas Operations Support Specialist	LIT Support Agent I
Customer Relations Representative C	T&D Design Technician
Customer Relations Clerk C	Design Technician
Engineering Office Clerk	Operations Technician
Administrative Office Clerk - IT	Sr Substation Design Technician
	Sr T&D Design Technician
	Distribution Technician
	Substation Design Technician
	Surveying Technician
	Sr Transmission and Distribution Technician
	Sr T&D Support Technician
	Gas Marketing Specialist
	Configuration Management Specialist
	Engineering Specialist I
	Engineering Specialist Assistant
	Event Tech Services Specialist I
	Gas Controls System Tech
	P&C Design Document Specialist
	Lighting Specialist I
	Lighting Specialist II

Additionally, the Company would use this process to fill any newly created job classifications that are at or above the NB or T4 wage level (or its equivalent). The selection process for Customer Projects Resource Specialist, Customer Project Coordinator and the Gas Operations Trainer, will remain as outlined in the applicable side bar letters.

Sincerely,

Michael Ciccarella

Michael A. Ciccarella
Senior HR Consultant
Labor Relations

Duke Energy
Labor Relations
139 East Fourth St
Cincinnati, OH 45201

April 1, 2019

Mr. Steve Kowolonek
President
Utility Workers Union of America
Local 600
810 Brighton Street
Newport, Kentucky 41071

RE: Severance Program

Dear Mr. Kowolonek:

To the extent the Company and the union agree that a severance opportunity will be provided to UWUA represented employees during the term of the CBA, the Company will provide employees who are designated as eligible by management a one-time lump-sum severance payment and other benefits if they meet basic plan requirements, as set forth below;

Severance Payment Formula

The Severance Payment will be calculated as follows based on the Eligible Employee's release date;

- Two weeks of Annual Base Pay for each Year of Service (including partial Years of Service).
- For employees hired on or after April 1, 1989, the Severance Payment will not be less than 12 weeks and not more than 52 weeks of the eligible employee's Annual Base Pay.
- For employees hired before April 1, 1989, the Severance Payment will not be more than two times the eligible employees Annual Base Pay. The maximum severance payment will not exceed two times an employee's annual compensation calculated as two times the compensation listed in Box 5 of the employee's most current W-2.

Additional Benefits

- Six months of Company-paid medical/dental coverage under COBRA following separation for all participating employees who have such coverage in effect as active employees upon separation.
- Access to outplacement services under the Company's program.

Design Features

- Employees are required to remain employed in good standing until their release date, which will be established by management in its sole discretion.
- Employees must sign and not revoke a Waiver and Release of All Claims in order to receive any benefits under this Program.
- Employees who separate under this Program will not be eligible for rehire or for staff-augmentation contingent worker (contractor) assignments for 12 months after their release date.

The Company shall designate who will be eligible for the severance program by department, job classification, age and/or years of service. or other legitimate, objective criteria, as determined by the Company, in its sole discretion.

Sincerely,

Michael Ciccarella

Michael A. Ciccarella
Senior HR Consultant
Labor Relations

Duke Energy®

April 13, 2012

Mr. James Anderson
President
Utility Workers Union of America
IUU Local 600
810 Brighton Street
Newport, Kentucky 41071

Re: Overtime Provisions

Dear Mr. Anderson:

During 2012 contract negotiations, the parties discussed providing employees' flexibility in certain situations to work overtime assignments at a time mutually agreeable to the individual employee and his or her management, when consistent with business needs.

Per our discussion regarding overtime scheduling, the parties have agreed to the following in order to provide flexibility to employees. If an employee volunteers or is required to work overtime and the employee requests to work the overtime on their second scheduled off-day in lieu of working the overtime on a different scheduled off-day, management may approve the employee's request if it meets business needs as determined by the Company. When such employee requests are granted by the Company, the overtime worked will be paid at the rate of time and one-half, instead of double time.

Similarly, if an employee requests to work overtime at a date and/or time of his or her choice and the supervisor approves the request as consistent with business needs as determined by the Company, the Company will pay the overtime at the time and one-half rate.

This in no manner restricts the right of the Company to schedule overtime based on business and operational needs. Such assignments may be mandatory and employees are expected to work such mandatory assignments, and the applicable overtime and meal provisions would apply as stated in the Agreement.

It is believed that this letter accurately describes the parties' agreement.

Very truly yours,

Jay R. Alvaro

Jay R. Alvaro
Vice President, Labor Relations

Duke Energy®

April 13, 2012

Mr. James Anderson
President
Utility Workers Union of America
IUU Local 600
810 Brighton Street
Newport, Kentucky 41071

Re: Outsourcing Affecting Job Elimination

Dear Mr. Anderson:

During the 2012 negotiations, the parties discussed the issue of outsourcing and its impact on bargaining unit members. The parties agreed that the 2005 Labor Management Executive Committee (LMEC) process was outdated, and should be replaced as set forth herein.

The parties will continue to engage in a collaborative process where Labor Relations professionals, management, and union representatives exchange data, perspectives, and ideas so that outsourcing decisions affecting job elimination can be made in an open and candid environment.

As a first step, once the Company has determined that outsourcing is feasible based on proposals received from a potential vendor(s) and that outsourcing will likely result in job elimination, the Company will notify the Utility Workers Union of America, IUU Local 600 ("Union"). Upon receiving this notice, the Union can request information from the Company and/or propose how it would be more advantageous for unionized employees to retain the work at issue.

If requested by the Union, a meeting will be held to discuss the most competitive bid. During the meeting, the Company will provide the Union the key criteria used to evaluate the bid. The meeting should include the following representatives:

- Management representative of the outsourcing department;
- Union leadership;
- A representative from Labor Relations

The Company is fully aware of any legal responsibilities it may have, including the legal duty to share information and bargain in good faith, and will comply with those responsibilities. The Union understands that information shared between the parties while utilizing the process described in this letter is subject to legal protections, and the information shall remain confidential to this process and to the Company.

The parties recognize that each outsourcing proposal should be evaluated on a case-by-case basis, with consideration of factors including but not limited to the overall operating costs, relative labor costs (including the applicable loading rates such as benefits, pension, payroll taxes, etc.), any applicable regulatory requirements, equipment, technological developments, job process improvements, special expertise, efficiency, safety, availability of skilled labor and supervision, scalability, and any other factors that may impact the merits of outsourcing.

The parties further recognize and agree that neither party shall cause unreasonable delay during the process. It is the intent of the parties that this process will occur during approximately two months following the notice provided to the Union referred to in Paragraph 3 hereinabove and/or the parties' first meeting on the issue, if later than the notice. No provision of this letter shall be construed to eliminate or otherwise modify any applicable provision of the parties' collective bargaining agreement relating to outsourcing.

It is agreed that this letter accurately reflects the parties' agreement.

Very truly yours,

Jay R. Alvaro
Vice President, Labor Relations

Duke Energy Corporation
139 East Fourth St.
Cincinnati, OH 45202

Michael A. Ciccarella
Labor Relations Consultant
513.287.5022 (Tel)
513.287.1760 (Fax)

November 16, 2009

Mr. Jim Anderson
President, UWUA Local 600
810 Brighton Street
Newport, Kentucky 41071

RE: *LIT Support Agent Job Progression*

Dear Mr. Anderson:

The Company is establishing a new job progression in order to provide information technology support to various business units. The classifications are as follows;

- LIT Support Agent I
- LIT Support Agent II
- LIT Support Agent III

Initially three positions will be filled with one employee classified as a Support Agent I and two classified as Support Agent II. Based on the skill set required to perform this work, the Company will select the individuals for these positions. In regard to educational requirements, employees initially placed in these positions will be grandfathered and will be considered as meeting the requirements for promotional opportunities within this progression. Going forward, the LIT Support Agent III will be the entry level position for this progression and posted as stated in the Collective Bargaining Agreement.

Wage Rates

The wage rates for this classification will be as follows;

Job Classification	Minimum Hourly Rate	Maximum Hourly Wage	Merit Increase
LIT Support Agent I	$30.71	$33.71	$0.25
LIT Support Agent II	$25.97	$28.97	$0.25
LIT Support Agent III	$21.88	$24.50	$0.25

Individuals placed initially in these positions will be placed at their current wage level not to exceed the maximum wage rate established for the classification. Employees making less than the minimum will be placed at the minimum wage rate for that classification.

Merit Increases

Merit increases will be given every six months is accordance with the *"Patrick P. Gibson"* letter dated December 29, 2000. These increases will be $0.25 per hour.

Out of Town Work Assignments

It is anticipated that all employees in this progression will be given out of town assignments to support Duke Energy facilities. Based on skill level, the majority of these assignments will fall within the LIT Support Agent I classification. When such assignments are made Sidebar Letter A-15 will prevail.

Emergency Overtime Callouts

There may be occasions when employees are called out to respond to information technology issues that require an immediate response to ensure continuity of operations. In such cases, employees will be permitted to respond from locations other than a Duke Energy facility. In such case, the minimum call out of four hours will apply. If a second call out is required within four hours of the first call out it will be considered a continuation of that call out. If an employee does not travel in order to respond then no travel time will be paid.

Employees are expected to respond to and work a reasonable number of emergency overtime assignments. Employees who are consistently unavailable for such assignments are subject to disciplinary action, up to and including discharge.

Progression

Employees will perform satisfactory will automatically promote from the Support Agent III classification to the Support Agent II classification once all qualifications are met. Employees on a disciplinary track or those that have been denied a merit increase will not be eligible to promote until they have received two consecutive merit increases or have been discipline free for one year. Promotions to the Support Agent I classification will be based on business need only.

This letter describes the establishment of the above mentioned classifications, wage rates, and initial staffing. Except where specifically abridged by this letter, all provisions of the 2008 – 2012 Collective Bargaining Agreement apply. In addition, the rights retained by the Company under Article I, Section 2 (c) of the Agreement remain unchanged. This letter in no manner represents a commitment on behalf of the Company in regard to staffing levels. The Company reserves the right to change or modify these job descriptions in accordance with the Agreement. I believe that this letter adequately describes our discussion regarding this matter. If the Union is in agreement with this proposal please return a signed copy of this letter to me at your earliest convenience.

Sincerely,

Michael Ciccarella

Michael A. Ciccarella
Labor Relations Consultant
Duke Energy

Signed: ______________________ Date: 12/7/09
James Anderson, President
Utility Workers Union of America, Local 600

Duke Energy.

DUKE ENERGY CORPORATION
139 E. Fourth Street
P.O. Box 960
Cincinnati, OH 45201-0960

Michael A. Ciccarella
513.287.5022 (Tel)
513.287.1760 (Fax)

March 31, 2011

Mr. Jim Anderson
President
Utility Workers Union of America
Local 600
810 Brighton Street
Newport, Kentucky 41071

RE: *On Call Rotation – Local IT Support*

Dear Mr. Anderson:

Per our recent discussion, the Company is establishing an on call rotation for employees in the Local Information Technology job progression. As we discussed, the employee in the LIT I classification is excluded from this rotation due to business needs at this time. However, it is acknowledged and agreed that the Company has the sole discretion to include employee(s) in the LIT I classification in the rotation if business requirements change in the future.

While on call, employees will be compensated at the rate of $16.50 per day. In addition, the minimum call out will be two hours. If a second call out is required within two hours of the first call out, it will be considered a continuation of that first call out. As previously agreed to, employees will be permitted to respond from locations other than a Duke Energy facility. If an employee does not travel in order to respond, then no travel time will be paid.

Employees failing to respond to a call out in a timely manner may be subject to disciplinary action, up to and including discharge.

Sincerely,

Michael Ciccarella

Michael A. Ciccarella
Labor Relations Consultant
Duke Energy

For the Union:

James Anderson
President, UWUA Local 600

4/5/11
Date

Duke Energy®

Duke Energy Corporation
139 East Fourth Street
Cincinnati, OH 45202

December 20, 2012

Mr. Jim Andersen
President
Local 600
Utility Workers Union of America
810 Brighton Street
Newport, KY. 41071

Re: Foreign Utility Assistance

Dear Mr. Andersen:

This letter documents our discussions and agreement concerning emergency work performed for other utilities. The following guidelines will apply when employees represented by UWUA Local 600, are called upon to work for a foreign utility in emergency situations.

Compensation Guidelines:

- All hours of travel or work will be paid at the rate of time and one-half.
- After 16 consecutive hours of work, Article XII, Section 2(c) will continue to apply.
- Compensation when traveling begins when the employee begins driving toward their destination and ends when the employee arrives at the final destination of the day.
- When employees reach their destination and are to begin work, compensation will begin when the employee leaves the host Company staging area. If the staging area is away from the place of lodging and crews have to be transported to the staging area, then time begins when the employee leaves the place of lodging.
- Compensation ends for the work day when the employee returns to the host Company's staging area. If the staging area is away from the place of lodging and crews have to be transported, then the time will stop when the employee returns to the place of lodging.

Duke Energy Corporation
139 East Fourth Street
Cincinnati, OH 45202

- Employees required to work ten consecutive hours or more, shall be furnished a meal or compensation in lieu thereof (in accordance with the Contract), and an additional meal or compensation in lieu thereof, for each contiguous five hour interval worked thereafter until released from duty.
- Employees are not eligible to receive a daily per diem allowance.

Crew Assignments:

- Management will determine which bidding areas will be eligible to participate in a deployment, and the number of employees and crews from each of the bidding areas.
- During their deployment, employees are expected to comply with the Duke Energy Code of Business Ethics and related policies and procedures.

This letter will be interpreted and applied to comply with all laws. To the extent that this letter conflicts with any applicable law, the law will prevail. The current Contract will remain in effect for issues not addressed herein.

Sincerely,

Marc W. Arnold
Director Design Engineering OH/KY

cc: L. Gregory
R. Atkins
M. Ciccarella

DUKE ENERGY.

Duke Energy
139 East Fourth St.
Cincinnati, OH 45202

May 8, 2014

Mr. Jim Anderson
President
Utility Workers Union of America
Local 600
810 Brighton Street
Newport, Kentucky 41071

RE: *Senior Work Management Support Specialist*

Dear Mr. Anderson:

I am writing in regard to our conversations regarding the establishment of the Senior Work Management Support Specialist within Midwest Delivery Operations. As we have discussed, the minimum hourly rate for this position will be \$31.02 and a maximum rate of \$31.52 per hour. Merit increases will be administered as outlined in the Collective Bargaining Agreement. Furthermore, Sidebar Letter A65 (Competency Based Selection) will be applicable to this position. Also as discussed, the Company will agree that the first three positions will be limited to qualified UWUA represented employees plus any additional positions for two years after entering this agreement. In the event that three positions are not filled within two years, the agreement will be extended until such time as three total positions are offered. This agreement in no manner restricts the Company's right to revise this job description in the future as provided for in the Collective Bargaining Agreement or any applicable sidebar letter.

I believe that this letter accurately describes our conversations regarding this issue. If you are in agreement, please sign and return this letter to me.

Sincerely,

Michael Ciccarella

Michael A. Ciccarella
Senior HR Consultant
Labor Relations KY/OH/Carolina

For the Union:

Signed: ______________ Date: 5/8/14
James Anderson, President
Utility Workers Union of America, Local 600

DUKE ENERGY.
139 East Fourth St
Cincinnati, OH 45201

April 15, 2015

Mr. James Anderson
President
Utility Workers Union of America
Local 600
810 Brighton Street
Newport, Kentucky 41071

RE: Separation of Delivery Operations and Gas Operations

Dear Mr. Anderson:

During the 2015 negotiations, the parties discussed the separation of Midwest Delivery Operations and Gas Operations relating to clerical functions performed by Office Coordinators, Customer Projects Recourse Specialists, and employees assigned to the Order Completion role.

As discussed, the work being performed by the above referenced classifications is being divided between the Midwest Delivery Operations (Electric) and Gas Operations (Gas) business units. As such, two new positions are being established in the Gas Operations Clerical Bid Area, Gas Office Coordinator (Gas OC) and Gas Operations Support Specialist (GOSS). Employees in the Office Coordinator classification currently assigned to Gas Operations will be reclassified as Gas Office Coordinators. The Customer Projects Resource Specialists (CPRS) currently assigned to Gas Operations will be re-classified into the new Gas Operations Support Specialist position. Employees currently performing the Order Completion role will remain in their respective classifications in the Customer Relations Bid Area.

The wage levels for the new positions remains the same as the existing Office Coordinator and CPRS classifications. The Company maintains all rights provided under the Collective Bargaining Agreement and applicable sidebar letters to revise job descriptions and/or discontinue filling these job classifications based on future business needs. Should such material revisions occur to the job descriptions, UWUA Local 600 may request a re-evaluation by the Job Evaluation Committee as provided for in the Agreement.

In order to give incumbent employees a final opportunity to move between the electric and gas bidding areas, the next three vacancies in either bidding area for an OC or a Gas OC will be filled by cross bidding (hand raising) as a combined area. The process for each vacancy will continue until the original posting is filled. This same process will also apply for the next CPRS or GOSS vacancy. Once this commitment is fulfilled, vacancies will be filled using the Competency Based Selection process in accordance with Sidebar Letters A21 (CPRS) and A65 and hand raising will apply only within the individual bid area.

In the event of a work force reduction, the Office Coordinator and Gas Office Coordinator classifications will be combined for the purpose of determining any rollbacks or layoffs. The same will apply for the CPRS and Gas Operations Support Specialist classifications.

Sincerely,

Jay R. Alvaro
Director, Labor Relations
Duke Energy

Duke Energy
139 East Fourth St
Cincinnati, OH 45201

April 15, 2015

Mr. James Anderson
President
Utility Workers Union of America
Local 600
810 Brighton Street
Newport, Kentucky 41071

RE: Global Positioning Satellite (GPS)

Dear Mr. Anderson:

During the 2015 contract negotiations, the parties discussed the use of Global Positioning Satellite (GPS) system and other types of technology being contemplated for use in Company vehicles.

The primary purpose of the GPS and similar technology is to allow the Company the ability to more efficiently manage and assign work and to enhance safety by allowing us to locate a vehicle in the event we have lost contact with someone or a vehicle has been stolen. As discussed, it is not the Company's intent to constantly monitor employee's whereabouts using the GPS or other technology for the purpose of issuing corrective action.

Although its primary use is for managing work, the Company may review and rely on technology and/or the information obtained through its use to aid in an investigation where there is reason to believe an employee may have violated a Company policy or work rule, and the violation may be substantiated or disproven by such a review. To the extent the Company does rely on such information, the Company will treat similarly-situated employees in the same manner. Any such information, upon which the Company relies for purpose of imposing corrective action, will be provided upon request by the Union in accordance with applicable law.

In accordance with the March 29, 2007 GPS Letter, the Company is providing notice to the Union that the amount of history maintained in these systems may be longer than 30 days.

Sincerely,

Jay R. Alvaro

Jay R. Alvaro
Director, Labor Relations
Duke Energy

Sidebar Letter A-80

Duke Energy
Labor Relations
139 East Fourth St
Cincinnati, OH 45201

April 1, 2019

Mr. Steve Kowolonek
President
Utility Workers Union of America
Local 600
810 Brighton Street
Newport, Kentucky 41071

RE: Engineering Specialist Progression

Dear Mr. Kowolonek:

During the 2015 and 2019 negotiations, the parties discussed the Company's decision to establish an Engineering Specialist Job Progression in the Customer Projects Bidding Area and the Transmission & Distribution Bidding Area. This progression will consist of the Engineering Specialist I, II, and III classifications. The wage levels for these newly created positions will be as follows:

Job Classification	Wage Level	Maximum Hourly Rate as of 3/31/19
Engineering Specialist III	T9	$37.89
Engineering Specialist II	T8	$36.83
Engineering Specialist I	T4	$30.39

Wage progression will be as outlined in Article VIII of the Agreement and Sidebar Letter A40, with selections determined by the Company in accordance with Sidebar Letter A65. Employees are required to successfully complete all training programs required by the Company and to promote to the Engineering Specialist II position in a timely manner. Employees successfully completing the requirements for the Engineering Specialist III position will automatically promote to that position. In addition, the Company maintains all rights provided under the Collective Bargaining Agreement and applicable sidebar letters, including but not limited to the right to revise the Engineering Specialist job descriptions based on future business needs. Should such material revisions occur, UWUA Local 600 may request a re-evaluation by the Job Evaluation Committee as provided for in the Agreement.

Employees in the Engineering Specialist I classification may be assigned to a specific headquarters for training purposes as determined by the Company. Employees in the Engineering Specialist I classification will receive all training necessary as identified by the Company to safely perform assigned duties and meet all requirements to promote to the Engineering Specialist II position.

Due to a restructuring of how work is performed by the Company, the Company does not anticipate any future postings for Customer Project Apprentice positions. Incumbent employees will be grandfathered under their existing job description, and will be eligible to continue to receive the negotiated wage increase applicable to employees in the Technical Unit. Existing employees in the progression not at the maximum rate of pay will be eligible to continue receive merit increases as outlined in the December 28, 2012 letter regarding this subject. Also, incumbent employees in the Customer Project Associate and Customer Project Apprentice classifications must continue to meet all Company expectations as previously required, including but not limited to the requirement to progress.

As agreed, when the Company fills a position in the "Engineering Specialist II" classification, the senior qualified Technician in good standing will be promoted to T&D Design Technician. Furthermore, when the Company fills a position in the "Engineering Specialist III" classification, the senior qualified T&D Design Technician in good standing will be promoted to Senior T&D Design Technician. In all cases, employees must be in qualified and in good standing to be eligible for a promotion. This process will continue until all incumbents in the following classifications: Technical Apprentice, Design Technician, Technician, and, T&D Design Technician as of the date the Collective Bargaining Agreement is ratified until all eligible employees have had the opportunity to progress to the Sr. T&D Design Technician position. The T&D progression will be closed to Technical Apprentices and Technicians hired after April 15, 2015. It is the intent of the Distribution Design organization to utilize the Engineering Specialist progression for all such future hires.

For the purposes of "hand-raising" (bidding on headquarters or location) within the Customer Projects Bid Area, the Customer Projects Coordinator and the Engineering Specialist III classifications will be combined. In the event of a work force reduction, the Engineering Specialist progressions in the Customer Projects Bid Area and the Transmission & Distribution Bidding Area will be combined.

Additionally, the Company would use this process to fill any newly created job classifications that are at or above the NB or T4 wage level (or its equivalent). The selection process for Customer Projects Resource Specialist, Customer Project Coordinator and the Gas Operations Trainer, will remain as outlined in the applicable side bar letters.

Sincerely,

Michael Ciccarella

Michael A. Ciccarella
Senior HR Consultant
Labor Relations

DUKE ENERGY.

Duke Energy
139 East Fourth St
Cincinnati, OH 45201

April 15, 2015

Mr. James Anderson
President
Utility Workers Union of America
Local 600
810 Brighton Street
Newport, Kentucky 41071

RE: Customer Relations Representative/Clerk C Positions

Dear Mr. Anderson:

During the 2015 negotiations, the parties discussed the filling of future vacancies in the Customer Relations Representative C and the Customer Relations Clerk C classifications.

Based on these discussions, the parties have agreed that future openings in the Customer Relations Representative C and Customer Relations Clerk C classifications will be filled by the Company using the Competency Based Selection process.

The first three (3) positions will be filled using the Competency Based Selection process among the incumbent Order Processing Representatives in good standing. Should there only be one Order Processing Representative apply for each of the first three positions and he or she meets the minimum qualifications and is in good standing they will be the successful candidate. Order Processing Representatives selected by the Company for the first 3 opportunities will have their rate of pay reduced to the maximum wage rate of the Customer Relations Representative/Clerk C classification. In the event that no Order Processing Representative in good standing applies for one or more of the first three positions, the Company may fill the vacancy by a Union wide posting using the Competency Based Selection process.

Sincerely,

Jay R Alvaro

Jay R Alvaro
Director, Labor Relations
Duke Energy

Sidebar Letter A82

Duke Energy
Labor Relations
139 East Fourth St
Cincinnati, OH 45201

April 1, 2019

Mr. Steve Kowolonek
President
Utility Workers Union of America
Local 600
810 Brighton Street
Newport, Kentucky 41071

RE: Inclement Weather

Dear Mr. Kowolonek:

At Duke Energy, our goal is a zero injury and illness safety culture for our employees and the communities we serve. In order to address the UWUA Local 600's concerns regarding inclement weather, when the Company determines there is a safety concern during periods of heavy or continuous storms or excessive cold weather, the Company will not require employees to perform construction or maintenance work in exposed locations outdoors, unless such work is necessary to protect life, property, or continuity of service. Employees are encouraged to communicate with their supervisors or managers to report and discuss any weather situations they believe may be unsafe. It is expressly understood and agreed that the services to be performed by the employees covered by this Contract pertain to and are essential to the operation of a public utility and to the welfare of the public.

Sincerely,

Michael Ciccarella

Michael A. Ciccarella
Senior HR Consultant
Labor Relations

DUKE ENERGY

Duke Energy
139 East Fourth Street
Cincinnati, OH 45202

March 12, 2018

Mr. James Anderson
President
Utility Workers Union of America
Local 600
810 Brighton Street
Newport, Kentucky 41071

RE: *Alternate Schedule*

Dear Mr. Anderson:

I am writing in regard to our conversations regarding an alternate work schedule consisting of 4 nine hour days and one 4 hour day. As discussed, this schedule will be administered as follows;

- The four hour day will be determined by business needs and may not necessarily be a Monday or Friday.
- Meal compensation will remain at ten hours as outlined in the Collective Bargaining Agreement including the four hour day.
- Where possible, seniority will be used in the selection of schedules absent business needs as determined by the Company. Should it be necessary to deviate from seniority, the Company will notify the Union the reason for the deviation and afford the Union an opportunity to offer alternatives.
- The double-time day will be Sunday.
- Personal/diversity days must be taken in full days regardless of the employee's schedule and cannot be taken in smaller increments.
- Employees working this schedule will revert to an eight hour schedule during all workweeks that contain a holiday recognized by the Company in an effort to maintain consistency throughout the bargaining unit.

The availability of this schedule to various workgroups and employees within those groups will be based on business needs. The Company retains all rights under the Agreement and applicable sidebar letters including the right to discontinue this schedule. I believe that this letter accurately describes our conversations regarding this issue. If you are in agreement, please sign and return this letter to me.

Sincerely,

Michael A. Ciccarella
Senior HR Consultant

For the Union:

Signed: James Anderson, President   Date: 3/12/18

DUKE ENERGY.

Duke Energy
139 East Fourth Street
Cincinnati, OH 45202

September 13, 2016

Mr. James Anderson
President
Utility Workers Union of America
Local 600
810 Brighton Street
Newport, Kentucky 41071

RE: *Gas Marketing Progression*

Dear Mr. Anderson:

The Gas Marketing progression, consisting of the Gas Marketing Specialist and Senior Gas Marketing Specialist classifications, was established in 2015 in order to assist in the expansion of Duke Energy's commercial gas operations. Since that time, the roles have evolved to the extent that the Company has determined that combining the classifications will provide the maximum flexibility in meeting customer needs.

Per our conversation, the existing classifications will be combined into one classification. Current educational requirements for the Gas Marketing Specialist call for a minimum of 45 credit hours with an Associate's Degree obtained within three years. The requirement for the revised job description will be a minimum of 45 credit hours with an Associate's Degree in engineering, technology, construction management, or business obtained within eighteen months of entry into the classification. Absent extenuating circumstances as solely determined by the Company, employees who fail to obtain the required degree within the eighteen month time frame are subject to discharge. The Company retains all rights under the Collective Bargaining Agreement to modify the duties and qualifications including acceptable degree requirements. Should the Company contemplate such revisions, notice will be given to the Union prior to any changes being made.

The wage rate for employees entering the classification will be the T7 minimum hourly rate. As outlined in the Patrick P. Gibson letter (Sidebar Letter A40) employees will be granted a merit increase in accordance with the Collective Bargaining Agreement if progress, measured by demonstrated ability and performance, has been satisfactory after six months. After one year, and again based on satisfactory performance, the employee's wage rate will be adjusted to the T8 minimum hourly rate provided that all educational requirements are met. For those employees not meeting the educational requirement at the twelve month mark, the wage adjustment will be made when the employee completes the requirement. As stated above, this must occur within eighteen months of entering the classification.

Incumbent Gas Marketing Specialists with more than one year of classified seniority and meeting all qualifications of the revised job description will have their wage rate adjusted to the T8 minimum hourly rate. Any current Gas Marketing Specialist not meeting the educational requirement of the revised job description will continue to have three years from entry into the classification to meet the requirement. Upon meeting the education requirement and all other qualifications, the employee will have their wage rate adjusted to the T8 minimum hourly rate. Employees in this category will maintain their seniority.

As stated previously, the Company maintains all rights provided under the Collective Bargaining Agreement and applicable sidebar letters to revise or discontinue job descriptions, including this one, based on future business needs. Should such material revisions occur to the job description, UWUA Local 600 may request a re-evaluation by the Job Evaluation Committee as provided for in the Agreement.

In addition, UWUA Local 600 agrees to withdraw Grievance #399 pertaining to the establishment of the Gas Marketing progression.

I believe that this accurately describes our conversation regarding this matter. If you are in agreement, please sign and return a copy of this letter to me.

Sincerely,

Michael Ciccarella

Michael A. Ciccarella
Senior HR Consultant
Labor Relations

For the Union:

Signed: ______________________ Date: 9/14/16
James Anderson, President
Utility Workers Union of America, Local 600

DUKE ENERGY.

Duke Energy
139 East Fourth St
Cincinnati, OH 45201
Labor Relations

September 26, 2017

Mr. James Anderson
President
Utility Workers Union of America
Local 600
810 Brighton Street
Newport, Kentucky 41071

RE: *Lighting Specialist Progression*

Dear Mr. Anderson:

I am writing in regard to our conversations regarding the establishment of the Lighting Specialist progression. As discussed, this will be a separate bid area consisting of the Lighting Specialist I (Wage Level T5) and Lighting Specialist II (Wage Level T8) job classifications. All applicable provisions of the Collective Bargaining Agreement, including Sidebar Letter A65 - Competency Based Selection, will apply to these positions.

The initial posting will be for two Lighting Specialists IIs and be restricted to qualified employees in the Distribution Design OH/KY and the Distribution Design (Subdivision) departments. Should the successful candidate be in a classification with a wage level higher than T8, then they will be grandfathered in their current classification and be eligible for contractual wage increases applicable to that classification. For all other purposes under the Collective Bargaining Agreement these grandfathered employees will be considered as Lighting Specialists IIs. As such, they will have no rollback rights within their former work groups. Conversely, these employees would not be included in any surplus/rollback scenario within their prior work group. The ability of employees with more than fifteen years of service to displace employees outside of their bidding area is not impacted. Employees in the Technician or T&D Design Technician classifications accepting a Lighting Specialist position will not be eligible to promote as outlined in Sidebar Letter A81.

The Company maintains all rights provided under the Collective Bargaining Agreement and applicable sidebar letters to revise or discontinue job descriptions, including these, based on future business needs. Should such material revisions occur to the job description, UWUA Local 600 may request a re-evaluation by the Job Evaluation Committee as provided for in the Agreement.

I believe that this letter accurately describes our conversations regarding this issue. If you are in agreement, please sign and return this letter to me.

Sincerely,

Michael Ciccarella

Michael A. Ciccarella
Senior HR Consultant
Labor Relations KY/OH/Carolina

For the Union:

Signed: ______________________ Date: 10/2/17

James Anderson, President
Utility Workers Union of America, Local 600

Contract

between

Duke Energy Ohio, Inc.
Duke Energy Kentucky, Inc.

and

USW, AFL-CIO-CLC

on behalf of

Local No. 12049
&
Local No. 5541-06

May 15, 2016

to

May 15, 2021

DUKE ENERGY®

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USW
2016 – 2021
CONTRACT

This Contract, dated June 2, 2016, is agreed upon between Duke Energy Ohio, Inc., Duke Energy Kentucky, Inc., hereinafter referred to as the "Company," and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (USW), hereinafter referred to as the "Union."

The Company and the Union recognize that in order for the parties to meet the challenge of competition, the need for long-term prosperity and growth, and establish employment security, each must be committed to a cooperative labor management relationship that extends from the bargaining unit members to the executive employees. The Company and the Union agree that employees at all levels of the Company must be involved in the decision making process and provide their input, commitment, and cooperation to improving safety, productivity and helping the Company become the lowest cost producer and highest quality provider of energy service.

ARTICLE I – PURPOSE AND RESPONSIBILITIES

Section 1. (a) It is the intent and purpose of the parties hereto that the terms and conditions of this Contract will promote and improve the economic relations between the Company and its employees who are members of the Union, to the mutual benefit of both parties. To that end, there is established herein the basic agreements as to hours of work, rates of pay, working conditions, and a method of providing for the peaceful and satisfactory adjustment of differences of opinion and interpretations of this Contract that may arise from time to time to be observed by the parties hereto during the life of this Contract.

Section 2. (a) It is expressly understood and agreed that the services to be performed by the employees covered by this Contract pertain to and are essential to the operation of a public utility and to the welfare of the public dependent thereon and in consideration thereof, as long as this Contract and conditions herein be kept and performed by the Company, the Union agrees that under no conditions and in no event, whatsoever, will the employees covered by this Contract, or any of them, be called upon or permitted to cease or abstain from the continuous performance of the duties pertaining to the positions held by them under this Contract. The Company agrees on its part to do nothing to provoke interruptions of or prevent such continuity of performance of said employees, insofar as such performance is required in the normal and usual operation of the Company's property and that any difference that may arise between the above-mentioned parties shall be settled in the manner herein provided.

(b) The Company agrees that it will not attempt to hold the Union financially responsible or institute legal proceedings against the Union because of a strike, slowdown or work stoppage not authorized, abetted or condoned by the Union. The Union agrees that, in the event of an unauthorized work stoppage, it will in good faith and without delay exert itself to bring the work stoppage to a quick termination and insist that the employee(s) involved cease their unauthorized activities. To that end, the Union will promptly take whatever affirmative action is necessary. Furthermore, the Union agrees that any employee or employees who agitate, encourage, abet, lead or engage in such a strike, work stoppage, slowdown or other interference with the operations of the Company shall be subject to such disciplinary action as the Company may deem suitable, including discharge, without recourse to any other provision or provisions of the Contract now in effect.

(c) No employee shall be required to cross a picket line to perform work that is not necessary to provide the normal services of the Company. A supervisor shall notify individuals who are picketing that Company employees must provide service and shall make arrangements for employees to safely cross the picket line to perform such work. The Company agrees, in the case of new construction work involving Field Operations Forces, to notify the Sub-District Office of the Union not less than 24 hours in advance of any situation requiring the crossing of a picket line.

ARTICLE II – RECOGNITION OF THE UNION

Section 1. (a) The Union is recognized as the sole and exclusive collective bargaining agency for those employees who are employed under the classifications listed in the job descriptions manual. A-41

This Contract shall be final and binding upon the successors, assignees or transferees of the Union and the corporate entity of the Company.

(b) Employees in the following categories are specifically excluded from the collective bargaining unit represented by the Union: clerical, dispatchers, draftsmen, foremen, and all supervisory employees with authority to hire, promote, discharge, discipline or otherwise effect changes in the status of employees, or effectively recommend such action.

(c) The Company recognizes the Union as the sole collective bargaining agency in matters concerning wages, hours of work and working conditions for all employees, as defined above, in the following Departments, Divisions and Sections:

LOCAL UNION 12049

DUKE ENERGY OHIO AND KENTUCKY
- Gas Operations
  - Field Operations
  - Corrosion Control
  - Systems Operations
  - Production - Gas Plants

  - Compliance and Service Delivery OH/KY
  - Service Delivery
  - Meter Services

LOCAL UNION 5541-06

DUKE ENERGY OHIO AND KENTUCKY
Gas Operations
Field Operations
Systems Operations
Production - Gas Plant

Compliance and Service Delivery OH/KY
Service Delivery

(d) There shall be no discrimination, interference, restraint or coercion by the Company or its agents against any employee because of membership in the Union.

(e) There shall be no discrimination, interference, restraint or coercion by the Company or the Union or their agents against any employee or officer of the Union because of race, color, religion, sex, disability, national origin or ancestry or for any other reason. References to the masculine gender are intended to be construed to also include the feminine gender whenever they appear throughout the Contract.

(f) Nothing in this Contract shall be deemed to require the Company or the Union to commit an unfair labor practice or other act which is forbidden by, or is an offense under, existing or future laws affecting the relations of the Company with the employees bargained for by the Union.

ARTICLE III – RECOGNITION OF MANAGEMENT

Section 1. (a) The Union recognizes that the management of the Company, the direction of the working forces, the determination of the number of employees it will employ or retain in each classification and the right to hire, suspend, discharge, discipline, promote, demote or transfer, and to release employees because of lack of work or for other proper and legitimate reasons are vested in and reserved to the Company.

(b) The above rights of Management are not all-inclusive, but indicate the type of matters or rights which belong to and are inherent to Management. Any of the rights, powers, and authority the Company had prior to entering this Agreement are retained by the Company, except as expressly and specifically abridged, delegated, granted or modified by this Contract.

ARTICLE IV – UNION SECURITY AND CHECK-OFF

Section 1. (a) Any employee who is a member of the Union on the effective date of this Contract, shall, as a condition of continued employment, maintain membership in the Union to the extent of paying the periodic membership dues uniformly required of all Union members subject to the annual 10 day escape period hereinafter described.

(b) Any employee who is not a member of the Union on the effective date of this Contract, and who chooses not to become a member, shall be required as a condition of continued employment, to pay to the Union each month, as a contribution toward the cost of the administration of this Contract, a service charge equal in amount to the monthly dues uniformly required of Union members.

(c) New employees, hired by the Company after the effective date of this Contract, shall be required to join the Union as a condition of continued employment on the 31st day of employment in a job classification represented by the Union.

(d) The Union agrees that any present or future employee who is now or may become a member of the Union may withdraw from membership in the Union between December 15 and December 31, inclusive of each year, by giving notice of this desire to do so by registered or certified mail to the Labor Relations area of the Company. After such withdrawal, an employee shall not be required to rejoin the Union as a condition of continued employment.

(e) The Company, for all employees in the bargaining unit who have furnished the Company with voluntary check-off authorization cards, shall deduct from those employees' pay each week, dues or service charges and promptly remit the same to the International Secretary-Treasurer of the Union on a monthly basis. The initiation fee of the Union shall also be deducted and remitted to the International Union.

(f) The amount of dues or initiation fees to be deducted by the Company, within the limitations set forth on the voluntary check-off cards, shall be computed on the basis of the formula provided by the International Union. An initiation fee in an amount specified by the Union will also be deducted from the employee's pay. The Company will cooperate with the Union to change the dues computation period upon proper notice from the International Representative.

(g) The Union agrees that neither it nor any of its officers or members will intimidate or coerce any employees of the Company into joining the Union. The Company agrees that neither it nor any of its management representatives will attempt to persuade any employee from joining the Union.

(h) The Union agrees that in the event of any strike, work stoppage, slowdown, picketing or any other interference to the work or the operations of the Company by any individual employee or group of employees in the bargaining unit represented by the Union, this section of the Contract is then and there and by reason thereof automatically canceled and of no further force and effect; provided, however, that the Company may upon the presentation of proof satisfactory to the Company, within 10 days thereafter, that the Union did not directly or indirectly authorize, permit, endorse, aid or abet said strike, work stoppage, slowdown, picketing or interference referred to, reinstate this section of the Contract, which section, if reinstated will, from and after the date of reinstatement, be of the same validity, force and effect as if it had not been canceled. In this connection, it is the expressed intention of the parties that for the purpose of making this cancellation provision effective without affecting the other sections of the Contract, this Contract is to be considered a severable Contract. Should the automatic cancellation of this section occur, it is the intention and agreement of the parties that all other sections and provisions of the Contract remain in full force and effect as therein provided.

(i) The Union shall indemnify and save the Company harmless against any and all claims, demands, law suits, or other forms of liability that may arise out of or by reason of action taken by or not taken by the Company in reliance upon any check-off authorization cards signed by the individual employees and furnished to the Company by the Union for the purpose of complying with any of the provisions of this Section.

ARTICLE V – CLASSIFICATION AND WAGES

Section 1. (a) The wage schedules described in the Contract in effect immediately prior to the date of this Contract, including all adjustments to those wages which were due to increases in the C.P.I. during the term of that Contract shall be amended as follows:

Wage Level	As of May 15, 2015	Effective May 15, 2016	Effective May 15, 2017	Effective May 15, 2018	Effective May 15, 2019	Effective May 15, 2020
1	$22.68	$23.13	$23.65	$24.19	$24.79	$25.35
2	$23.14	$23.60	$24.13	$24.68	$25.29	$25.86
3	$23.51	$23.98	$24.52	$25.07	$25.70	$26.28
4	$24.54	$25.03	$25.59	$26.17	$26.82	$27.43
5	$26.24	$26.76	$27.37	$27.98	$28.68	$29.33
6	$26.97	$27.51	$28.13	$28.76	$29.48	$30.14
7	$28.02	$28.58	$29.22	$29.88	$30.63	$31.32
8	$29.47	$30.06	$30.74	$31.43	$32.21	$32.94
9	$30.37	$30.98	$31.67	$32.39	$33.20	$33.94
10	$30.79	$31.41	$32.11	$32.83	$33.66	$34.41
11	$32.22	$32.86	$33.60	$34.36	$35.22	$36.01
12	$33.79	$34.47	$35.24	$36.03	$36.94	$37.77
13	$35.52	$36.23	$37.05	$37.88	$38.83	$39.70
14	$36.01	$36.73	$37.56	$38.40	$39.36	$40.25
15	$36.53	$37.26	$38.10	$38.96	$39.93	$40.83
16	$37.57	$38.32	$39.18	$40.07	$41.07	$41.99

Level 5–Construction Assistant, Mechanic III (incumbent); Level 6–Meter Specialist III; Level 7–Gas Systems Operations Mechanic III, Mechanic Operator III; Level 8–Premise Mechanic, Gas Plant Operator III; Level 11–Gas Plant Operator II, Meter

Specialist II; Level 12–Gas Systems Operations Mechanic II, Mechanic Operator II; Level 13–Service Mechanic "B", Welder II, Gas Plant Operator I, Meter Specialist I; Level 14–Tool Repair Specialist, Welder I; Level 15–Gas Systems Operations Mechanic I, Mechanic Operator I, Service Mechanic "A"; Level 16–Inspecting Mechanic.

(b) Any employee in the bargaining unit represented by the Union who was on or below the maximum hourly wage rate of his job classification on May 15, 2016, shall receive an hourly increase in accordance with the increase applicable to the maximum wage rate of his job classification in accordance with the provisions of the Contract.

(c) The hourly wage rate increases referred to herein shall not apply to the minimum hourly wage rates of starting job classifications.

(d) Employees shall be provided the higher of a 25¢ promotional increase above the maximum wage rate of the job classification from which they promote, or the minimum wage rate of the job classification to which they promote. This provision will not apply when the maximum wage rate of a job is not at least 25¢ above the maximum wage rate of the job classification from which it promotes.

(e) Whenever the difference between the minimum and maximum wage rates of any hourly rated job classification is not divisible by ten, the hourly wage rates will be by 10¢ steps, with the exception of the last step to the maximum hourly wage rate of the job classification. In such case the increase to the maximum hourly wage rate will include the 10¢ increment plus the odd amount necessary to equal the maximum hourly wage rate, provided, however, that the total amount of the increase is less than 20¢.

(f) Employees who are below the maximum hourly wage rate of their job classification shall continue to receive such length of service increases as they may be entitled to under the operation of the job classification and wage evaluation plan.

(g) The shift differentials paid to employees on scheduled shifts on classified jobs will be paid as follows:

Name and Definition of Shift		Current	Effective First Day of Pay Period Following Ratification	Effective			
				5/15/2017	5/15/2018	5/15/2019	5/15/2020
Day Shift	Where the majority of the scheduled hours worked are between 8:00 a.m. and 4:00 p.m.	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Afternoon Shift	Where the majority of the scheduled hours worked are between 4:00 p.m. and 12:00 Midnight	$1.65	$1.70	$1.75	$1.75	$1.80	$1.80
Night Shift	Where the majority of the scheduled hours worked are between 12:00 Midnight and 8:00 a.m.	$1.70	$1.75	$1.80	$1.80	$1.85	$1.85

Sunday Premium

When the majority of the regularly scheduled hours in a shift are on Sunday, a Sunday premium will be paid to an employee for all scheduled straight time hours worked on that shift as follows:

Current	Effective First Day of Pay Period Following Ratification	Effective			
		5/15/2017	5/15/2018	5/15/2019	5/15/2020
$1.80	$1.90	$1.90	$2.00	$2.00	$2.00

(h) The Company shall prepare occupational classifications and job descriptions which will define, as nearly as possible, the nature of the work involved under each classification. All required changes in job classifications or promotional sequences will be initiated by the Company.

(i) When a job description has been revised by the management, a representative of employees will be given an opportunity to suggest changes to the revised job description before it is submitted to the Company's Job Evaluation Committee. After the management has reviewed the changes to the job description, if any, suggested by the Union representative, the job description will be submitted to the Company's Evaluation Committee. The Union representative shall have an opportunity to submit written comments regarding the duties of the job to the Company's Evaluation Committee. There will be no recourse to the grievance and arbitration procedure because of the language of a job description or the evaluation of a job classification. A-28

(j) The Job Evaluation Committee of the Company will be responsible for evaluating all new or revised job classifications. Prior to the evaluation of revised job descriptions, the representative of the Union may accompany the management representative to explain his written comments to the Committee. The evaluation established by this Committee will be used to determine a proposed maximum wage rate for each new or revised job classification. The wage rate resulting from this evaluation will be communicated to the Union as far in advance as possible, but not less than 30 days, of the proposed effective date for the installation of the new or revised classification.

(k) The Union shall maintain a Classification Committee consisting of not more than five members who may review the evaluation and wage rate of any new or revised classification. The Union's Committee may, by request, meet with the Company's Committee as soon as possible at a mutually convenient time, but within 30 days, after the Union has been notified by the Company of the proposed new or revised classification for the purpose of presenting any information relevant to the evaluation of the new or revised classification, which has been included in the previous written comments of the Union representative. The Union will be notified after the Company's Committee has reviewed the information presented by the Union. All wage rates so established shall be final and binding and not subject to the grievance and arbitration procedure. However, if any revised wage rates are reduced as a result of the evaluation(s), they will not be placed into effect until the Company and the Union have had an opportunity to negotiate them during full contract negotiations, even though the revised job classification will be in effect. Employees, presently in, or promoting to, such job classifications will continue to receive wage adjustments in accordance with the other provisions of the Agreement just as if the wage rate had remained at the same level until a new Agreement is reached.

It is understood that the right to maintain, revise or abolish any job classification or to create new classifications is the exclusive right of management.

(l) Where the Union deems an employee, or employees, to be improperly classified, it may file a grievance which shall be handled under the grievance procedure of this Contract.

(m) Members of the Union's Committee and a reasonable number of witnesses shall not suffer a loss of pay when engaged in meetings during their working hours with the Company's Job Evaluation Committee.

Section 2. (a) No employee shall regularly be called upon to perform work beyond the scope of his classification or training. Employees temporarily advanced to a higher classification for four hours or more in any one day shall receive either the minimum rate of pay applicable to that classification or 25¢ per hour above the maximum wage rate of their job classification, whichever is greater, but no more than the maximum wage rate of the job to which the employee is upgraded. Employees temporarily assigned to a job scaled at a lower rate of pay than their own shall not suffer financially through such a transfer.

(b) When a temporary assignment in a job classification within the bargaining unit exceeds 90 consecutive days, the assignment being temporarily filled shall be considered a vacancy and filled permanently in accordance with the posting procedure.

(c) When an employee covered by this Contract voluntarily accepts a temporary assignment to a supervisory position, he shall be paid the same rate of his classified assignment at the time of the temporary assignment. A-62

(d) An employee, when permanently promoted to a job classification and qualifying in all respects with the exception of time spent in the preceding classification as required in the qualification section of the job description, shall be considered as having the equivalent of such required time.

ARTICLE VI – SENIORITY

Section 1. (a) System Service shall date from the time an employee first earns compensation in the employ of the Company, except as such system service may be lost in accordance with Section 6 of this Article.

(b) Classified Seniority shall date from the time an employee is permanently employed in a specific job classification. Whenever employees are accepted for job postings and their promotion is delayed by no more than 30 days or when a delay beyond 30 days is caused solely by the Company, their new classified seniority date will be adjusted to place them in their proper seniority position in relation to other employees who promoted as a result of the same posting.

(c) In the event that two or more employees achieve classified seniority on the same date, the respective seniority rank of such employees shall be determined by the Union. The Union shall promptly notify the Company in writing of its determination.

(d) Nothing in this Contract shall be construed in such a way that would enable an employee to use classified seniority for the selection of a particular job assignment. In justifiable cases, however, when requested by an employee, a supervisor will give consideration in making job assignments to the requirements of the job to be done, the physical condition, the qualifications and the classified seniority of the employee.

(e) All new employees and all employees transferring from other bargaining units into a job classification represented by the Union shall be classed as probationary employees for a period of one year and shall have no system service and seniority rights during that period. After one year of continuous service as probationary employees, such employees shall be classified as regular employees and their system service and seniority record shall include their previous employment as probationary employees. The Company shall have the right to lay off or discharge probationary employees and there shall be no responsibility for reemployment of such employees after they are discharged or laid off during the probationary period. No unqualified probationary employee shall act as a second employee in any two-employee crew in the Field Operations or Systems Operations Sections.

(f) In order to avoid possible grievances, the Company will discuss in advance with the representatives of the Union, demotions, layoffs, and recalls from layoffs.

Section 2. (a) Classified seniority shall be administered separately in the following Departments, Divisions, and Sections: A-87

LOCAL UNION 12049

DUKE ENERGY OHIO AND KENTUCKY
- Gas Operations
  - Field Operations
    - Ohio – Kentucky District
  - Corrosion Control
    - Ohio District
  - Systems Operations
    - Ohio - Kentucky District
  - Production - Gas Plants
    - Ohio - Kentucky District
- Compliance and Service Delivery
  - Service Delivery OH/KY
    - Service Delivery
      - Ohio – Kentucky District
    - Meter Services
    - Gas Measurement Center
      - Ohio District

LOCAL UNION 5541-06

DUKE ENERGY OHIO AND KENTUCKY
- Gas Operations
  - Field Operations
  - Systems Operations
  - Production - Gas Plant
- Compliance and Service Delivery
  - Service Delivery

(b) In the cases of promotions, within each District as described above, the Union agrees that the strict classified seniority interpretations may be waived when a specific employee is unqualified for a particular promotion but in such event the Company and the Union shall discuss the matter fully and come to agreement first.

(c) The classified seniority status of employees permanently assigned from one District to another District shall be fixed without delay by discussion between the Company and the Union Grievance Committee.

(d) For a period of six months following a promotion, when an employee who has been assigned to a job classification not bargained for by the Union returns to a job classification in which they have classified seniority, their seniority will be adjusted to a date that is one day less than the classified seniority date of the employee with the least classified seniority in the job classification within the bargaining unit to which the employee is assigned. If the employee returns to the bargaining unit greater than six months from said promotion, they shall be placed at the minimum wage rate in a job classification no higher than Service Mechanic B, Meter Specialist II, Mechanic Operator II, Gas Systems Operations Mechanic II and Gas Plant Operator II. For purposes of bidding and downbidding, all previous seniority is lost and the employee will be ranked in seniority as a newly hired employee. No employee may return to a bargaining unit job classification if, as a direct result, an employee represented by the Union would be laid off.

Section 3. (a) An employee who has accepted a new position, will be given the first 10 working days of training, to evaluate the new position. It at the end of such period, the employee requests, they shall be restored to their previous position and previous classified seniority rank. This provision does not apply to employees who are in positions of automatic progression. An employee who has satisfactorily met all the requirements for entrance into a job classification shall be given a period of 30 days in which to master the new assignment. If, at the end of such period, the employee is unable to fulfill the assignment; he shall be restored to his previous position and previous classified seniority rank. A-27

(b) The Company shall have the right to require examinations, either oral, written or practical, to determine the fitness of employees for promotions. When such examinations are deemed necessary by the Company, the equipment and facilities necessary for such examinations will be provided by the Company. The Company agrees that the employee shall have the right to review the results of departmental tests upon request. If an employee indicates, within five days after receiving the results of a departmental examination, that he feels the examination was not fairly administered, the Company agrees to reexamine the employee. A Union designated witness may be present only during the practical portion of the retest. The employee, upon request, shall receive counseling based upon tests administered by the Staffing Services area of the Company or by outside consultants. In the case of a downbid, an employee who does not pass an examination shall be required to retake that examination after three months. An employee who does not pass the examination a second time will not be eligible for reexamination for 12 months and for subsequent two year intervals thereafter and will not be eligible to bid on other bargaining unit positions until they have successfully passed the examination. After three unsuccessful attempts to pass the test, the employee can elect to forfeit the bid. A-61

(c) When a permanent promotion is to be made to a job classification bargained for by the Union, a notice of the opening shall be posted by the Company on all bulletin boards for two weeks. A copy of these notices will be mailed to the Presidents of the Local A-80

Unions. The period of posting may be reduced to seven days, provided that any employees with greater classified seniority who may be off duty during the entire seven-day posting period are notified of the posting by a copy of the posting notice mailed by registered or certified mail to their home address on record in Human Resources.

(d) All bids related to posted openings should be made in duplicate and presented to the responsible supervisor who will sign both copies, retain one and return the duplicate to the employee for the record of the Local Union.

(e) When a posted opening occurs in a job classification, employees already in that job classification within the Seniority District may exercise their classified seniority rights to cross bid for the opening if the opening exists at another headquarters. The most senior employee already in the job classification within the Seniority District who cross bids and can qualify will be selected. Only one cross bid will be accepted for each posting. Resultant openings, which the Company desires to fill, will be filled by promotion of qualified employees from the next lower job classification or other qualified employees in the same promotional sequence in the Seniority District where the resultant opening exists.

(f) When a posted opening cannot be filled from among the qualified employees in the Seniority District in which the opening exists, the opening will be filled from qualified employees from other Seniority Districts within the Section. When the opening cannot be filled from within the Section, the opening will be filled in accordance with the appropriate provisions of this Contract.

(g) Subject to the approval of the Company and the Union, any employee may waive his right to promotion if such waiver does not prevent other employees from acquiring experience in the job classification held by him. Such waiver must be submitted to the Company and the Union in writing.

(h) When an employee waives his right to an opening in a job classification, the next employee shall be entitled to such opening, on a classified seniority and sufficient qualification basis, and so on until the position is filled.

(i) An employee waiving his right under this provision cannot later claim that particular job opening as a classified seniority right; however, the employee making such waiver shall not prejudice his right to accept future vacancies or positions that may occur, on a basis of his classified seniority and qualifications.

(j) An employee permanently established in a job classification under the provisions of this section of the Contract shall not be replaced later by an employee who may have developed sufficient classified seniority or qualifications.

Section 4. (a) The Company will post at least semi-annually and will maintain lists at locations mutually agreeable to the Company and the Union showing the system service and classified seniority of each employee. If exception is not taken to the list as posted within 30 days from the date of posting, the list shall be considered as correct. Copies of these lists shall be forwarded to the Local Union President and Recording Secretary.

(b) The Company will furnish annually, upon request, to the Financial Secretary of the Local Union a complete mailing list of all employees in the bargaining unit.

Section 5. An employee's classified seniority and system service standing shall not be jeopardized due to time off for injury, sickness or leave of absence.

Section 6. An employee will lose his system service and classified seniority who:

(1) Quits of his own accord.

(2) Is discharged for just cause.

(3) Employees who leave the Company involuntarily shall not lose accrued system service or classified seniority if, upon recall, they respond within six days, provided it is not obligatory on the Company to issue such a call after two years after the date of layoff. Notification of recall will be sent by registered or certified mail.

Section 7. (a) Layoffs and demotions shall be made on the basis of classified seniority. Reassignments shall also be made on the basis of classified seniority and sufficient qualifications. In case of layoff, an employee shall have the right to be returned to any job classification previously held by him in the course of his employment with the Company if his classified seniority is sufficient to qualify him for such job. An employee, however, shall not have the right to be demoted or assigned to any job classification which he has not previously held but will be given consideration by the Company for a Mechanic III position, at the maximum rate, before new employees are hired. Such an employee's classified seniority as a Mechanic III would be the same as the employee's system service.

(b) Every effort shall be made to continue the present policy of avoiding seasonal layoffs by finding other work for any employees likely to be thus affected, should such occasion arise.

Section 8. Any employee who may make application to the Staffing Office for transfer to a starting job not represented by the Union, for which he may be qualified, will be given preference for consideration before a new employee is hired for the job.

ARTICLE VII – HOURS OF WORK

Section 1. (a) Eight or 10 consecutive hours, exclusive of lunch time, shall constitute a working day, and four or five such days, totaling 40 hours, shall constitute a working week. Regular employees available and able to work, shall be assured of a 40 hour work week. It is understood that this provision will not affect in any manner the right of the Company to make temporary or permanent reductions in forces when considered necessary by the Company. A-4

(b) It is recognized that shift work is essential for employee groups covered by this Contract, in order to provide for continuous operation and service. However, insofar as A-8 A-52 A-81 A-88 possible, day work shall prevail. Where shift work is necessary, the Union and the Company shall cooperate in providing the necessary manpower, with the required ability, to fill day, afternoon, and night as well as weekend work schedules.

(c) Except when changing schedules or agreed otherwise, employees shall have consecutive off days, but not necessarily in the same work week.

(d) The work week of an employee for payroll purposes shall be from midnight Sunday to midnight the following Sunday. Employees working on a shift beginning two hours or less before midnight will be considered as having worked their hours following midnight. Employees working on a shift ending two hours or less after midnight will be considered as having worked their hours before midnight.

(e) The work week of an employee for purposes of determining off-days shall begin on midnight Sunday and consist of seven consecutive days in which the employee is scheduled to work five days and be off two days or scheduled to work four days and be off three days.

(f) Schedules for all employees will be based on the time prevailing in the City of Cincinnati.

(g) The first eight hours of work per day will be at straight time for regular A-89
scheduled work days, time and one-half for the employee's first scheduled off-day in the work week and double time for the employee's second scheduled off-day in the work week. Any time in excess of eight hours per day will be paid at the rate of time and one-half, except the employee's second scheduled off-day worked, which will be paid at double time. For employees who work a four day-10 hour schedule, the first 10 hours of work per day will be at straight time for regular scheduled work days, double time for the employee's second consecutive scheduled off-day and time and one-half for all other scheduled off-days. Any time in excess of 10 hours per day will be paid at the rate of time and one-half except the employee's second consecutive scheduled off-day worked which will be paid at double time.

(h) In no case will an employee be forced to take time off in lieu of time worked outside his Regular Scheduled Work Day, but should an employee elect not to work during his Regular Scheduled Work Day he shall not receive pay for such time.

(i) Employees required to work more than 16 consecutive hours will be paid double time for all time worked in excess of, and continuous with, the 16 consecutive hours.

(j) When overtime occurs within a job classification where more employees are A-18
qualified and available to work than are necessary at the moment, the Company and A-63
Union have agreed to maintain a system of selecting the employees within the job A-64
classification at each headquarters who are to work, in a sincere effort to equalize overtime work, through a set of overtime guidelines that have been established and are contained in a separate document. The employees will be notified in advance, whenever possible, when they are required to work overtime. In the event the available overtime is not offered to the entitled employee(s) under the established overtime guidelines, the

Company will offer the affected employee(s) make-up overtime. All make-up overtime must be offered and worked by the employee within six months of the time the disparity occurred.

(k) Overtime lists shall be posted weekly, in each headquarters, showing the overtime hours worked or waived during the previous week by each employee at the headquarters. Probationary employees shall not be included in the overtime lists.

(l) A call-out shall be defined as notice to report for unscheduled work given to an employee by telephone or messenger after he has left his headquarters or place of reporting or in case of an off-day, after what would have been his scheduled hours on that day.

(m) Employees called out for overtime work, other than for planned overtime, shall A-60
be paid a minimum of four hours at the appropriate overtime rate.

(n) Travel time of one-half hour each way, at the appropriate overtime rate of pay, will be allowed on a call-out when such call-out exceeds four hours of continuous work that is not contiguous with a regularly scheduled shift. Employees will not be compensated for any travel time on a call-out which occurs on a regular holiday or when the employee is not released from work before his regularly scheduled shift, nor will travel time be allowed when overtime is worked continuously at the end of a regularly scheduled shift.

(o) Planned overtime shall be defined as time worked upon notice to an employee given before leaving his headquarters or place of reporting, or in case of an off-day, during or before what would have been his scheduled hours on that day, that he is to report outside of his regular schedule on any succeeding day. Such time worked shall be paid for at the appropriate overtime rate but not for less than four hours unless such planned overtime extends into or directly follows the employee's regularly scheduled work day, when it shall be paid for at the appropriate overtime rate for the actual hours worked.

ARTICLE VIII – WORKING CONDITIONS

Section 1. CHANGE IN SCHEDULE: (a) Each employee shall have a specific hour for reporting for work, and shall be entitled to not less than 24 hours notice of any change. Employees, whose schedules are changed to include an off day on the next succeeding day, shall receive such notification within 15 minutes prior to or after the start of their regularly scheduled hours of work on the day previous to such a change.

(b) If an employee is required to commence working on a schedule which was changed without 24 hours notice, he shall receive the appropriate premium pay for all consecutive hours worked. Employees, who are not notified within 15 minutes prior to or after the start of their regularly scheduled hours of work of a schedule change that includes an off day on the next succeeding day, shall receive the appropriate premium pay for all hours worked during their next scheduled work day.

Section 2. TRANSFERS AND REASSIGNMENTS: (a) Each employee shall have A-54
a specific headquarters for reporting for work. There shall be no unreasonable,

disciplinary or discriminatory transfers, but the right of the Company to effect transfers, reassignments and logical site reporting to properly run its business is recognized. The Company will discuss transfers, reassignments and logical site reporting in advance with representatives of the Union except in instances where the employees with the least classified seniority are selected or where the employees volunteer. Employees may be assigned to report to a logical site reporting location for any assignment expected to be a minimum of three days.

(b) Transfers which are for periods of 14 consecutive calendar days or less will be considered temporary transfers. Transfers of 15 consecutive calendar days or more to either permanent or temporary headquarters, planned in advance, will be considered reassignments. Notification of availability of a reassignment will be posted at least 2 weeks in advance of the requirement. Eligible employees may request a preference for the reassignment. If there are no voluntary requests, the qualified individuals lowest on the classified seniority list will be assigned.

(c) During periods of temporary transfers or reassignments, the employees will report to and work out of the new headquarters. Such employees will be paid one hour's pay at the straight time rate and mileage at the prevailing rate based on the round trip distance between the employee's regular headquarters and temporary headquarters for each day of a temporary transfer and for the first 14 consecutive calendar days of a reassignment to a temporary headquarters. If a temporary reassignment exceeds three months, the employee will be paid in a similar manner when they return to their regular headquarters. Neither the one hour's pay nor the mileage applies for temporary transfers or reassignments of employees whose normal assignment is to home site report.

When it is necessary to temporarily assign probationary employees to a headquarters other than their own or to a job site reporting location that is farther from their regular headquarters, such employees will be paid mileage at the amount per mile approved by the Internal Revenue Service, based on the additional round trip mileage the employee is required to drive. No mileage compensation will be paid for the temporary assignment if the other reporting location is closer to the employee's home.

(d) When it is necessary to temporarily assign employees to a logical site reporting location that is further from their home than their regular headquarters, such employees will be paid mileage at the prevailing rate based on the additional round trip mileage employees are required to drive. No mileage compensation will be paid for the temporary assignment if the other reporting location is closer to the employee's home.

(e) Logical site reporting will be offered on a voluntary basis. If there is an insufficient number of volunteers, assignments will be made on a junior qualified basis. When assigning the junior qualified, unusual or extenuating circumstances will be taken into consideration.

(f) Employees may be assigned to drive Company vehicles from and to the job A-82
site from home or sites close to home. If Company vehicles are used in such a manner, the mileage provisions for logical site reporting are not applicable. An option to the mileage provision is that employees may, during a logical site reporting assignment,

pick up and return a Company vehicle to their regular headquarters, provided travel is on their own time.

Section 3. FOREMEN'S DUTIES: Foremen's duties shall be restricted to direct supervision except for Foremen's and employees' training, in cases of emergency, or for such incidental work as may occasionally be required.

Section 4. SAFETY AND HEALTH: (a) The Company shall make all reasonable provisions for the safety and health of the employees. A suitable number of raincoats, hats, boots, gloves and water facilities and any other safety equipment required by the Company shall be provided on the job. Adequate locker, toilet and shower facilities shall be provided at all permanent headquarters from which the men operate or in the shop where they are employed. A reasonable effort will be made to provide similar facilities at temporary headquarters.

(b) Employees shall be held responsible for the equipment assigned to them.

(c) In order to promote health and safety among the Company's employees, the Company and the Union agree that a Joint Safety Advisory Committee will be established. This Committee shall meet quarterly upon the Union's request to the chairman of the committee, who shall be the Safety Director of the Company. The purpose of the Joint Safety Advisory Committee is to give consideration to those general accident prevention programs and policies that affect the safety and health of the employees represented by the Union. The Joint Safety Advisory Committee shall not deal with individual or group grievances. It is agreed that the administration of the accident prevention and medical policies, programs and procedures are vested in and reserved to Management. It is further agreed that employees engaged in the Joint Safety Advisory Committee meetings during working hours shall suffer no loss of pay for such time.

(d) The Company agrees that an employee is authorized to call for assistance if, in the employee's judgment, his safety is endangered.

Section 5. CONTRACTING OUT: (a) No employee shall be deprived of work A-13
through contracting with outside parties. When it is necessary to use private equipment, such equipment shall be manned and operated by employees, provided qualified employees are available and said equipment can be obtained on this basis.

(b) In order to meet the unusual amount of work due to deferred maintenance and A-36
an abnormal expansion of new construction, the Company contemplates that it will be necessary to continue to contract for some of this work. This is believed necessary in order to avoid the building up of a large temporary force to meet an unusual condition. If such a force were built up it would either be necessary to lay off the additional employees hired when the work was caught up, or it might become impossible to assure 40 hours work per week for 52 weeks per year for regular employees as provided for under this Contract.

(c) It will continue to be the policy of the Company, when contracting for work, not to contract for any work which is ordinarily done by its regular employees if contracting for the work would result in the layoff of any regular employees.

(d) In deciding what work shall be contracted by outside forces the Company will take into consideration the necessity of meeting the completion requirements of the work in order that the service needs of the customers may be met. The Company will make reasonable efforts to utilize our normal working force where possible to do this work.

(e) The question of what proportion of this work will be done on an overtime basis will depend on the urgency of the work, weather conditions, volume and nature of the work and the availability of the working force.

Section 6. MEAL COMPENSATION: Employees working extra time shall be entitled to a suitable lunch or compensation therefore at the conclusion of two hours in excess of eight working hours; similar lunch or money at each five-hour interval thereafter until released from duty. Employees who work a four day-10 hour schedule shall be entitled to a suitable lunch or compensation in lieu thereof, whenever they work one hour or more in excess of their normal workday; similar lunch or money at each five hour interval thereafter until released from duty. On call-out of employees for emergency work on an off-day, such employees called out to work shall be furnished a suitable lunch or compensation in lieu thereof after each five hour interval until released from duty. The meal compensation allowance shall be as follows:

Current	**Effective First Day of Pay Period Following Ratification**	**Effective**			
		5/15/2017	**5/15/2018**	**5/15/2019**	**5/15/2020**
$10.75	$11.25	$11.25	$11.50	$11.50	$11.50

Section 7. TRANSPORTATION: Except when employees are engaged in a logical site reporting assignment, all transportation of employees from shop to job or job to job, or job to shop shall be provided by the Company when same is required in the line of duty.

Section 8. WITNESSING FOR COMPANY: Regular pay and reasonable or required expenses will be allowed employees who may be summoned or requested to testify for the Company. A-1

Section 9. JURY DUTY: Employees required to serve on a jury shall be compensated on the basis of their regular wage.

Section 10. PAYDAYS: Paydays shall continue as at present, i.e., one every other calendar week. Paychecks will be mailed to the employee's home address. Employees on a volunteer basis may elect direct deposit. Employees hired on or after January 1, 2006 will be required to use direct deposit. Checks will be directly deposited into one or more bank accounts employees shall designate and authorize. Direct Deposit advices will be mailed to the employee's home address if she/she has elected to receive a printed copy.

Section 11. RETROGRESSION: Should an employee, who has given long service to the Company, become physically unable to satisfactorily and safely perform the regular duties of his job classification, an effort will be made by the Company to find work of a less strenuous nature for which he is qualified. The employee's hourly rate will be red-circled at the time of his assignment to a job of a lower classification until his hourly rate is equal to the maximum hourly wage rate of the job classification to which he has been assigned.

Section 12. JOB ABOLISHMENT: Should an employee have his job abolished, an effort will be made by the Company to find another job classification for which the employee is qualified. An employee assigned to a job of a lower classification as a result of his job being abolished will maintain his present hourly rate until the maximum hourly wage rate for the job classification to which he has been assigned is equal to the employee's present hourly rate or until he qualifies and receives a promotion. A-90

Section 13. GENERAL ILLNESS: (a) Regular employees who are actively working on January 1, regular employees who return to work from an authorized extended absence on or after January 1, probationary employees who become regular employees on or after January 1, shall be paid as gross wages, for absent time due to bona fide illness or injury, a maximum annual amount equal to 40 hours at their regular Straight Time Pay. Such payment shall be made by the Company on the nearest practicable regular pay day following the date such employee becomes eligible. A-5 A-9

(b) After an employee has been continuously disabled, subject to medical determination, and unable to return to work for more than seven consecutive calendar days, the employee will receive Short-Term Disability consisting of up to 26 weeks of pay per incidence with payment based on the schedule below or until the employee is able to return to work, whichever comes first. During the seven consecutive calendar day waiting period, it is intended that no employee will incur a loss of more than five scheduled days of straight time pay.

The administration of short-term disability compensation will be as follows:

Years of Service	Maximum Weeks at 100% Pay per Occurrence	Weeks at 66 2/3% Pay
0-1	None	All
1-5	10	Balance
6-10	15	Balance
11-14	20	Balance
15 or more	26	N/A

(c) After an employee has been continuously disabled, subject to medical determination, and is unable to return to work for more than 27 consecutive weeks, and has exhausted Short-Term Disability Benefits, the employee will receive Long-Term Disability benefits as described in the Company's Long-Term Disability Plan Description.

(d) Compensation will not be provided for illnesses resulting from such causes as: illegal use of drugs or alcohol, willful intention to injure oneself, the commission of a crime, elective or cosmetic procedures not covered by the medical plan, the employee's refusal to adopt such remedial measures as may be commensurate with his disability, or permit reasonable examination by the Company.

(e) In order to facilitate the scheduling of the work forces, an employee who will be absent from work shall notify the Company within a reasonable period of time before his scheduled shift if possible and shall likewise give the Company reasonable advance notice of his return to work. Unless an employee notifies the Company concerning the cause of his absence before the end of the first scheduled working day of such absence, his waiting period and subsequent claim for sick leave pay shall not begin until such notice is received.

(f) Failure to present a certificate from a physician licensed to practice medicine prior to the end of the fifth scheduled working day or failure to provide a legitimate excuse will cause the employee's Short-Term Disability to be denied until the time such certificate is received.

(g) If an employee requests work of a less strenuous nature for a temporary period following an illness or disability, the Company will make an effort to find such work providing the employee's physical condition is satisfactory and is approved by the Company physician.

Section 14. HOSPITAL AND MEDICAL PLANS: (a) Any health care plans (medical or dental) that the Company unilaterally implements at its sole discretion for the general non-represented employee population shall also be provided to the bargaining unit employees at the same costs and plan design structure as for the non-represented employees. It is expressly understood that the right to add, eliminate, and alter or to make any other changes to these health care plans or to employee costs for the plans, is reserved to the Company. A-14 A-78

(b) The Company's part of the monthly premiums for the health care plans will continue to be paid while an employee is receiving illness or accident compensation, provided the employee was covered by such plan immediately prior to the employee's sickness or industrial accident.

(c) For the term of this Contract, post-retirement health care under the health care plans sponsored by Duke Energy Corporation will be made available to all union Employees hired prior to January 1, 2012 in accordance with the terms of the letter from the Company to the Union dated April 4, 2005, Sidebar Letter A-71 dated August 1, 2007, Sidebar Letter A-71a dated June 3, 2011 and the "2016-2021 Post Retirement Health Care Letter" dated June 2, 2016. Union employees who are hired on or after January 1, 2012, will not be eligible for either the Traditional Option (as defined by the applicable sidebar letters) or the HRA Option (as defined by the applicable sidebar letters), but such employees shall be eligible for access (at unsubsidized rates) to post-retirement medical, dental and vision coverage as described in the "2016-2021 Post Retirement Health Care Letter" if they have attained age 50 and completed at least five years of service as of the date of their retirement. A-71 A-71a A-76 A-91 A-92

Section 15. INSURANCE, HEALTH & WELFARE BENEFITS: Any insurance, health and welfare benefit plans under the Duke Energy Active Health & Welfare Benefit A-68

Plans not specifically referenced elsewhere in this Contract (e.g. life insurance, supplemental, accidental death and dismemberment, long term disability, and dependent life insurance) that the Company maintains and/or implements for the general non-unionized employee population shall also be provided to the bargaining unit employees at the same benefit levels, costs, and plan design structure as for the non-unionized employees. The Company has the right to add, eliminate, and alter or to make any other changes to these insurance, health and welfare benefit plans or to the employee costs for the plans, consistent with any changes it makes for the general, non-unionized employee population.

Section 16. INDUSTRIAL ACCIDENTS: An injured employee who is unable to work because of an industrial accident will be paid a supplement in an amount equal to one half of the difference between what he/she would have received at regular work and the amount received as compensation for such injury, for a period not to exceed 26 weeks. This supplemental industrial accident compensation will begin after an initial seven calendar day waiting period and will continue for not more than 26 weeks of continuous disability. However, if an industrial accident disability continues for 14 or more calendar days, the employee will receive this supplemental industrial accident compensation for the initial seven-day waiting period.

Section 17. INCLEMENT WEATHER: The Company will not require employees to work out of doors in heavy or continuous storms or excessively cold temperatures in exposed locations, unless such work is necessary to conform to the law or applicable regulations, to protect life, property, or to guarantee service to the customers. Employees covered by this Contract shall not be required to lose time due to such weather conditions, but the Company may provide work indoors or under adequate shelter at their regular rate of pay. A-7 A-65

Section 18. Upon the death of the designated relatives of an employee, the employee, upon request, may be entitled to the stipulated maximum number of calendar days off for which he is entitled to receive regular pay for not more than the indicated number of consecutive working days, including the day of the funeral. If prior arrangements are made, an employee may include a maximum of one day following the funeral as one of the consecutive working days off, and in the case of a spouse, child, mother, father, brother or sister, two days following the funeral. No pay will be granted for regular scheduled off days.

Relationship	Maximum Consecutive Calendar Days Off	Maximum Consecutive Working Days Off With Pay
Spouse or Domestic Partner	7	5
Child, Stepchild or Foster Child	7	5
Mother, Stepmother or Foster Mother	7	5
Father, Stepfather or Foster Father	7	5
Brother, Stepbrother	7	5
Sister, Stepsister	7	5
A legal dependent residing in the employee's household	7	5
In-Laws (father, mother, brother, sister, son or daughter)	5	3
Grandchild, Step Grandchild	6	4
Grandparent/Spouse's Grandparent	4	2

With supervisory approval, bereavement may be taken in segments. For example, an employee may take time off on the day of the death, return to work and then take off additional time to attend the funeral. If an employee has worked four hours or more and is notified of a death in his family, and leaves the job, the day will not be charged as one of the consecutive working days. If, however, he has not worked four hours, the day will be charged as one of the consecutive working days for which he is entitled to receive regular pay.

Section 19. BULLETIN BOARDS: The Company agrees to furnish bulletin boards at all division headquarters. The use of these boards is restricted to the following: notices of Union meetings, notices of Union election, notice of changes within the Union affecting its membership, or any other official notices issued on the stationery of the Union and signed by the Regional Director or any duly elected or appointed official of the Local Union. There shall be no other general distribution or posting by members of the Union of pamphlets or literature of any kind except as provided for herein.

Section 20. UNION OFFICE: (a) Members of the Union selected for full time office shall be entitled to unpaid leaves of absence without prejudice or loss of seniority. Such leaves of absence shall be limited to a period of one year, and shall be renewed at the conclusion thereof, if necessary. At no time shall the operations of the Company be interfered with by such leaves of absence. All requests for such leaves of absence shall be in writing and submitted at least one week in advance.

(b) Except as it may conflict with other provisions of this Contract, the President, Vice President, Recording Secretary, and elected Grievance Committee men shall not be required to work regular afternoon and night shifts. However, not more than two employees from each headquarters may exercise this privilege.

Section 21. ADDRESSES AND TELEPHONE NUMBERS: Each employee in a job classification represented by the Union shall be responsible for maintaining an up-to-date address and telephone number on file at the Company. Forms to report changes will be provided by the Company and made available to employees at each headquarters.

Section 22. PERSONAL DAY: (a) An employee who has completed six months of continuous service shall be entitled to four compensated personal days off each calendar year. Requests for personal days must be made at least seven calendar days prior to the date requested and must be approved by management. However, because of extenuating circumstances, a day off with less than a seven calendar day notification may be approved by an employee's supervisor. Arrangements for all personal days must be made with supervision on or before November 1 of each year or it shall be lost. The Company reserves the right to limit the number of employees who can be off on a specific day. If a personal day is not used during a year, it shall be lost and no additional compensation shall be granted.

(b) An employee who has completed six months of continuous service shall be entitled to one compensated Diversity Day off each calendar year. Requests for this day must be made at least seven calendar days prior to the date requested and must be approved by management. However, because of extenuating circumstances, less than a seven calendar day notification may be approved by an employee's supervisor. The Company reserves the right to limit the number of employees who can be off on a specific day. If the Diversity Day is not used during a year, it shall be lost and no additional compensation shall be granted.

Section 23. TEAMS: The purpose of bargaining unit teams is to promote an A-40
environment of continuous improvement in the work place for the mutual benefit of the Company, its customers, and the Union. Performance of special functions and duties within the team is voluntary. The teams will not be involved in any issue or take any action or make any decision which will subordinate the interests and viability of the Union. The teams will not engage in collective bargaining or deal with management over bargainable issues, as all parties recognize this to be the exclusive role of the Union.

ARTICLE IX – ADMINISTRATION AND GRIEVANCE ADJUSTMENT

Section 1. (a) The Union shall maintain a system of Stewards whose duties shall A-15
be to represent the Union in seeing that the provisions of this Contract as they apply on A-21
the job are observed at all times. The Union shall have a Grievance Committee composed of five* members. This committee shall meet with the management of the Company on all matters pertaining to the provisions of this Contract, and any and all matters of dispute between the Union and the Company under the terms and during the life of this Contract. The Recording Secretaries for the Local Unions may also attend such meetings.

(b) If an employee, after consulting with the immediate supervisors, feels that a grievance exists, the avenue of grievance adjustment shall be: first, between the employee and the officially designated steward, and the foreman or supervisor; second, between members of a Union Grievance Committee consisting of not more than five** members and the Department Management; third, between the Union Grievance Committee, Agents of the Union and officials of the Company. The Recording Secretaries for the Local Unions may also attend second and third step grievance meetings. If a satisfactory settlement cannot be reached before the second step of the procedure outlined above, the grievance shall be reduced to writing by the Union.

(c) An employee, who is considered by the Union or the Company necessary to the proper settlement of the grievance, shall be present at the grievance meetings.

(d) The Union Grievance Committee and the Recording Secretaries of the Local Unions when engaged during their regular working hours in grievance meetings with Management shall not suffer a loss of pay for such time.

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*The Grievance Committee of Local Union 5541-06 shall consist of not more than three members.

**The Grievance Committee of Local Union 5541-06 shall consist of not more than three members.

ARTICLE X – ARBITRATION

Section 1. (a) If the parties are unable to resolve the grievance following the third step, the Union, within 30 workdays of receipt of the third-step response, may notify Labor Relations in writing of its desire to advance the grievance to arbitration.

(b) Upon receipt of the Union's notification the parties will promptly petition the Federal Mediation and Conciliation Service (FMCS) for a panel of seven arbitrators and an arbitrator will be selected by the parties. In the event that no acceptable arbitrator appears on the panel of arbitrators submitted by FMCS either party may request an additional panel from FMCS.

(c) The arbitrator so selected shall hold a hearing as promptly as possible on a date satisfactory to the parties. If a stenographic record of the hearing is requested by either party, the initial copy of this record shall be made available for the use of the arbitrator and the party requesting the records. The cost of this initial copy and its own copy shall be borne by the requesting party, unless both parties desire a copy. If both parties desire a copy they shall equally share the cost of the arbitrator's copy, and shall each bear the cost of any copies of the record they desire.

(d) After completion of the hearing and the submission of the post-hearing briefs, the arbitrator shall render a decision and submit to the parties written findings that will be binding on both parties to the Agreement.

(e) The arbitrators' and other joint expenses mutually agreed upon shall be borne equally by both parties.

(f) The arbitrator shall have no authority to add to, detract from, alter, amend, or modify any provision of this Agreement. It is also mutually agreed that there shall be no work stoppage or lockouts pending the decision of the arbitrator or subsequent thereto.

ARTICLE XI – DISCIPLINE AND DISCHARGE

Section 1. (a) The Company will not discipline or discharge an employee save for just cause. Written notice of any discharge or disciplinary action involving lost time taken by the Company against any employee shall be furnished to the Union and the employee within two working days.

(b) Appeal from discharge must be taken within five working days in the form of a written notice from the Union to the Company. The Company and the Union shall strive to reach a just decision within 10 days following the appeal. Failing therein, the matter shall be submitted to arbitration as provided above.

(c) This Section shall not apply to disciplinary action taken in accordance with Article I, Section 2, of this Contract.

ARTICLE XII – HOLIDAYS

Section 1. (a) The following days are observed as regular holidays which will be A-10
recognized on the indicated dates. The Company may change the date for recognizing a A-16
holiday if the date indicated is changed by a legislative enactment or if the prevailing A-17
community practice is not consistent with the indicated date.

Holiday	Date Recognized
New Year's Day	January 1
Memorial Day	Last Monday - May
Independence Day	July 4
Labor Day	First Monday - September
Thanksgiving Day	Fourth Thursday - November
Day after Thanksgiving	Friday after Thanksgiving
Christmas Eve	December 24
Christmas Day	December 25

(b) If the recognized date of a holiday occurs on a Saturday or Sunday the Company will have the option of observing that holiday on another date which the Company determines to be consistent with the community practice or paying eight hours of regular straight time pay in lieu thereof for the holiday.

(c) Regular employees whose duties do not require them to work on holidays will be paid eight hours straight time holiday pay provided the employees have worked their scheduled day before, or his scheduled day after the holiday. Employees who are on a four day-10 hour schedule will receive 10 hours of straight time pay if a holiday falls within their regular scheduled work week but they are not required to work the holiday, provided the employees have worked their scheduled day before, or their scheduled day after the holiday. Employees whose regular scheduled work week does not include the paid holiday will receive eight hours of straight time holiday pay. Regular employees who are scheduled to work on a recognized holiday will be paid at time and one-half for the first eight hours worked in addition to their straight time holiday pay.

(d) An employee called out to work on a recognized holiday for a period of four hours or less will be paid for four hours at time and one-half in addition to his straight time holiday pay. An employee called out to work on a recognized holiday for a period of more than four hours but less than eight hours will be paid for eight hours at time and one-half in addition to his regular straight time holiday pay.

(e) Employees who are required to work more than eight hours on a recognized holiday will be paid at the rate of double time for all such work in excess of eight hours.

(f) When necessary, employees will be granted a reasonable time off with pay to vote in a national, state or local election.

(g) Excluding planned projects and appointments prompted by customer requests, no field construction, field maintenance or routine customer service work shall be performed on the actual calendar holidays for Labor Day, Thanksgiving Day and Christmas Day, except that which is necessary to protect life, property or continuity of service.

ARTICLE XIII – VACATIONS

Section 1. (a) Every effort will be made to grant vacations at a time suitable to the employee, but should the number leaving on vacation in any one period handicap the operations of the Company, the Company reserves the right to limit the number receiving vacations. Preference for vacations shall be granted within a classification at a headquarters on a system service basis.

(b) Vacations for employees will be granted with pay during the calendar year in which they complete the specified number of years of continuous service on the following basis:

(1) Employees with less than one year of continuous service with the Company shall be entitled to one day of vacation for each month worked, with a maximum of 10 days total.

(2) Employees with one year of continuous service with the Company shall be entitled to a vacation of two weeks.

(3) Employees with seven or more years of continuous service with the Company shall be entitled to a vacation of three weeks.

(4) Employees with 15 or more years of continuous service with the Company shall be entitled to a four week vacation or, if required to work by the Company, payment of one week's wages (40 hours at straight time) in lieu thereof for the fourth week.

(5) Employees with 21 or more years of continuous service with the Company shall be entitled to a five week vacation or, if required to work by the Company, payment of one week's wages (40 hours at straight time) in lieu thereof for the fifth week.

(6) Employees with 32 or more years of service with the Company shall be entitled to a six week vacation or, if required to work by the Company, payment of one week's wages (40 hours at straight time) in lieu thereof for the sixth week.

(c) An employee accrues entitlement of 1/12 of their current year's vacation for each full month the employee is employed during the current calendar year or is on STD, or leave of absence. Any employee leaving the Company's service during any calendar year shall receive payment for any unused portion of accrued vacation for that current year. However, in the event of an employee's death, the estate of the employee will be paid the unused portion of the employee's total vacation allotment for the current year.

(d) The anniversary of employment shall determine the employee's vacation status.

(e) In order for an employee to qualify for a vacation, the employee must have been on the Company payroll as a full-time regular or probationary employee on the last day in the calendar year previous to the vacation, and must have been available whenever necessary for the Company medical examinations and reports.

(f) An employee who is eligible for more than a three week vacation may be required to take the vacation in excess of three weeks outside the preferred vacation period, which is the period from June 1 to September 30.

(g) An employee who meets all the qualifications for vacation, and is on a Leave of Absence for illness on the last day in the calendar year previous to the vacation, will be entitled to vacation.

(h) When a holiday falls within an employee's vacation such employee shall receive either an additional day's pay to compensate for the loss of such holiday or the paid vacation period shall be extended for one day, at the discretion of the Company.

(i) Vacations must be selected for full weeks. However, an employee entitled to two or more weeks of vacation in a calendar year may arrange to take five days of that vacation in one day increments. Requests for these days must be made at least seven calendar days prior to the date requested and must be approved by supervision. However, because of extenuating circumstances, a day off with less than a seven calendar day notification may be approved by an employee's supervisor. An employee entitled to four or more weeks of vacation in a calendar year may arrange to take an additional five days of that vacation in one day increments. Requests for these additional five days must be made seven or more calendar days prior to the date requested and must be approved by supervision. The decision to grant or not grant a one day vacation by supervision shall not be subject to the grievance and arbitration procedure. The Company reserves the right to limit the number of employees who can be off on a specific day and may, but cannot be required to, grant a one day increment on a work day preceding or following a holiday or other vacation. Such one day increments must be utilized before an employee's scheduled vacation in a particular year is exhausted.

(j) An employee's vacation (full week) will start when the employee is released from duty on his last regularly scheduled working day prior to the scheduled vacation, and shall end at the start of his first regularly scheduled working day following the scheduled vacation. However, prior to the beginning of his scheduled vacation, an employee may indicate, in writing to his supervisor that he desires to be considered for work on what would have been normal off days at the beginning or end of his scheduled vacation.

ARTICLE XIV – NATIONAL DEFENSE

Section 1. (a) Employees who volunteer for or are drafted in the armed services of the United States, or are conscripted by the United States Government, shall retain all rights and privileges under this Contract, including seniority standing and shall be entitled to vacation pay due.

(b) The Company in recognition of service rendered to the Nation, agrees to restore all employees to their former positions, except those dishonorably discharged, who notify the Company within the time specified by applicable legislation of their desire to return to work. An employee who leaves the Service ill, injured or unable to work shall retain all rights of his former job until he is able to work. An injured, weakened or partially disabled employee shall be offered light duty, if he is physically able to perform such work. All Company sponsored life and AD&D insurance coverage for employees starting an approved military leave of absence will be continued for a period of up to six months with the same cost sharing as before the leave began.

(c) The foregoing provisions shall apply only to employees who are eligible for statutory re-employment rights.

ARTICLE XV – DEPARTMENT STEWARDS

The Union shall furnish the Company with a list of Department Stewards and this list shall be kept current. It is further agreed that only regular employees of the Company who are covered by this Contract shall be designated as Stewards.

ARTICLE XVI – RETIREMENT BENEFITS

Section 1. RETIREMENT INCOME PLAN: (a) Eligible employees represented by the Union hired or rehired before January 1, 2017, will participate or continue to participate in the existing Cinergy Corp. Union Employees' Retirement Income Plan (hereinafter called the "Retirement Income Plan") as amended and restated effective January 1, 2014 and subsequently amended to make legally-required changes as required by appropriate federal legislation and regulation governing such plans or technical changes, under the terms set forth in the "Amendment to A-71 Retirement Plan and HRA Conversion

Agreement" dated June 2, 2016. Employees hired or rehired on or after January 1, 2017 will not be eligible to participate in the Retirement Income Plan.

(b) In consideration of the additional benefits incorporated in the Retirement Income Plan, the parties to this Contract agree that the Company will not reduce the benefits and the Union will not request any change in the Retirement Income Plan until the expiration of the Contract in effect on May 15, 2021.

Section 2. RETIREMENT SAVINGS PLAN: (a) The Company agrees to establish and maintain an employee savings plan, subject to the provisions of the appropriate federal legislation and regulation governing such plans, to be known as the "Duke Energy Retirement Savings Plan", hereinafter called the "Retirement Savings Plan."

(b) The Retirement Savings Plan is described in the Company's publication the "Duke Energy Retirement Savings Plan", Summary Plan Description and Prospectus.

(c) The Company hopes and expects to continue the Retirement Savings Plan indefinitely but it must reserve the right to alter or amend it or merge it into any other Savings Plan at any time. Any reduction or discontinuance of Company contributions during the term of the Contract will be subject to collective bargaining. However, under no circumstances shall any part of the corpus or income held by the Trustee of the Retirement Savings Plan be recoverable by the Company or be used for or diverted to any purposes other than for the exclusive benefit of the employee participants or their beneficiaries as provided in the Retirement Savings Plan.

ARTICLE XVII – INTERRUPTION OR PYRAMIDING BENEFITS

Section 1. (a) With the exception of shift differential premium, and a holiday occurring during an employee's vacation, it is agreed that under no circumstances shall any Section of this Contract be interpreted to provide the pyramiding of a benefit or premium payment to employees covered by this Contract. For example, no employee may claim sick pay while receiving vacation pay or holiday pay while receiving sick pay.

(b) It is further agreed that there shall be no interruption in the payment of one benefit in order that the employee may receive payment for another benefit. For example, no employee may interrupt his vacation to begin sick leave or interrupt his sick leave to include a holiday. The only exceptions to the provision are that an employee's sick pay may be interrupted to include vacation pay and that vacation pay may be interrupted to include death in family pay as set forth in the Contract. In the event of a death of a relative as defined in Article VIII, Section 18 occurs after the start of an employee's vacation, any compensable bereavement time off under the Contract would interrupt the vacation and replace the unused planned vacation days. The rescheduling of the unused vacation days interrupted by the death must be approved in advance by supervision and shall not impact normal administration of vacation in one-day increments as provided in Article XIII, Section 1(i).

ARTICLE XVIII – DURATION

Section 1. (a) The Contract shall become effective as of May 15, 2016, and all the provisions thereof shall continue in full force and effect until May 15, 2021, and thereafter for successive three year periods unless one of the parties hereto on or before the 60th day next preceding any contract anniversary date shall notify the other party hereto, in writing, of its desire to modify or terminate the same.

(b) Joint conferences between representatives of the Company and the Union shall be promptly started following any of the above notifications for the purpose of reaching a mutually satisfactory agreement.

(c) On or before May 15, 2021, this Contract may be extended by mutual agreement of the parties for a specific number of calendar days. If a tentative agreement on the terms of a new Contract has been reached on or before May 15, thereafter the Union shall have one-half of the specified number of days in which to submit the Contract to its membership for ratification and in case of failure to ratify, in order that the Company shall have the remaining one-half of the specified number of days as notice before a work stoppage occurs.

IN WITNESS WHEREOF, the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (USW), AFL-CIO-CLC, on behalf of Local Unions 12049 and 5541-06, and Duke Energy Ohio, Inc. and Duke Energy Kentucky, Inc., do hereby, by their duly authorized agents, in the premises, execute and sign this 2016 – 2021 Contract in duplicate this 7th day of July 2016.

DUKE ENERGY OHIO, INC.
DUKE ENERGY KENTUCKY, INC.
Cincinnati, Ohio

Jay R. Alvaro
Director, Labor Relations

Lisa A. Gregory
Human Resources Principal

UNITED STEELWORKERS (USW),
AFL-CIO-CLC

Leo W. Gerard
President

Stan Johnson
Secretary/Treasurer

David McCall
Director, District 1

Ronnie Wardrup
Staff Representative

Thomas Conway
Vice President – Administration

Fred Redmond
Vice President – Human Affairs

David W. McLean
Sub 5 Director

John Waits

Jeff Berkemeier

Norman Barnes

Russ Zimmer

Dan Gilday

Steve Bowermaster

Steve Benkert

Gary Tuttle

Scott Newkirk

Appendix A

Historical Documents Preserved

And Made A Part Of This Agreement

For Interpretation And Application

The index and marginal references in the Labor Agreement to documents in Appendix A are intended only for convenience in administering the Labor Agreement. The index and marginal references and Appendix A are not intended to list every document that could be applicable to any factual situation arising under a given Article or Section of the Labor Agreement. It is also not intended that each document referenced in an Article or Section will be applicable to any or all factual situations covered by the referenced Article or Section. No inferences, presumptions, or conclusions shall be drawn by the Company, the Union, or any arbitrator from the indexing of, a marginal reference to, or failure to reference any document listed in Appendix A.

Appendix A

HISTORICAL DOCUMENTS PRESERVED AND MADE PART OF THIS AGREEMENT FOR INTERPRETATION AND APPLICATION INDEX BY CONTRACT CLAUSE

A-DOC #	CLAUSE	ISSUE	DATE
A-41	Article II, Section 1	Union Security – Company Neutrality	10/07/96
A-28	Article V, Section 1	Training Union on Job Evaluation Procedure	05/13/94
A-62	Article V, Section 2	Supervisory Upgrades	08/01/07
A-87	Article VI, Section 2(a)	Seniority Departments	06/02/16
A-27	Article VI, Section 3	Notification to the Union of Posted Job Openings	05/13/94
A-61	Article VI, Section 3(b)	Promotional Retraining	01/18/02 (10/07/96) (05/13/94)
A-80	Article VI, Section 3(c)	Gas Operations Promotional Sequences and New Position	06/02/16 (04/18/11)
A-4	Article VII, Section 1	Continuity of Work and Overtime	07/05/79
A-8	Article VII, Section 1	Inspecting Mechanic Job Class – No Shift Rotation	05/17/82
A-52	Article VII, Section 1	Work Hours	01/18/02 (10/07/96) (05/13/94)
A-81	Article VII, Section 1(b)	Field Operations – Schedule Replacement Guidelines	06/03/2011
A-88	Article VII, Section 1(b)	Work Hours Beyond Normal Scheduled Shift	06/02/16
A-89	Article VII, Section 1(g)	Emergency Work Outside of Ohio/Kentucky Service Territory	06/02/16
A-18	Article VII, Section 1(j)	Scheduling Make-up Overtime	05/23/91
A-63	Article VII, Section 1(j)	Overtime Guidelines –Field and Systems Operations, Contractor Construction, Corrosion, Gas Production and Measurement Center	06/02/16 (06/03/2011) (06/14/07)
A-64	Article VII, Section 1(j)	Service Delivery Overtime Guidelines	06/02/16 (06/15/07)
A-60	Article VII, Section 1(m)	Call Out Pay	01/18/02
A-54	Article VIII, Section 2	Voluntary Transfers Between Headquarters	06/02/16 (01/18/02) (10/07/96) (05/13/94)
A-82	Article VIII, Section 2(f)	Home Site Reporting Guidelines	06/02/16 (06/03/2011)
A-13	Article VIII, Section 5	Company Monitor Contractor Safety	05/23/91
A-36	Article VIII, Section 5	Inspecting Mechanics - AMRP	06/03/2011 (10/07/96) (05/13/94) (05/23/91)
A-1	Article VIII, Section 8	Witness Pay for Criminal Cases	06/11/73
A-90	Article VIII, Section 12	Welders Returning to C&M	06/02/16
A-5	Article VIII, Section 13	One-time Use of Sick Pay for Chemical Addiction Rehab.	07/05/79
A-9	Article VIII, Section 13	Employee Notification of Absence Expectations	05/24/85

A-DOC #	CLAUSE	ISSUE	DATE
			(05/18/76)
A-14	Article VIII, Section 14(a)	Company May Replace Health Care Plans	05/23/91
A-78	Article VIII, Section 14(a)	Health Care Security	06/03/2011
A-71	Article VIII, Section 14(c)	Retirement Plan and HRA Conversion Agreement	06/03/2011 (08/01/07)
A-71 Amendment	Article VIII, Section 14(c)	Post Retirement Healthcare	06/03/2011
A-76	Article VIII, Section 14(c)	Post-Retirement Medical Benefits	04/04/05
A-91	Article VIII, Section 14(c)	2016-2021 Post Retirement Healthcare Letter	06/02/16
A-92	Article VIII, Section 14(c)	Amendment to A-71 "Retirement Plan and HRA Conversion Agreement"	06/02/16
A-68	Article VIII, Section 15	$9,000.00 Paid-Up Post-Retirement Life Insurance Coverage	08/01/07
A-7	Article VIII, Section 17	Inclement Weather	07/05/79
A-65	Article VIII, Section 17	Inclement Weather – Service Delivery	08/01/07
A-40	Article VIII, Section 23	Participative Management Team Guidelines	10/07/96 (05/13/94)
A-15	Article IX, Section 1	Personal Attorneys During Grievances and Arbitrations	05/23/91
A-21	Article IX, Section 1	Timeliness of Grievance Procedure	05/13/94
A-10	Article XII, Section 1	No Holiday Pay Eligibility for Unavailability	05/24/85
A-16	Article XII, Section 1	Double Time Rate and Consecutive Holidays	05/23/91
A-17	Article XIII, Section 1	Holiday Occurs During Scheduled Vacation Period	05/23/91
A-2	Misc.	Customer Service Route Bidding	06/11/73
A-22	Misc.	Family and Medical Leave Act	05/13/94
A-23	Misc.	Construction Assistants – Duties and Pay Rate	05/13/94 (05/23/91)
A-25	Misc.	Inspecting Mechanics To Not Cross Union Local Areas	05/13/94
A-35	Misc.	Mechanic III	06/02/16 (10/07/96)
A-51	Misc.	Downbidding to Entry-Level Jobs	06/02/16 (06/03/11) (01/18/02) (10/07/96) (05/13/94) (05/23/91)
A-55	Misc.	Pay for Non-Industrial Medical Appointments	01/18/02 (10/07/96) (05/13/94)
A-57	Misc.	Paid Lunch Periods	01/18/02 (10/07/96) (05/24/85)
A-58	Misc.	Martin Luther King, Jr. Day	01/18/02 (10/07/96) (05/13/94)
A-67	Misc.	Union Employee Annual Incentive Program (UEIP)	06/03/2011 (08/01/07)

A-DOC #	CLAUSE	ISSUE	DATE
A-67a	Misc.	Amendment to A-67 Letter Regarding the Union Employee Annual Incentive Program (UEIP)	06/02/16
A-69	Misc.	Sabbatical Vacation Bank and Vacation Credit Programs	08/01/07
A-70	Misc.	Sale of Assets	06/03/2011 (08/01/07)
A-72	Misc.	Discontinue Automatic Progression	08/01/07
A-73	Misc.	Benefit Claims Disputes	04/04/05
A-75	Misc.	Clothing Allowance	06/02/16 (06/03/2011) 04/04/05
A-77	Misc.	Special Union Wide Lump Sum Opportunity	06/02/16 (06/03/2011)
A-83	Misc.	Apprentice Mechanic Operator III	02/25/13
A-84	Misc.	Separation of Gas and Electric Customer Premise Work	03/20/14
A-85	Misc.	Safety Shoe Policy	06/02/16
A-86	Misc.	Global Positioning Satellite (GPS) Technology	06/02/16

Appendix A

HISTORICAL DOCUMENTS PRESERVED AND MADE PART OF THIS AGREEMENT FOR INTERPRETATION AND APPLICATION INDEX BY DOCUMENT NUMBER

A-DOC #	CLAUSE	ISSUE	DATE
A-1	Article VIII, Section 8	Witness Pay for Criminal Cases	06/11/73
A-2	Misc.	Customer Service Route Bidding	06/11/73
A-4	Article VII, Section 1	Continuity of Work and Overtime	07/05/79
A-5	Article VIII, Section 13	One-time Use of Sick Pay for Chemical Addiction Rehab.	07/05/79
A-7	Article VIII, Section 17	Inclement Weather	07/05/79
A-8	Article VII, Section 1	Inspecting Mechanic Job Class – No Shift Rotation	05/17/82
A-9	Article VIII, Section 13	Employee Notification of Absence Expectations	05/24/85 (05/18/76)
A-10	Article XII, Section 1	No Holiday Pay Eligibility for Unavailability	05/24/85
A-13	Article VIII, Section 5	Company Monitor Contractor Safety	05/23/91
A-14	Article VIII, Section14(a)	Company May Replace Health Care Plans	05/23/91
A-15	Article IX, Section 1	Personal Attorneys During Grievances and Arbitrations	05/23/91
A-16	Article XII, Section 1	Double Time Rate and Consecutive Holidays	05/23/91
A-17	Article XIII, Section 1	Holiday Occurs During Scheduled Vacation Period	05/23/91
A-18	Article VII, Section 1(j)	Scheduling Make-up Overtime	05/23/91
A-21	Article IX, Section 1	Timeliness of Grievance Procedure	05/13/94
A-22	Misc.	Family and Medical Leave Act	05/13/94
A-23	Misc.	Construction Assistants – Duties and Pay Rate	05/13/94 (05/23/91)
A-25	Misc.	Inspecting Mechanics To Not Cross Union Local Areas	05/13/94
A-27	Article VI, Section 3	Notification to the Union of Posted Job Openings	05/13/94
A-28	Article V, Section 1	Training Union on Job Evaluation Procedure	05/13/94
A-35	Misc.	Mechanic III	06/02/16 (10/07/96)
A-36	Article VIII, Section 5	Inspecting Mechanics - AMRP	06/03/2011 (10/07/96) (05/13/94) (05/23/91)
A-40	Article VIII, Section 23	Participative Management Team Guidelines	10/07/96 (05/13/94)
A-41	Article II, Section 1	Union Security – Company Neutrality	10/07/96
A-51	Misc.	Downbidding to Entry-Level Jobs	06/02/16 (06/03/11) (01/18/02) (10/07/96) (05/13/94) (05/23/91)
A-52	Article VII, Section 1	Work Hours	01/18/02 (10/07/96) (05/13/94)

A-DOC #	CLAUSE	ISSUE	DATE
A-54	Article VIII, Section 2	Voluntary Transfers Between Headquarters	06/02/16 (01/18/02) (10/07/96) (05/13/94)
A-55	Misc.	Pay for Non-Industrial Medical Appointments	01/18/02 (10/07/96) (05/13/94)
A-57	Misc.	Paid Lunch Periods	01/18/02 (10/07/96) (05/24/85)
A-58	Misc.	Martin Luther King, Jr. Day	01/18/02 (10/07/96) (05/13/94)
A-60	Article VII, Section 1(m)	Call Out Pay	01/18/02
A-61	Article VI, Section 3(b)	Promotional Retraining	01/18/02 (10/07/96) (05/13/94)
A-62	Article V, Section 2	Supervisory Upgrades	08/1/07
A-63	Article VII, Section 1(j)	Overtime Guidelines –Field and Systems Operations, Contractor Construction, Corrosion, Gas Production and Measurement Center	06/02/16 (06/03/11) (6/14/07)
A-64	Article VII, Section 1(j)	Service Delivery Overtime Guidelines	06/02/16 (06/15/07)
A-65	Article VIII, Section 17	Inclement Weather – Service Delivery	08/01/07
A-67	Misc.	Union Employee Annual Incentive Program (UEIP)	06/03/2011 (08/01/07)
A-67a	Misc.	Amendment to A-67 Letter Regarding the Union Employee Annual Incentive Program (UEIP)	06/02/16
A-68	Article VIII, Section 15	$9,000.00 Paid-Up Post-Retirement Life Insurance Coverage	08/01/07
A-69	Misc.	Sabbatical Vacation Bank and Vacation Credit Programs	08/01/07
A-70	Misc.	Sale of Assets	08/01/07
A-71	Article VIII, Section 14(c)	Retirement Plan and HRA Conversion Agreement	06/03/2011 (08/01/07)
A-71 Amendment	Article VIII, Section 14(c)	Post Retirement Healthcare	06/03/2011
A-72	Misc.	Discontinue Automatic Progression	08/01/07
A-73	Misc.	Benefit Claims Disputes	04/04/05
A-75	Misc.	Clothing Allowance	06/02/16 (06/03/11) (04/04/05)
A-76	Article VIII, Section 14(c)	Post-Retirement Medical Benefits	04/04/05
A-77	Misc.	Special Union Wide Lump Sum Opportunity	06/02/16 (06/03/2011)
A-78	Article VIII, Section 14(a)	Health Care Security	06/03/2011
A-80	Article VI, Section 3(c)	Gas Operations Promotional Sequences and New Position	06/02/16 (04/18/11)
A-81	Article VII, Section 1(b)	Field Operations – Schedule Replacement	06/03/2011

A-DOC #	CLAUSE	ISSUE	DATE
		Guidelines	
A-82	Article VIII, Section 2(f)	Home Site Reporting Guidelines	06/02/16 (06/03/11)
A-83	Misc.	Apprentice Mechanic Operator III	02/25/13
A-84	Misc.	Separation of Gas and Electric Customer Premise Work	03/20/14
A-85	Misc.	Safety Shoe Program	06/02/16
A-86	Misc.	Global Positioning Satellite (GPS) Technology	06/02/16
A-87	Article VI, Section 2(a)	Seniority Departments	06/02/16
A-88	Article VII, Section 1(b)	Work Hours Beyond Normal Scheduled Shift	06/02/16
A-89	Article VII, Section 1(g)	Emergency Work Outside of Ohio/Kentucky Service Territory	06/02/16
A-90	Article VIII, Section 12	Welders Returning to C&M	06/02/16
A-91	Article VIII, Section 14(c)	2016-2021 Post Retirement Healthcare Letter	06/02/16
A-92	Article VIII, Section 14(c)	Amendment to A-71 "Retirement Plan and HRA Conversion Agreement"	06/02/16

June 11, 1973

Mr. William F. Billingsley
Representative
United Steelworkers of America
3333 Vine Street, Room 311
Cincinnati, Ohio 45220

Dear Mr. Billingsley:

During the 1973 negotiations the committees of the Company and the Union discussed the Company's policy concerning allowing an employee, who is subpoenaed, to be off work to testify in a court proceeding which does not directly involve the Company.

Employees who are continually in contact with the public may occasionally witness acts which could lead to criminal arrests or observe personal injury or property damages which could result in litigation. In most instances, the actions observed by employees while within the scope of their employment can be recorded through written statements, affidavits, or in limited situations, depositions. Such gathering of factual information would not ordinarily involve absence from work.

In a very small proportion of cases, employees could be subpoenaed to testify in court proceedings. In criminal litigation the governmental body for whom an employee is subpoenaed may be unable to make the employee entirely whole for his lost earnings during the time of his testimony. However, in civil litigation, it is not uncommon for the party who causes the witness to be supoenaed to reimburse the witness for resulting lost earnings and expenses.

Employees are not encouraged to go out of their way to make themselves available as witnesses to any incident which could ultimately be litigated. On the other hand, the Company does not want to penalize an employee who may be called upon to testify in the very unfrequent situations when he is not reimbursed for his expenses and loss of regular pay by the party who subpoenaed him. The Company will evaluate such cases on an individual basis to determine whether such civic minded and responsible employees should receive their regular pay when they are off work to testify.

Very truly yours,

Arthur R. Ehrnschwender

June 11, 1973

Mr. William P. Billingsley
Representative
United Steelworkers of America
1333 Vine Street, Room 311
Cincinnati, Ohio 45220

Dear Mr. Billingsley:

During the 1973 negotiations the committees of the Company and the Union discussed the possibility of allowing Servicemen in the Customer Service Section of the Gas Operating Department to choose their routes on a seniority basis.

Upon the acceptance of the 1973-76 Contract, the department management and a committee of the Union will meet in an effort to draw up guidelines for the implementation of such a system. Providing a mutually agreeable set of guidelines is reached, the Company is willing to allow the assignment of routes on the basis of seniority for a trial period of one year. If this trial period proves satisfactory to the Company, the procedure will be continued during the term of the 1973-76 Contract.

Very truly yours,

Arthur R. Ehrnschwender

cc: T. Mounts
W. Egelston

THE CINCINNATI GAS & ELECTRIC COMPANY

CINCINNATI, OHIO 45201

ARTHUR R. EHRNSCHWENDER
VICE PRESIDENT
ADMINISTRATIVE SERVICES

July 5, 1979

Mr. Thomas Spurlock
Staff Representative
United Steelworkers of America
3300 Central Parkway
Cincinnati, Ohio 45225

Dear Mr. Spurlock:

During the 1979 negotiations, representatives of the Company and the Union discussed the allocation of overtime assignments.

The Company intends that overtime shall continue to be assigned in accordance with the long and well-established procedures of equalization within classifications at individual divisions or headquarters. While the low employee on the overtime list may not be called for a particular overtime occasion, the Company expects overtime to be relatively equalized over a period of time. Normally, it is not important to the Company which person in a designated classification performs an assignment as long as the individual is qualified. While a specific individual with certain skills may occasionally be necessary to perform a particular assignment, the occasions where that is required are limited. It is also understandable that employees who begin a particular overtime assignment may, for purposes of continuity, finish that work, even if the completion occurs at another time.

In making overtime assignments, all employees must understand the Company's needs. However, personal commitments of the employees involved also warrant serious consideration. Supervisors should attempt to avoid overtime assignments to individuals who have made previous personal commitments if others are readily available. It is understandable that individuals and families develop appointments and social obligations of importance. Although employees have a responsibility to be available for overtime assignments, supervisors should give recognition, when feasible, to employees' personal commitments. If operating needs require an individual to break his personal appointment, the least the responsible supervisors can do is to explain the reasons for this infringement to the individual.

In those areas where overtime scheduling has functioned most effectively, supervisors and employees have developed a mutual interest and pride in meeting the operational needs of the Company while giving maximum recognition to the personal interests of the employees. Supervisors attempt to notify employees of the need for overtime as far in advance as possible. Employees frequently suggest schedules or volunteer for planned assignments. Employees often trade assignments with supervisors' permission. This type of cooperative effort can provide the basis for a healthy and productive atmosphere in any headquarters. With such a cooperative atmosphere, incidents of disciplinary action because an employee is excessively absent from overtime assignments will be minimized.

It is thought that this letter will clarify the Company's policy concerning overtime assignments.

Very truly yours,

Arthur R. Ehrnschwender

THE CINCINNATI GAS & ELECTRIC COMPANY

CINCINNATI, OHIO 45201

ARTHUR R. EHRNSCHWENDER
VICE PRESIDENT
ADMINISTRATIVE SERVICES

July 5, 1979

Mr. Thomas Spurlock
Staff Representative
United Steelworkers of America
3300 Central Parkway
Cincinnati, Ohio 45225

Dear Mr. Spurlock:

During the 1979 negotiations, representatives of the Company and the Union discussed the compensation policy for employees who undertake treatment for alcoholism.

While sick compensation has not previously been granted for the treatment of alcoholic conditions, the Company will alter that arrangement when an employee obtains treatment at an appropriate detoxification facility under the direction of the Company Medical Director or in coordination with the Medical Director and the employee's personal physician. Available sick pay may hereafter be used for the first continuous absence when an employee undertakes to correct an alcoholic problem through an approved program. If the initial rehabilitation effort at a treatment center is not successful, the employee will not be granted additional available sick pay.

The Company is willing to extend this extra effort to help afflicted employees and their families, to eliminate the burden imposed upon the fellow employees, and to minimize lost productivity and absenteeism caused by alcoholism. An employee who is unwilling to accept the responsibility for his own behavior or who refuses to participate in a necessary program will, as in the past, jeopardize his continued employment with the Company.

The Union is encouraged to make the Company Medical Director aware of individuals thought to have alcoholism problems. With such assistance, fellow employees may be given a chance for which they may be forever grateful.

Very truly yours,

Arthur R. Ehrnschwender

Arthur R. Ehrnschwender

THE CINCINNATI GAS & ELECTRIC COMPANY

CINCINNATI, OHIO 45201

ARTHUR R. EHRNSCHWENDER
VICE PRESIDENT
ADMINISTRATIVE SERVICES

July 5, 1979

Mr. Thomas Spurlock
Staff Representative
United Steelworkers of America
3300 Central Parkway
Cincinnati, Ohio 45225

Dear Mr. Spurlock:

During the 1979 negotiations, representatives of the Company and the Union attempted to clarify the inclement weather policy applicable to employees in the Construction & Maintenance Division of the Gas Operating Department. As has always been the case, any or all employees will be expected to work without regard to weather conditions when it is necessary to protect life, property, or continuity of service.

Employees will not be required to perform normal work when the headquarter's thermometer reads five degrees or less. However, after considering the current and anticipated weather conditions, crews will leave their headquarters and proceed to their assigned job sites. When the temperature is six degrees and rising and the wind is calm or light, all crews will begin working. If the temperature is ten degrees or less and the wind is strong and gusty, the crews at the job sites will not be required to perform normal work. Whenever the temperature reaches 11 degrees, employees will begin working regardless of wind conditions. The Company will make an effort to provide indoor duties, conduct training or provide outdoor work under protective conditions during inclement weather conditions for the remaining individuals.

During conditions of dry or light snow, employees will be required to continue to work unless storm conditions develop that are too severe to permit a job assignment to be completed safely. During conditions of drizzle or light rain employees will be required to continue working unless the precipitation is great enough to soak their clothes. During periods of moderate or heavy rain, crews will be dispatched or assigned duties as stated above for cold weather conditions. Every effort will be made by the Area Supervisor to assign work at locations suitable to existing weather conditions where an assignment may be safely performed. When a crew arrives at a job site, the crew leader will evaluate the weather conditions. Unless the weather conforms to the long established Company definition of inclement (unmerciful, severe, harsh, tempestuous, rough, stormy, boisterous, or otherwise hard to bear) the work will be performed as assigned. If weather conditions become inclement according to the above definitions at any time after work has been under way, the crew leader may stop operations, seek shelter in Company equipment, and communicate this fact to the Construction & Maintenance Dispatcher. The crew's supervisor will thereafter determine if the weather is inclement. In all cases the supervisor's evaluation will prevail. The Gas Operating departmental management will continually counsel with supervisors in an effort to assure fairness and continuity of judgment regarding inclement weather.

With the exception of the newly established temperature minimums, the management in the Gas Operating Department does not intend to amend the administration of the inclement weather provisions. These procedures were described in the recent arbitration decision and award resulting from a hearing on January 10, 1978 and were explained to employees at group meetings at the various headquarters earlier this year. The past administration clearly reflects that no employees have been required to jeopardize their health or safety because of the requirement to perform normal work during adverse weather conditions. In fact, statistical information reflects that the proportion of total non-productive time attributed to inclement weather increased in recent years. The continued good judgment of crew leaders and cooperation with supervisory personnel will avoid future misunderstandings about inclement weather.

Very truly yours,

Arthur R. Ehrnschwender

THE CINCINNATI GAS & ELECTRIC COMPANY

CINCINNATI, OHIO 45201

ARTHUR R. EHRNSCHWENDER
SENIOR VICE PRESIDENT

May 17, 1982

Mr. Thomas Spurlock
Staff Representative
United Steelworkers of America
3300 Central Parkway
Cincinnati, Ohio 45225

Dear Mr. Spurlock:

During the 1982 negotiations, the committees for the Company and the Union discussed the possibility of implementing a new bargaining unit job classification. As a result of these discussions, the Company will agree to write a job description for a new job classification of Inspecting Mechanic during the first year of the 1982-1985 Contract. This job classification will be evaluated in the normal manner but the maximum wage rate resulting from such evaluation will not be subject to arbitration.

This new job classification will ultimately be responsible for performing the inspecting duties currently being accomplished by exempt employees. These exempt employees will continue to accomplish the inspecting duties they are now performing. When the Company determines that there is a need for additional or replacement personnel to perform these inspecting duties, the new bargaining unit job classification will be posted and filled through the established bidding procedure.

Employees who will subsequently fill this job classification will not be permitted to demote in accordance with the agreement in my letter dated May 17, 1982. Employees in this job classification will not take part in the Mechanic Operator shift rotation.

It is understood that this proposal will satisfy the Union's request to the mutual benefit of both parties.

Very truly yours,

Arthur R. Ehrnschwender

Arthur R. Ehrnschwender

THE CINCINNATI GAS & ELECTRIC COMPANY

CINCINNATI, OHIO 45201

ROBERT E. BYRNES
VICE PRESIDENT
ADMINISTRATIVE SERVICES

May 24, 1985

Mr. Thomas Spurlock
Staff Representative
United Steelworkers of America
821 Ezzard Charles Drive
Cincinnati, Ohio 45203

Dear Mr. Spurlock:

During the 1985 negotiation meetings between the Company and Local Unions 12049 and 14214 the committees discussed Article VIII, Section 13(g) of the Contract concerning the requirement that employees' notify the Company that they will be tardy or absent from work.

As discussed, the Company expects employees who will be late or absent from work to notify the Company before the beginning of a scheduled shift to indicate their contemplated absence from work. This notification by an employee allows supervision an opportunity to make last minute scheduling adjustments with full knowledge about which employees will be absent and which employees have been delayed in reporting to work.

The Company and the Union agreed that it is the employees' responsibility to provide such advance notification about their work intentions. Furthermore, the Union assured the Company that it would encourage its members to so notify the Company of their work intentions. Supervisors will counsel with those employees on an individual basis who continuously report absences after the start of a work schedule to determine the reasons that such notification was not given earlier. Employees who disregard their obligation to report their absences from work prior to the beginning of their work schedule will continue to subject themselves to disciplinary action.

It is thought that this letter adequately describes the concern expressed by the Company during these negotiations and will clarify the understanding of the parties concerning Article VIII, Section 13(g).

Very truly yours,

Robert E. Byrnes

Robert E. Byrnes

cc: C. Goyette
L. Byrd, Jr.

A-9

THE CINCINNATI GAS & ELECTRIC COMPANY

CINCINNATI, OHIO 45201

ROBERT E. BYRNES
VICE PRESIDENT
ADMINISTRATIVE SERVICES

May 24, 1985

Mr. Thomas Spurlock
Staff Representative
United Steelworkers of America
821 Ezzard Charles Drive
Cincinnati, Ohio 45203

Dear Mr. Spurlock:

During the 1985 negotiations, the committees of the Company and Local Unions 12049 and 14214 discussed the holiday pay eligibility requirements contained in Article XII, Section 1(c).

As agreed, Mr. S. Smith's arbitration case shall have no force and effect on determining the eligibility requirements for holiday pay for situations similar to the circumstances in that case, such as a leave of absence or military service, where it is positively known that an employee is not available to the Company to perform work on a holiday.

It is thought that this letter adequately states the accord reached between the parties as to holiday pay eligibility.

Very truly yours,

Robert E. Byrnes

Robert E. Byrnes

cc: C. Goyette
L. Byrd, Jr.

CG&E The Energy Service Company

The Cincinnati Gas & Electric Company
P.O. Box 960 Cincinnati, Ohio 45201-0960

John P. Roos
Manager, Personnel Relations

May 23, 1991

Mr. Thomas Spurlock
Staff Representative
United Steelworkers of America
7162 Reading Road
Suite 610
Cincinnati, Ohio 45237

Dear Mr. Spurlock:

During the 1991 negotiation meetings, the committees of the Company and the Union discussed the work practices of contractors and employees.

The Union voiced a concern that contractors are not in compliance with the safety standards applied to employees, especially while working side by side on the same job. The Company has a continuing concern for the safety and well being of its employees and is constantly monitoring work areas, conditions and procedures. During these negotiation meetings, the Company assured the Union that its supervision will strictly monitor the construction practices of contractors in order to assure compliance with the appropriate safety rules and work habits.

Safety on the job must be a continuous activity, not only for supervision of the Company but for every employee. It is only through cooperation of our employees that we are able to maintain our outstanding safety record. The Company will continue to strive to conduct its operations in a safe and efficient manner.

These assurances by the Company should alleviate the concerns of the Union in this matter.

Very truly yours,

John P Roos

John P. Roos

cc: J. Dearth
R. Zimmer

CG&E The Energy Service Company

The Cincinnati Gas & Electric Company
P.O. Box 960 Cincinnati, Ohio 45201-0960

John P. Roos
Manager, Personnel Relations

May 23, 1991

Mr. Thomas Spurlock
Staff Representative
United Steelworkers of America
7162 Reading Road
Suite 610
Cincinnati, Ohio 45237

Dear Mr. Spurlock:

During the 1991 negotiation meetings, representatives of the Company and the Union discussed eliminating the need for management to confer with the Union in the event that a health care provider is replaced by other medical coverage.

During these discussions, the Company and the Union shared concern over the astronomical increase in medical costs that occurred in the past three years. As a result of these discussions concerning the elimination of Article VIII, Section 14 (b) of the Contract, the Union assured the Company that it would cooperate and objectively evaluate any health care carriers that the Company suggested as a substitute for existing health care providers.

It is thought that this accord will be mutually beneficial to both parties.

Very truly yours,

John P. Roos

John P. Roos

cc: J. Dearth
R. Zimmer

CG&E The Energy Service Company

The Cincinnati Gas & Electric Company
P.O. Box 960 Cincinnati, Ohio 45201-0960

John P. Roos
Manager, Personnel Relations

May 23, 1991

Mr. Thomas Spurlock
Staff Representative
United Steelworkers of America
7162 Reading Road
Suite 610
Cincinnati, Ohio 45237

Dear Mr. Spurlock:

During the 1991 negotiation meetings the committees of the Company and the Union discussed the representation of employees by personal attorneys or outside agencies during the grievance and arbitration procedures.

As a result of these discussions, the parties agreed that the Union is the sole bargaining representative for its members and therefore no outside representation will be permitted during such meetings. This in no way restricts the Union's ability to have an attorney represent its own interests during the grievance and arbitration procedures.

It is believed that by proceeding in this manner the concerns expressed during these meetings have been alleviated.

Very truly yours,

John P. Roos

John P. Roos

cc: J. Dearth
R. Zimmer

CG&E – The Energy Service Company

The Cincinnati Gas & Electric Company
P.O. Box 960 Cincinnati, Ohio 45201-0960

John P. Roos
Manager, Personnel Relations

May 23, 1991

Mr. Thomas Spurlock
Staff Representative
United Steelworkers of America
7162 Reading Road
Suite 610
Cincinnati, Ohio 45237

Dear Mr. Spurlock:

During the 1991 negotiation meetings, representatives of the Company and the Union discussed holiday pay for employees who are required to work on both of two consecutive holidays.

As a result of these discussions, the parties agreed that when employees work consecutive hours contiguous with the hours worked on the previous day holiday, all hours over eight (8) will be paid at the double time rates. This would only apply for hours worked on the day after Thanksgiving and the Company recognized holiday of Christmas Day.

It is thought that this correspondence adequately describes the accord reached by the parties concerning this subject.

Very truly yours,

John P. Roos

John P. Roos

cc: J. Dearth
R. Zimmer

CG&E The Energy Service Company

The Cincinnati Gas & Electric Company
P.O. Box 960 Cincinnati, Ohio 45201-0960

John P. Roos
Manager, Personnel Relations

May 23, 1991

Mr. Thomas Spurlock
Staff Representative
United Steelworkers of America
7162 Reading Road
Suite 610
Cincinnati, Ohio 45237

Dear Mr. Spurlock:

During the 1991 negotiations, the committees of the Company and the Union discussed employees taking vacations which include a Company recognized holiday.

In order for the Company to effectively and efficiently direct the work force, it must maintain its right to make the determination as to whether an employee will receive either eight hours additional pay or one additional vacation day when an employee schedules a vacation which includes a holiday. However, during these meetings the Company agreed that employees can make their preference known to supervision as to whether they want to receive either eight hours additional pay or an additional vacation day. The supervisor will give consideration to the employee's request.

By proceeding in this manner it is thought that the Union's concern in this matter will be alleviated.

Very truly yours,

John P. Roos

John P. Roos

cc: J. Dearth
R. Zimmer

CG&E The Energy Service Company

The Cincinnati Gas & Electric Company
P.O. Box 960 Cincinnati, Ohio 45201-0960

John P. Roos
Manager, Personnel Relations

May 23, 1991

Mr. Thomas Spurlock
Staff Representative
United Steelworkers of America
7162 Reading Road
Suite 610
Cincinnati, Ohio 45237

Dear Mr. Spurlock:

During the 1991 negotiation meetings, representatives of the Company and the Union discussed the scheduling of make-up overtime assignments.

During these meetings, the Union voiced a concern regarding the delayed granting of make-up overtime assignments as a result of heavy periods of regular overtime assignments.

The Company must be the sole judge as to the necessity for overtime work. However, the Company assured the Union that it would make every attempt to schedule make-up overtime assignments which are determined by supervision to be appropriate at the earliest practicable time. Additionally, the Company agreed that employees will be scheduled for make-up overtime assignments within six (6) months from the date granted by supervision.

This commitment by the Company should address the concerns expressed by the Union during these negotiations about make-up overtime.

Very truly yours,

John P. Roos

John P. Roos

cc: J. Dearth
R. Zimmer

CG&E The Energy Service Company

The Cincinnati Gas & Electric Company
P.O. Box 960 • Cincinnati, Ohio 45201-0960

May 13, 1994

Mr. Thomas Spurlock
Staff Representative
United Steelworkers of America
7162 Reading Road, Suite 610
Cincinnati, Ohio 45237

Dear Mr. Spurlock:

During the 1994 negotiation meetings, the committees for the Company and the Union discussed the implementation of time limits within the various steps of the grievance procedure.

The Company believes that the objective of the grievance procedure, to mutually and equitably resolve differences that may arise in the administration and interpretation of the Agreement, can be most favorably fulfilled without the imposition of mandatory time limits.

However, as a result of these discussions, the Company did give its assurance that it will strive to respond to all grievances as expeditiously as possible.

It is understood that unavoidable delays by both parties may occur for various legitimate reasons. Any such circumstances must necessarily be accommodated without prejudice to the position of any party to the grievance.

It was also agreed that if, in the future, the Union believes that grievances are not being resolved in a timely manner, the Company would be willing to meet with the Union in order to resolve this issue.

It is anticipated that, with this accord, the interval in processing grievances will be reduced.

Very truly yours,

Edward R. Schuette

Edward R. Schuette

cc: S. Newkirk
R. Zimmer

CG&E The Energy Service Company

The Cincinnati Gas & Electric Company
P.O. Box 960 • Cincinnati, Ohio 45201-0960

May 13, 1994

Mr. Thomas Spurlock
Staff Representative
United Steelworkers of America
27162 Reading Road
Suite 610
Cincinnati, OH 45237

Dear Mr. Spurlock:

During the 1994 negotiation meetings, the parties discussed the administration of the Family Medical Leave Act (FMLA).

During the discussions, the Company assured the Union that its administration of the FMLA does not reduce the employee benefits provided for by the Contract. Furthermore, the Company assured the Union of its continued commitment to considering the particular circumstances involved with individual employees, who may be experiencing hardship and whose circumstances may warrant leave in addition to the FMLA annual allotment.

It is believed that the above commitment by the Company alleviates the Union's concerns in this matter.

Very truly yours,

Edward R. Schuette

Edward R. Schuette

cc: S. Newkirk
R. Zimmer

CG&E ■ The Energy Service Company

The Cincinnati Gas & Electric Company
P.O. Box 960 • Cincinnati, Ohio 45201-0960

May 13, 1994

Mr. Thomas Spurlock
Staff Representative
United Steelworkers of America
7162 Reading Road, Suite 610
Cincinnati, Ohio 45237

Dear Mr. Spurlock:

During the 1994 negotiation meetings, the committees for the Company and the Union discussed the revision of the Construction Assistant job description.

As discussed, the job description of the Construction Assistant will be revised so that employees, who are assigned to that job classification, may also be trained to perform other duties commensurate with their skills and abilities, within their medical limitations. However, employees in the Construction Assistant job classifications will not perform work of job classifications at higher wage levels than their previous job.

As stated during these negotiations, at some point in time, as determined by the Company, the number of Construction Assistants may reach a saturation point. As discussed, we are rapidly approaching that saturation point. If such a saturation point is reached, the Company will discontinue placing people in that job classification.

In addition, the Company assured the Union that if problems are detected as a result of the administration of the Construction Assistant job duties, the Company would be willing to meet with the Union to discuss this issue at that time. Furthermore, as stated during these negotiations, and in accordance with the original intent of the parties when the Construction Assistant job classification was established, only employees with 15 or more years of service will be red-circled when demoted to the Construction Assistant job classification. Employees with less than 15 years of service, when demoted to the Construction Assistant job classification, will be placed at the maximum wage rate of that job.

It is believed that this correspondence should alleviate the concerns of the Union in this matter.

Very truly yours,

Edward R. Schuette

Edward R. Schuette

cc: S. Newkirk
R. Zimmer

CG&E The Energy Service Company

The Cincinnati Gas & Electric Company
P.O. Box 960 • Cincinnati, Ohio 45201-0960

May 13, 1994

Mr. Thomas Spurlock
Staff Representative
United Steelworkers of America
7162 Reading Road, Suite 610
Cincinnati, Ohio 45237

Dear Mr. Spurlock:

As discussed during the 1994 negotiation meetings, there are presently 15 Inspecting Mechanics in Gas Operations. These employees are performing the following functions: locating facilities, preparing permit drawings, inspecting exposed pipelines on bridges, inspecting pipelines and locating and plotting gas facilities as a result of Ohio House Bill 538. These Inspecting Mechanics are located throughout our system, but primarily at Monfort Heights, Dana Avenue and Todhunter Road.

As discussed, during the term of the 1994-1997 Contract, Inspecting Mechanics will be paid fifty-five cents (.55¢) above the maximum wage rate of their job classification.

Inspecting Mechanics will also protect facilities by their presence and direction of contractors working around gas facilities. This Inspecting Mechanic job will not be submitted for re-evaluation since the job description adequately defines the duties required in performing House Bill and system protection work. There will be two (2) Inspecting Mechanics performing House Bill work. They are John Fagaly located at Fairfield and Mose Barrett located at Dana. These two individuals will continue performing this work. Mr. Fagaly will perform work only in the Northern local and Mr. Barrett will perform work anywhere in Local 12049's service territory. At this time we do not anticipate a change of headquarters. The Company will train the remaining Inspecting Mechanics to perform House Bill work. The number of Inspecting Mechanics performing House Bill work may increase or decrease at any time due to work needs. The remaining incumbent Inspecting Mechanics will be assigned to specific geographic areas and duties for the purposes of work assignment. If the House Bill work load decreases, the Inspecting Mechanics performing that work will be assigned to perform any activity within their job description.

The Inspecting Mechanic will locate underground facilities for contractors performing work for the Company. This includes marking gas facilities for contractors installing and replacing gas mains and services.

Inspecting Mechanics will be required to work in any geographical area assigned, i.e., Kentucky, Indiana, Ohio, except across Union Locals. Back-up Inspecting Mechanics will only be used as determined by business needs.

Future openings or replacements in the Inspecting Mechanics job classification when deemed necessary by the Company, will be filled by qualified employees from the Mechanic Operator I job classification, in accordance with the contractual posting procedure, within Local 12049 or within Local 14214. Also, the Company reserves the right to determine the headquarters as to where the replacements or openings will be filled, in Local 12049 or in Local 14214.

It is believed that this correspondence addresses our discussion at the negotiations.

Very truly yours,

Edward R Schuette

Edward R. Schuette

cc: S. Newkirk
R. Zimmer

CG&E The Energy Service Company

The Cincinnati Gas & Electric Company
P.O. Box 960 • Cincinnati, Ohio 45201-0960

May 13, 1994

Mr. Thomas Spurlock
Staff Representative
United Steelworkers of America
7162 Reading Road
Suite 610
Cincinnati, Ohio 45237

Dear Mr. Spurlock:

During the 1994 negotiation meetings, the committees of the Company and Local Unions 12049 and 14214 discussed notification to the bargaining unit of posted job openings, transfers and reassignments.

As was agreed, during the term of the 1994-1997 Contract, the results of posted job openings, transfers and reassignments will be forwarded to the Presidents of the Local Unions as soon as practicable.

By proceeding in this manner it is thought that the Union's concern in this matter will be alleviated.

Very truly yours,

Edward R. Schuette

Edward R. Schuette

cc: S. Newkirk
R. Zimmer

CG&E The Energy Service Company

The Cincinnati Gas & Electric Company
P.O. Box 960 • Cincinnati, Ohio 45201-0960

May 13, 1994

Mr. Thomas Spurlock
Staff Representative
United Steelworkers of America
7162 Reading Road
Suite 610
Cincinnati, Ohio 45237

Dear Mr. Spurlock:

During the 1994 negotiations, representatives of the Company and the Union discussed the possibilities of a training program for the members of the Union job evaluation committee.

The procedures for establishing, revising, and evaluating job classifications is clearly set forth in Article V, Section 1 of the current Contract. As indicated, the Union may submit written comments regarding the duties of a revised job description to the Company's evaluation committee and may review the evaluation and wage rate of any new or revised classification considered by the Company's committee.

At the negotiation meetings, the Union expressed concern about its understanding of the job evaluation process. To understand the procedures, the Company will agree to provide a training program for members of the Union committee who may be unfamiliar with how the job evaluation system works. In addition, if the chairman of the Union's classification committee periodically requests information concerning which factor points were changed when its committee is scheduled to meet with the Company's committee to review the evaluation of a job, the Company official responsible for the administration of the wage and salary program will provide the designated Union representative with such information.

It is thought that proceeding as outlined in this letter will satisfy the Union's request about training in the job evaluation procedure during the term of the 1994-1997 Contract.

Very truly yours,

Edward R. Schuette

Edward R. Schuette

cc: S. Newkirk
R. Zimmer

DUKE ENERGY.

Duke Energy
139 East Fourth Street
Cincinnati, OH 45202

June 2, 2016

Mr. Steve Bowermaster
President
Local 5541-06
United Steelworkers
Todhunter Headquarters

Mr. John Waits
President
Local 12049
United Steelworkers
Eastern Avenue Headquarters

Re: Mechanic III

Dear Gentlemen:

Reference is made to the discussion between the parties pertaining to changes to the Mechanic III job responsibilities, rate of pay and line of promotion.

As agreed, the specially negotiated wage rate for a Mechanic III job classification will be revised. Effective January 1, 2015, any employee moving into that job classification, will be paid at the starting rate of $18.50 per hour. At intervals of six months, if progress, measured by demonstrated ability and performance, has been satisfactory, the employee will be eligible for a $0.25 merit increase until reaching the maximum pay rate of $19.50 per hour.

In addition, all employees entering into a Mechanic III position on or after May 15, 2016, will be employed with the understanding that they must be able to successfully promote to the Meter Specialist II, Gas Systems Operations Mechanic II, Gas Plant Operator II, Mechanic Operator II or Service Mechanic B within the timeframes outlined within the qualifications of the respective job descriptions. At a minimum, failure to qualify for this purpose would include situations where two successive written examinations or two successive practical demonstrations were not passed. Employees will be allowed a maximum time period of three months between the two successive examinations and/or demonstrations. Employees will not be permitted to request waiver of their rights to promotion.

The employment of any individual who does not successfully meet the requirements to promote from a Mechanic III position to a Meter Specialist II, Gas Systems Operations Mechanic II, Gas Plant Operator II, Mechanic Operator II or Service Mechanic B, will be terminated.

Employees will be promoted on the first day of the pay period following successful completion of the timeframes outlined in the respective job descriptions unless deemed not qualified or sooner, as determined by the Company. If a promotion is delayed due to the Company, the effective date of the promotion will be back dated to the first day of the pay period following successful completion of the timeframes outlined in the respective job description. If a promotion is delayed because an employee is deemed not qualified or has been unable to successfully complete a promotional exam, the effective date of the promotion will be the first day of the pay period following successful promotion.

Based on the foregoing, this letter supersedes any prior letters or agreements among the parties relating to this matter including current sidebar letter A-35 (Mechanic III Pay Rate and Work CG&E Wide).

It is thought that the above adequately describes the parties agreement on this matter.

Sincerely,

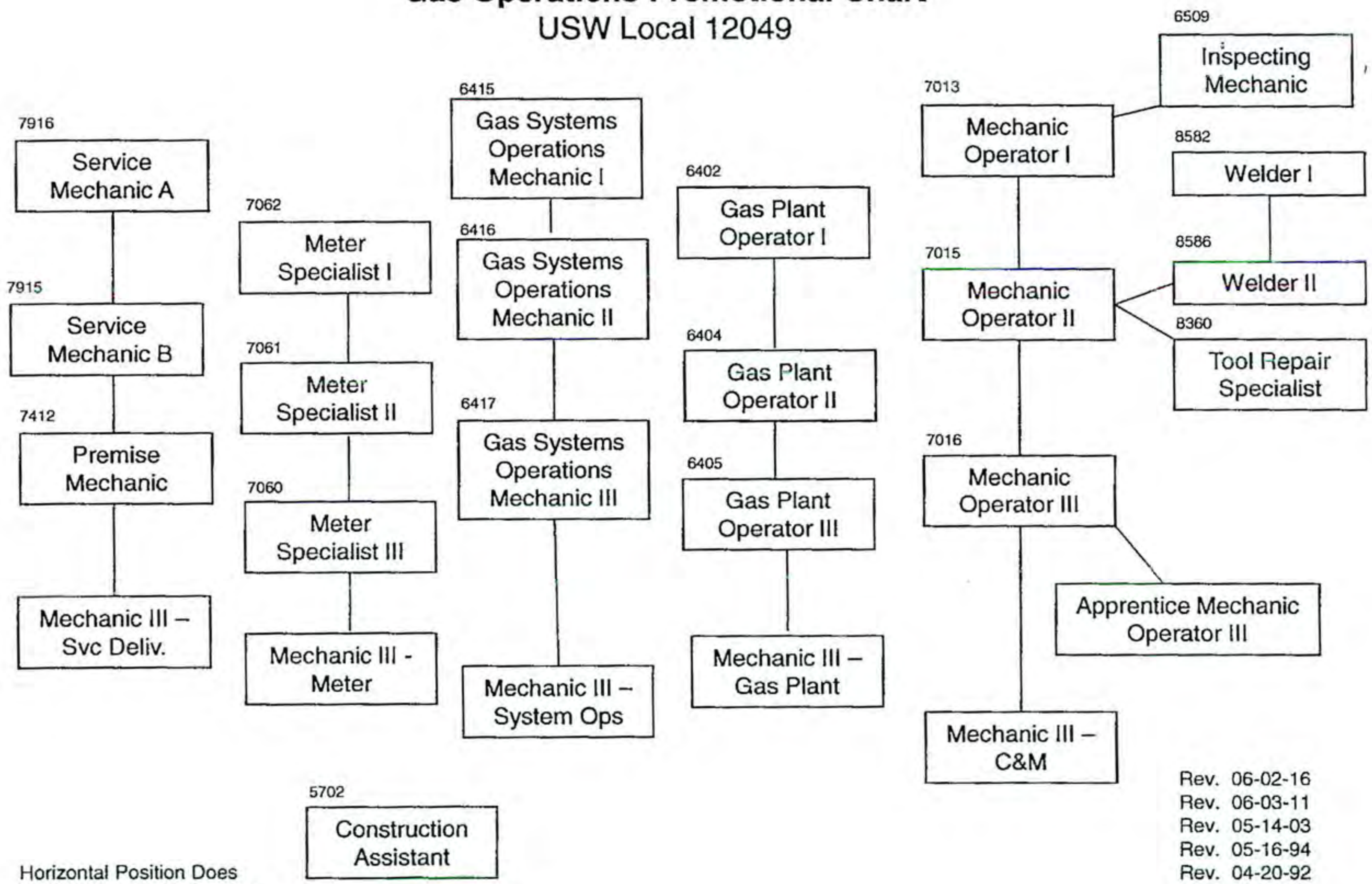
Lisa A. Gregory

Lisa A. Gregory
Human Resources Principal

cc: G. Hebbeler
C. Lange
D. Smiley

Gas Operations Promotional Chart

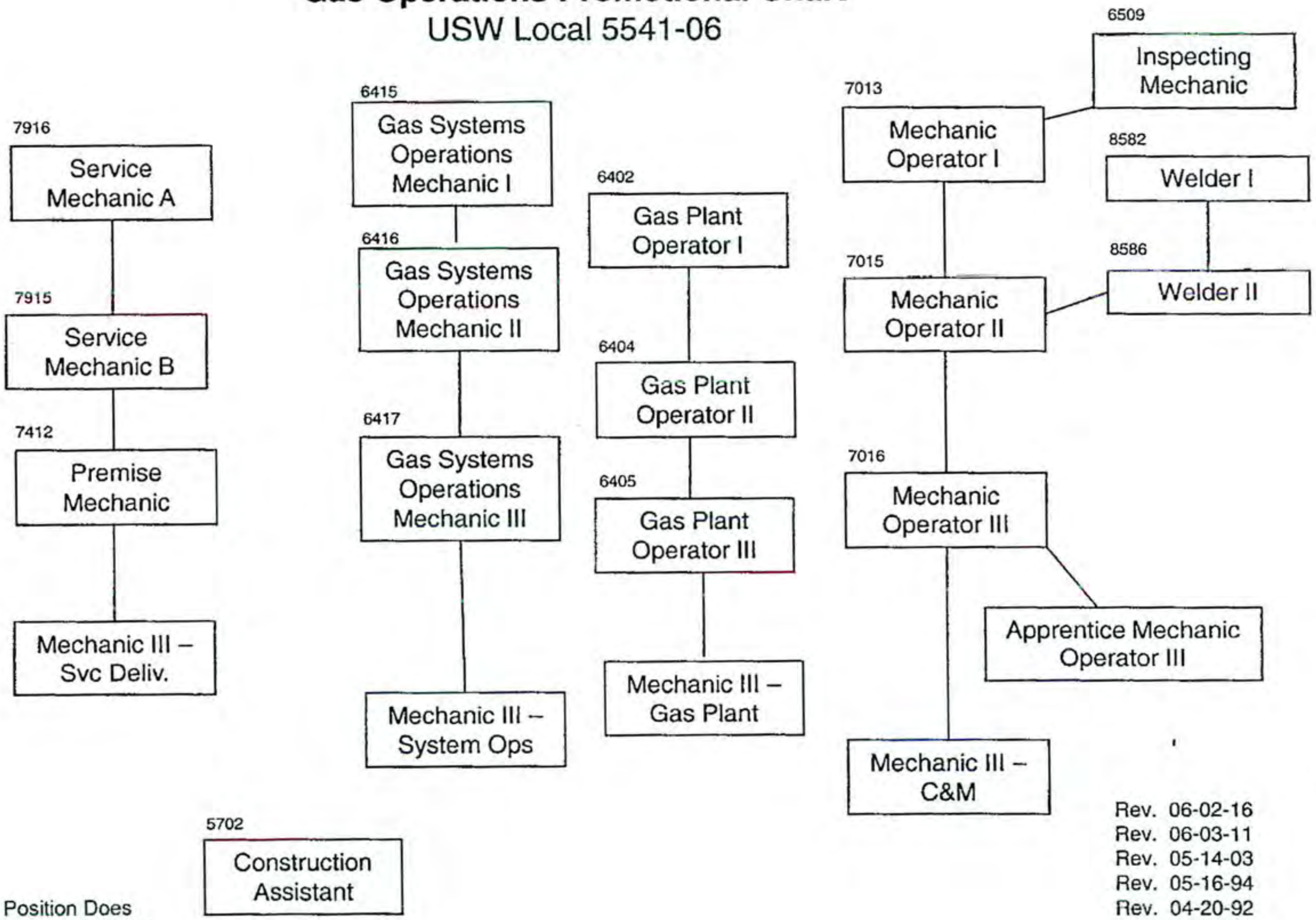
USW Local 12049



Horizontal Position Does Not Necessarily Reflect Job Evaluation or Wage Level

Rev. 06-02-16
Rev. 06-03-11
Rev. 05-14-03
Rev. 05-16-94
Rev. 04-20-92
Rev. 04-06-92
Rev. 11-22-82
Rev. 05-22-82

Gas Operations Promotional Chart
USW Local 5541-06



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Not Necessarily Reflect Job
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Rev. 05-16-94
Rev. 04-20-92
Rev. 04-06-92
Rev. 11-22-82
Rev. 05-22-82

Duke Energy.

LISA A GREGORY
Director Labor Relations

Duke Energy
EMM80 / 139 East Fourth St.
Cincinnati, OH 45202

513-287-3934

June 3, 2011

Mr. Steve Bowermaster
President
Local 5541-06
United Steelworkers
Todhunter Headquarters

Mr. Mike McAlpin
President
Local 12049
United Steelworkers
Monfort Heights Headquarters

Re: Inspecting Mechanic Agreement - AMRP

Dear Gentlemen:

This letter documents our discussions and agreements related to employees in the Inspecting Mechanic classification and the impacts on work and this job that are expected to occur towards the end of and after the Accelerated Main Replacement Program (AMRP).

In the fall of 2000, the Company met with the leadership of each of the Duke affiliated local unions to discuss the need to significantly increase the number of Inspecting Mechanics to enhance the inspection program for an Accelerated Main Replacement Program. During those discussions, several items were agreed upon to successfully implement and complete the Program. All items to date have been successfully implemented by both parties. This document is to memorialize those items necessary to wind down the Program and implement post AMRP activities.

If it is necessary to "Roll Back" any Inspecting Mechanics, that person will return to a Mechanic Operator I (MOI) position at the district from which they were promoted. Roll Backs will occur by low classified Inspecting Mechanic seniority. If the district headquarters is no longer maintained, the person will be assigned to the district that absorbed the territory of the discontinued district. They are listed as follows:

Little Miami absorbed by Eastworks
Glendale absorbed by Monfort
Dana absorbed by Eastworks
19th Street absorbed by Erlanger
Florence absorbed by Erlanger

As discussed in 2000, during presentations and during discussions with the successful candidates, Inspecting Mechanics will maintain their current accrued seniority if a roll back to the MOI position is necessary. In addition, Inspecting Mechanics would have their pay redlined until the MOI wage rate increased to the point of surpassing the Inspecting Mechanic pay. At that time, the person would receive a wage increase up to the max rate of pay for a MOI.

As part of the original agreements, Inspecting Mechanics were to maintain their CDL license. A valid medical card is required to perform the MOI duties. Employees rolling back under this

Letter will be given 6 months to obtain their medical card. If employees cannot obtain their medical cards in six months, the Company's Job Adjustment and Workplace Modification Program (JAWM) will be triggered. The JAWM Program is a two-tiered program for the Company to engage in an interactive dialogue with employees who may require job adjustments or workplace modifications due to a physical or mental health issue that impacts an employee's work.

Management will make every effort to project the resource needs for the following year and avoid roll backs in the middle of the year. This will allow a smooth transition for the employee to be placed on the shift schedule. However, there may be those occasions when a roll back may occur in the middle of the year. When this occurs, management will not rework the schedule for the current year. Management will fill a vacancy in the shift schedule with the rolled back employee up to two times in that calendar year but, not two consecutive times. All other vacancies will be filled using the established Schedule Replacement Guidelines. If there is more than one rolled back employee in a district, they will alternate shift coverage until they have exhausted their obligation to work two scheduled vacancies for that calendar year. For rolled back employees who scheduled their vacation in advance, the Company will follow existing guidelines for filling shift vacancies. After the Company schedules a rolled back employee for a shift vacancy, the Company will not grant vacation for the employee's shift during the vacancy the employee is scheduled to work.

If a temporary Inspecting Mechanic is needed in the future, trained and qualified Mechanic Operator I's will be upgraded based on classified Mechanic Operator I seniority. The Company will pay temporarily upgraded "rolled back inspectors" at the top of the Inspecting Mechanic pay grade until the assignment is complete. After the temporary upgrade is over, the employee will return to their pay rate prior to being upgraded. The employee also will be provided with any promotional opportunities they would have received in the MOI position. If a Mechanic Operator I is upgraded and he/she did not previously hold the classification of Inspecting Mechanic, normal temporary upgrade guidelines will apply (Article V, Section 2).

Employees who are scheduled for shift work during a temporary upgrade assignment lasting 30-days or less will not be eligible for the upgrade and the next senior, qualified person will be selected. If the temporary upgrade assignment will last 31-days or more, upon completion of the scheduled shift, the most senior person will replace the more junior person on the upgrade assignment. Employees must pass an inspecting test to be temporarily upgraded to an Inspecting Mechanic role.

It is believed that the procedures outlined in this letter properly describe the agreement reached between the parties concerning this issue.

Very truly yours,

Lisa A. Gregory

Lisa A. Gregory
Director, Labor Relations

Cinergy Corp.
139 East Fourth Street
P.O. Box 960
Cincinnati, OH 45201-0960

October 7, 1996

Mr. Don Turner
Mr. James Newport
United Steelworkers of America
1329 East Kemper Road
Building 400, Suite 4214
Cincinnati, Ohio 45246

CINERGY.

Dear Gentlemen:

During the 1996 discussions concerning work flexibility and employment security, the Company and the Union discussed the continuation of participative management teams.

During these discussions, the parties agreed that together we face a changing regulatory environment, aggressive competitive forces and rising customer expectations.

To meet these challenges and to ensure both the Company and the Union's continued mutual success and security, the parties commit to achieving maximum customer, employee and shareholder productivity and quality of our work and its environment.

In making this commitment, the parties recognize a need for the Company, the Union and all employees to support and strive for a more cooperative atmosphere of increasing openness, trust and mutual respect, where all employees can fully utilize their creativity, talents and initiative in a safe and fulfilling work environment.

The parties agreed during these negotiations to continue the use of the participative team process to further these goals. It is also agreed that the following jointly developed guidelines will continue to be used for the participative team process:

> When any team is formed to address an issue, individuals should be told that membership on the team is voluntary. Persons selected should be respected by their co-workers. Before the team begins its work, members must be informed that it is their responsibility to honor the collective bargaining agreements.

When forming a team to address non-contractual issues, team members should be selected objectively based on the issues and subjects to be addressed by the group.

When contractual issues arise after the start of the process, bargaining unit leaders and the Employee Relations and Safety Department must be notified as soon as it is apparent that a contractual issue is involved. Team membership should be reviewed to see if changes need to be made because of the new contractual issue.

The Company and the Union officers will select team members from their respective units to develop recommendations concerning contractual issues. The Employee Relations and Safety Department will be notified when a team is being formed in order to determine its level of involvement. Any recommendations made by the teams that would change or modify the collective bargaining contract will be subject to negotiations between the parties.

These commitments made by both the Company and the Union will enable both parties to be successful in our endeavor to reach our goals in serving our customers, employees and shareholders.

Very truly yours,

Kenneth E. Williams/TJH

Kenneth E. Williams
Manager
Employee Relations

cc: R. Zimmer
S. Newkirk

Cinergy Corp.
139 East Fourth Street
P.O. Box 960
Cincinnati, OH 45201-0960

October 7, 1996

Mr. Don Turner
Mr. James Newport
United Steelworkers of America
1329 East Kemper Road
Building 400, Suite 4214
Cincinnati, Ohio 45246

CINERGY.

Dear Gentlemen:

Reference is made to our 1996 discussions concerning employment security and work flexibility. During these discussions the parties discussed the issue of Union Recognition in a changing business environment to meet future competitiveness in our industry.

During the discussions, the Company confirmed its commitment to recognize the Union as the sole and exclusive collective bargaining agent for those employees who are employed in jobs currently under its jurisdiction. The Company also assured the Union of its ongoing commitment to honor any agreements it may enter into with the Union. The parties also discussed the need for new and innovative ways to meet future business needs in order to remain viable within a competitive environment. These new ways of conducting business may not only require significant changes within the current organization, but may also result in the Company's expansion into other business ventures.

During the discussions, the Company gave assurance to the Union that in the event of such future expansions of our business, should the Union attempt to represent or organize employees outside of its current jurisdiction, the Company will not interfere with such legitimate activity and will encourage a policy of neutrality among its supervisory/managerial workforce. However, the Company must maintain its right to respond to employee inquires in an honest and open manner.

Hopefully, as a result of the discussion on this subject, the Union's concerns in this area have been resolved.

Very truly yours,

Kenneth E. Williams/TJH

Kenneth E. Williams
Manager
Employee Relations

cc: R. Zimmer
S. Newkirk

A-41

DUKE ENERGY.

Duke Energy
139 East Fourth Street
Cincinnati, OH 45202

June 2, 2016

Mr. Steve Bowermaster
President
Local 5541-06
United Steelworkers
Todhunter Headquarters

Mr. John Waits
President
Local 12049
United Steelworkers
Monfort Heights Headquarters

Re: Downbidding to Entry-Level Jobs

Dear Gentlemen:

During the 2016 contract negotiations, representatives of the Company and United Steelworkers and its Locals 12049 and 5541-06 (the "Union") discussed the downbidding process and the desire to make starting level job opportunities available in the various divisions of the Gas Operations and Service Delivery areas to qualified employees who desire to change their type of work. This letter replaces the previous letter of agreement titled "Downbidding to Entry-Level Jobs Second Amendment" which was last revised December 23, 2013 and all earlier versions as well as the downbidding process described in the "Disconnect Non-pay, Succession and Special Meter Reads Agreement" letter dated May 14, 2003.

For the duration of the 2016 – 2021 Contract, the Company will permit any employee with eight (8) or more years of service and classified as a Meter Specialist II, Mechanic Operator II, Gas Systems Operations Mechanic II, Gas Plant Operator II, Welder II or any higher job classification in these sequences, to submit their name for consideration through the established bidding procedure when job openings occur within the established rotation sequence in the Service Mechanic "B", Gas Systems Operations Mechanic III, or Gas Plant Operator III job classifications. Additionally, any employee with eight (8) or more years of service and classified as a Service Mechanic "B" or any higher job classification in this sequence, to submit their name for consideration through the established bidding procedure when job openings occur within the established rotation sequence in the Gas Systems Operations Mechanic III or Gas Plant Operator III job classification.

The Company will consider employee requests for a posted opening in the established rotation sequence, on the basis of the system service within the seniority district. These employees will be required to successfully complete the departmental training program, and all required tests, before they are re-classified as a Service Mechanic "B", Gas Systems Operation Mechanic III or Gas Plant Operator III. Upon implementation of this letter in June, 2011, the Company filled the first posted eligible job from qualified downbid applicants before considering applicants seeking to promote under the existing promotional sequence within the seniority district. After that first posted job, the Company has alternated between the downbid process and the promotional sequence process to fill Service Mechanic "B", Gas Systems Operations Mechanic III or Gas Plant Operator III postings. Effective with postings filled after May 15, 2016, the selected employees will have their classified seniority adjusted such that the downbids on the posting will be the most senior ahead of those promoting.

In addition, the Company agreed to allow employees in Local 12049 with eight (8) or more years of service and classified as a Mechanic Operator II, Gas Systems Operations Mechanic II, Gas Plant Operator II, Welder II, Service Mechanic "B" or any higher job classification in these sequences to downbid to the Meter Specialist III job classification through the downbidding procedure as described in this letter. When eligible employees submit such downbids to the Meter Specialist III classification, the Company will fill the position based on USW system service seniority within the seniority district.

In all situations described in this letter, the following applies:

1. Employees who are accepted for the vacant position shall retain their present salary until they successfully pass the test for the new position. At that time, they will be demoted to the maximum wage rate of the job for which they have been accepted. However, employees who demote in accordance with this agreement with 15 or more years of service will have their wage rates red-circled.

2. If the acceptable candidates fail to qualify for the position, they will return to their original headquarters without loss of seniority.

3. While in training, the employees will retain the salary and job title of their current position.

4. The Company will post opportunities for the Service Mechanic B, Tool Repair Specialist, Meter Specialist III, or Gas Systems Operations Mechanic III on the current rotation and will fill the first posting following the date of this Letter with any downbids for Gas Plant Operator III as described above. For the second posting following the date of this Letter, the Company will use the promotional sequence within the Gas Plant Operator III classification, and will alternate between the downbid process and the promotional sequence for future postings per the current process within the other classifications mentioned above. If a posting is not filled by the designated sequence and/or there are no downbids, the turn will be forfeited. This will be tracked by each job classification and each local.

5. Prior to the first downbid opportunity as described above, management will post a one-time opportunity for existing Premise Mechanics to promote to Service Mechanic B. If eligible employees choose not to pursue this promotional opportunity, the one-time opportunity will be forfeited. The Company reserves the right to cancel any postings not filled under this Paragraph. This has been completed but will remain in this letter for historical purposes.

It is acknowledged that the Company must maintain the right to limit the number of such individuals in any job at any one time, in order to make certain that the promotional sequence does not become blocked in any way.

It is anticipated that the procedures outlined in this letter properly describe the accord reached between the parties concerning this issue, for the term of this Contract.

Very truly yours,

Lisa A. Gregory

Lisa A. Gregory
Human Resources Principal

cc: Gary Hebbeler
Chuck Allen

Cinergy Corp.
139 East Fourth Street
P.O. Box 960
Cincinnati, OH 45201-0960

January 18, 2002

Mr. Dave McLean
Mr. Eldon House
United Steelworkers of America
1329 East Kemper Road
Building 400, Suite 4214
Cincinnati, Ohio 45246

CINERGY.
CG&E

Re: Work Hours

Dear Gentlemen:

During the 2002 – 2007 contract negotiations, representatives of the Company and United Steelworkers of America and its Locals 12049 and 5541-06 (the "Union") discussed work hours of bargaining unit employees in both local unions. This correspondence cancels and supersedes correspondence from Messrs. Morgan and Randolph of June 4, 2001 to Messrs. McAlpin and Helsinger and the letter of October 7, 1996 from K. Williams to D. Turner on this subject.

Based on discussions for the 2002 – 2007 labor agreement, work schedules will be implemented as follows.

Construction & Maintenance

Accept as specified below, the Construction & Maintenance Group will use both the 4-day 10-hour schedule and the 5-day 8-hour schedule. On or about May 1 of each year, that work group will commence a 4-day 10-hour schedule. It is believed that working the 4-10's during the prime construction season allows for the most efficient means to carryout that type of work. The shorter workweek and fewer trips to/from jobs will lessen the environmental impact from driving during summer months when environmental issues are at a peak. It will also save on fuel costs during the summer season when the cost for fuel is at a maximum. Additionally, the fact that school will be out will lessen disruptions to setting up job sites prior to 8:00 a.m. Employees, who value the third off day each week, will continue to be able to benefit from that schedule during the summer time season. The 4-10 work hours will remain from 7:00 a.m. until 5:00 p.m. at this time.

On or about November 1 of each year, the Construction & Maintenance Group will be scheduled to work the 5-day 8-hour schedule, with work hours of 7:00 a.m. to 3:00 p.m. For the reduced amount of construction projects during the winter months, the 5-day 8-hour work schedule is more conducive for achieving the maintenance type work that tends to be done during the colder months season. Additionally, the shorter work day during the winter months will allow for employees to arrive at home at an earlier time each day to tend to personal business. Management will continuously monitor and evaluate the effectiveness of the 8-hour schedules including the start time for work hours and maintains the right to adjust the work hours as deemed necessary to meet business needs.

For business needs, the new gas service inspecting group (spotters) will be an exception to the seasonal schedule. Visual inspecting work must be accomplished on a 5-day 8-hour work schedule in order to meet the daily demands for those jobs, which have to be carried out within two days of a request. The four-day workweek has caused the need to take employees from Construction & Maintenance to assist in performing visual inspecting work on a regular basis, thus impacting the number of employees dedicated to construction and maintenance work on any one day.

Gas Production, Systems Operations and Corrosion Control

For the same reasons discussed above, and for the need to provide support for the construction & maintenance crews, Gas Systems Operations employees' work schedules will be the same as listed for Construction & Maintenance above and will also change on the referenced seasonal basis. The 5-8's schedule during the winter months allows for better coverage for cold weather related system adjustments and the need to implement the rotating shift during the winter season.

Contractor Construction Management

The Inspecting Mechanics will remain assigned to a 5-day 8-hour schedule year round. That work schedule maximizes our ability to provide inspecting services to the contractor work force. The 5-8's will enhance the availability of the Inspecting work force at reduced overtime costs and at a minimum disruption to the Construction & Maintenance Group.

Service Delivery, Meter Operations, Gas Measurement Center

Employees in these work groups will continue to work their current work schedules at this time, as long as business needs are being accomplished.

It is believed that the work schedules as outlined above are a reflection of the consideration given to the Unions' input and employee comments while implementing work schedules that will help improve the organization's overall effectiveness. It must be noted, however, that the Company must maintain its right to make other work schedule adjustments in the future to meet business needs.

Very truly yours,

John E. Polley

John E. Polley
General Manager
Labor Relations, Safety
And Disability Programs

cc: D. Helsinger
M. McAlpin

DUKE ENERGY.

Duke Energy
139 East Fourth Street
Cincinnati, OH 45202

June 2, 2016

Mr. Steve Bowermaster
President
Local 5541-06
United Steelworkers
Todhunter Headquarters

Mr. John Waits
President
Local 12049
United Steelworkers
Valley View Headquarters

Re: Voluntary Transfers Between Headquarters

Dear Gentlemen:

This letter documents our discussions and agreements related to employees in the same job classification being permitted to voluntarily transfer between headquarters.

As was agreed, employees will be permitted to submit transfer requests to be assigned to another headquarters. On an annual basis, during the first week of August, a notice will be posted advising those employees who wish to change headquarters to submit a transfer request, in writing, to the Labor Relations Department. All such requests must be submitted on or before August 31st of each year. These requests for transfer will be evaluated in the same manner as cross bids for posted job openings. Reassignments between headquarters will be made as soon as determined practical by Management but no later than January 7th. The provisions of Article VI, Section 2 will govern the classified seniority of all employees who are transferred. These reassignments are not subject to the grievance and arbitration procedure. Once a reassignment between headquarters is made, the transferred employee will assume the work assignments, vehicle assignments and holiday and other schedules that were assigned to the employee with whom the trade is made. Both employees must be actively employed at the time of the move in order for the transfer to occur.

This procedure in no way alters the contractually provided right of the Company to unilaterally effect transfers and reassignments and to effectively conduct its business. Additionally, this procedure does not alter the long established practice of assigning new employees in the starting level job, Mechanic III, to the various headquarters of Gas Operations.

It was also agreed that the provisions of Article VIII, Section 2 will not apply to these transfers. It must be understood that a transferred employee's scheduled vacation may have to be changed, if, during that period, the number of employees leaving on vacation from an individual's new headquarters handicaps the operation of the department.

It is believed that this letter properly describes the agreement reached between the parties concerning this matter.

Sincerely,

Lisa A. Gregory

Lisa A. Gregory
Human Resources Principal

cc: Chuck Allen
Terri Barnes
Gary Hebbeler

Cinergy Corp.
139 East Fourth Street
P.O. Box 960
Cincinnati, OH 45201-0960

January 18, 2002

Mr. Dave McLean
Mr. Eldon House
United Steelworkers of America
1329 East Kemper Road
Building 400, Suite 4214
Cincinnati, Ohio 45246

CINERGY.
CG&E

Re: Compensation for Non-industrial Medical Appointments

Dear Gentlemen:

During the 2002 – 2007 contract negotiations, representatives of the Company and United Steelworkers of America and its Locals 12049 and 5541-06 (the "Union") discussed the compensation of employees performing limited duty work, while attending necessary medical appointments during working hours for non-industrial illness or injury.

It was agreed that when such appointments cannot be made outside of the normal working hours, employees will be paid sick pay for time away from the job for verifiable appointments. However, such compensation will only be granted after an employee has met the applicable sick pay waiting period for the same condition as necessitates such follow-up appointments.

It was also agreed that employees will make every effort to schedule such appointments during off duty hours. If this is not possible, such appointments should be made either at the beginning or at the end of their shifts. In addition, it was agreed that employees would only be eligible to receive sick pay for time lost to these appointments if they present verification that they attended them.

It is believed that this adequately describes the accord reached above for the 2002 – 2007 Contract regarding sick pay for doctor visits during normal working hours.

Very truly yours,

John E. Polley

John E. Polley
General Manager
Labor Relations, Safety
And Disability Programs

cc: D. Helsinger
M. McAlpin

January 18, 2002

Cinergy Corp.
139 East Fourth Street
P.O. Box 960
Cincinnati, OH 45201-0960

Mr. Dave McLean
Mr. Eldon House
United Steelworkers of America
1329 E. Kemper Road
Building 400, Suite 4214
Cincinnati, Ohio 45246

CINERGY.
CG&E

Re: Paid Lunch Periods

Dear Gentlemen:

During the 2002 – 2007 contract negotiations, representatives of the Company and United Steelworkers of America and its Locals 12049 and 5541-06 (the "Union") discussed the continuation of the paid lunch periods for bargaining unit employees.

The Company and Union agreed that the paid lunch periods would continue at this time. The Company, however, expressed concern about increased costs and loss of productivity that could result from employees not carrying out the "eat on the run" concept as it was intended.

During the discussions, it was agreed that the "eat on the run" concept was the basis upon which the parties agreed to implement the paid lunch periods in 1996. Under that concept, it is expected that employees should have their lunch provisions available prior to leaving the headquarters each working day. When necessary, stopping during the working day to purchase lunch is permissible, but must occur only in transit between job sites and the time spent doing so should be held to a minimum. Lunch is to be consumed at or between job sites during the working day in an approximate 15-minute time period.

As a result of the discussions, the Company committed to re-emphasizing with the work force the above expectations of employees. In turn, the Union agreed it would reinforce with employees the importance of obtaining lunch before leaving the work headquarters in order to maximize productivity during the working day.

The Company agreed to discuss with the Union issues pertaining to the paid lunch periods on a quarterly basis in an attempt to identify and resolve any problems associated with this practice.

It is believed that the above adequately describes the agreement reached during the discussions on the subject of lunch periods.

Very truly yours,

John E. Polley

John E. Polley
General Manager
Labor Relations, Safety
And Disability Programs

A-57

cc: D. Helsinger
M. McAlpin

Cinergy Corp.
139 East Fourth Street
P.O. Box 960
Cincinnati, OH 45201-0960

January 18, 2002

Mr. Dave McLean
Mr. Eldon House
United Steelworkers of America
1329 East Kemper Road
Building 400, Suite 4214
Cincinnati, Ohio 45246

CINERGY.
CG&E

Re: Martin Luther King, Jr. Day

Dear Gentlemen:

During the 2002 – 2007 contract negotiations, representatives of the Company and United Steelworkers of America and its Locals 12049 and 5541-06 (the "Union") discussed the Union's proposal to add Martin Luther King, Jr. Day as a holiday.

As was agreed during these meetings, an additional holiday will not be added. As a result of the discussions at these meetings, however, it was agreed that the Company would give consideration to allowing as many employees as practicable to take their personal day off with pay on Martin Luther King, Jr. Day, during the term of the 2002 – 2007 Contract. All requests for a personal day must be made by employees at least 7 days prior to this date. In the event that more employees request a personal day on that date than the Department can permit off, system service will be utilized in determining which employees at a specific work location will be granted the time off from work. It was further agreed that the number of personnel to be permitted off on that day will be determined by the department so as to insure safe and efficient operations.

By proceeding in this manner it is thought that the concerns of the Union in this area will be met.

Very truly yours,

John E. Polley

John E. Polley
General Manager
Labor Relations, Safety
And Disability Programs

cc: D. Helsinger
M. McAlpin

Cinergy Corp.
139 East Fourth Street
P.O. Box 960
Cincinnati, OH 45201-0960

January 18, 2002

Mr. Dave McLean
Mr. Eldon House
United Steelworkers of America
1329 East Kemper Road
Building 400, Suite 4214
Cincinnati, Ohio 45246

CINERGY.
CG&E

Re: Call Out Pay

Dear Gentlemen:

During the 2002 – 2007 contract negotiations, representatives of the Company and United Steelworkers of America and its Locals 12049 and 5541-06 (the "Union") discussed the issue of multiple call outs within one four-hour period.

An employee who is called out for an overtime assignment will receive four hours' pay at the appropriate overtime rate. However, the Company clarified with the Union that employees called out more than one time within the same four-hour time period are not entitled to the payment of a second four-hour callout minimum. In those instances employees are paid additional overtime for any overtime worked beyond the initial four-hour period.

In most cases, if employees complete the overtime assignment within the four-hour period the Company will continue to release employees to return home rather than requiring them to remain at the headquarters for the entire four-hour period. However, employees are expected to remain available for the remainder of the four-hour period for additional assignments. If they are called out again during the initial four-hour period, it will be considered a continuation of the initial overtime assignment.

Very truly yours,

John E. Polley

John E. Polley
General Manager
Labor Relations, Safety
And Disability Programs

cc: D. Helsinger
M. McAlpin

Cinergy Corp.
139 East Fourth Street
P.O. Box 960
Cincinnati, OH 45201-0960

January 18, 2002

Mr. Dave McLean
Mr. Eldon House
United Steelworkers of America
1329 East Kemper Road
Building 400, Suite 4214
Cincinnati, Ohio 45246

CINERGY.
CG&E

Re: Promotional Retraining

Dear Gentlemen:

During the 2002 – 2007 contract negotiations, representatives of the Company and United Steelworkers of America and its Locals 12049 and 5541-06 (the "Union") discussed the guidelines for promotional retraining of employees within the bargaining unit.

As agreed, an employee who does not pass a promotional examination shall be given the opportunity to meet with a trainer, on his or her own time, for remedial training.

In addition, for the term of the 2002 – 2007 Contract, the Safety and Technical Training area of the Regulated Business Unit will provide a one-time retraining opportunity, upon the employee's request, if a minimum of 12 months has transpired since the first re-test or 15 months from the original test. There must be an available posted opening and a scheduled training class. Travel pay will be provided as specified within the Contract.

Retesting will cover all of the material in the training program. Promotions will then become effective, after successful completion of the test, in accordance with the current posted job opening.

It is believed that this correspondence adequately describes the accord reached by the parties concerning this subject.

Very truly yours,

John E. Polley

John E. Polley
General Manager
Labor Relations, Safety
And Disability Programs

cc: D. Heisinger
M. McAlpin

Duke Energy.

DUKE ENERGY CORPORATION
139 East Fourth St.
PO Box 960
Cincinnati, OH 45201-0960

August 1, 2007

Mr. Dave McLean
Sub District 5 Director
Mr. Tim Bray
Staff Representative
United Steelworkers
Local Nos. 12049 & 5541-06
13 Triangle Park Drive
Building 13, Suite 1301
Cincinnati, Ohio 45246

RE: Supervisory Upgrades

Dear Gentlemen:

During the 2007 contract negotiations, representatives of the Company and the USW and its Locals 12049 and 5541-06 (the "Union") discussed the Union's concerns relative to the use of bargaining unit employees to fill in as temporary supervisors during non-core hours.

The Union stated that, under normal conditions on the day shift, certain issues are created when employees from the bargaining unit are put in the position of performing supervisory duties. However, the Union expressed even greater concern over the potential for more serious issues if employees are upgraded and placed in a temporary supervisor role during non-core hours, such as the night shift, when no other management resources are available on the premises.

Based on the Union's concerns, the Company stated its intent to avoid, when possible, using employees in the temporary supervisor role under circumstances where no other management resources are readily available. While management must maintain its right to assign work as needed, when making temporary supervisory assignments in the future, consideration will be given to the scope of duties assigned during non-core hours if other management resources are not available.

Very truly yours,

Jay R. Alvaro

Jay R. Alvaro
Managing Director
Labor Relations

cc: M. McAlpin, USW, Local 12049
T. Caudill, USW, Local 5541-06

June 2, 2016

Overtime Guidelines - Field and Systems Operations, Contractor Construction, Corrosion, Gas Production and the Measurement Center, USW's 12049 & 5541-06

1. When overtime occurs within a job classification, the Company agrees to maintain a system of selecting the employees within the job classification, in a sincere effort to equalize overtime work. The Company will make a documented attempt to contact the available low overtime employee by telephone, as indicated by the overtime list, to offer the overtime work. Each employee is responsible for providing supervision with a single telephone number (land line or cell) for the Company to use when making the calls.

2. Overtime Headquarters:

Monfort Heights	Erlanger	Queensgate
Todhunter	Valley View	
Erlanger Gas Plant	Eastern Avenue	

3. Each Headquarters will maintain a separate overtime list for the assigned personnel. Accumulated overtime shall consist of all overtime, casual, scheduled, call out and waived.

4. Crew Leaders (MOI, GPOI, GSOI and MSOI) and Helpers will be shown on one overtime list. Once a Crew Leader has been acquired, based on low overtime, then management will follow the low overtime order to contact and acquire the appropriate low overtime person to complete the task at hand.

5. All overtime listings revert to zero (0) hours during the first pay period of each year, and shall be accumulated on an annual basis.

6. At the first of each year, employees will be placed in the order of their seniority by job classification on one list. Other groups such as Welders, Inspecting Mechanics, etc. will be on separate list.

    a. The classified seniority standing of MOI's, MOII's, MOIII's, etc. (from highest classification to lowest classification) will be used to place the employees in order of call-out priority, most senior first.

b. The new overtime list will be posted on Wednesday of the first full week of the year, and each Wednesday thereafter recording the overtime worked or waived the previous week.

7. Employees will not be contacted to work overtime (scheduled or call-out) when they are on one (1) or more weeks' vacation, off due to illness, voluntary, or death in the family. Employees on less than one week vacation and/or personal days will be eligible for call-out on the day(s) they are off at the end of the regular shift. Employees taking a week or more of vacation must notify their immediate supervisor in writing prior to that start of vacation of their desire to work scheduled overtime during the vacation week.

8. When calling out a crew or a single employee, the existing low overtime list shall be used. A sincere effort will be made to follow the overtime list in order, however, in emergency situations, as determined by the Supervisor, only the first five (5) employees will be called before choosing someone. Any employee that supervision makes the documented attempt to reach by phone, or those who are contacted and turn down the overtime assignment, shall be waived the amount of overtime worked by the employee that replaces him or her. If no employee agrees to work the required overtime, the lowest qualified employee on the overtime list will be required to work. If, for some reason, no attempt is made to contact the low overtime person for a particular overtime assignment, that employee shall be provided the appropriate amount of make-up overtime.

   Employees who do not wish to be considered for overtime opportunities may submit to their supervisor a written waiver to that effect. Under normal circumstances no effort will be made to call those employees and they shall be waived the appropriate amount of overtime in each instance attempts to contact them would otherwise have occurred. However, such a waiver in no way limits management's right to require the employee to report for overtime when circumstances are deemed necessary by supervision. Nor does the waiver provide the employee the right to refuse to report when required. In addition, management may limit the number of employees who can submit waivers at a headquarters if its business needs are impeded. Except as stated above, employees who submit a waiver will not be called for overtime opportunities for the remainder of the calendar year in which the waiver has been submitted. Employees must submit a new waiver at the beginning of each calendar year to be removed from the overtime call out list.

June 2, 2016

9. Employees, who are working overtime, may be required to respond to emergency situations in other headquarters. However, in the case where a crew works in excess of four hours of overtime in the other headquarter area, the Company shall provide make-up overtime in the appropriate amount to the employee(s) within that area who was low on the overtime list.

   The make-up overtime shall be the amount of time worked in the other headquarter area. The four hour period commences at the time the crew is dispatched to the other headquarter area.

   This language applies only to shift work and call-outs and does not apply to casual overtime.

10. Up to four hours per day of casual overtime may be worked by employees represented by USW 12049 working in other headquarters within the 12049 local territory.

    In addition, up to four hours per day of casual overtime may be worked by employees represented by USW 12049 and 5541-06 working within the Gas Service area regardless of Union boundaries. Management will use the least senior available employees, represented by USW 5541-06, in USW 12049's local territory, when practical. The arrangement provided for in this paragraph will be reviewed on a semi-annual basis. If any party elects to withdraw for just cause from this four hour casual overtime arrangement, a six-month written notice will be provided, by the party withdrawing, to the remaining parties that have agreed to this arrangement. Six months following written notice, the parties will revert back to the two hour casual overtime agreement, for the term the Contract.

11. If the need to work casual overtime becomes known before the end of the shift, the Supervisor is not required to ask the low overtime person.

    Supervisor discretion and consideration of overtime will be used in the assignment.

12. Employees transferred from one headquarters to another, as a permanent assignment, will be assigned at the average overtime for that classification.

    Temporary Reassignments: Overtime will be posted and worked at the temporary headquarters (the employee's actual overtime hours should travel with them.)

June 2, 2016

13. When posting for volunteers for scheduled overtime, all employees shall be charged for overtime waived.

14. Any employee voluntarily transferring from one seniority district to another district will be placed at one (1) hour more than the highest overtime in that classification at the new location. If the employee is forced to the new district, they will be averaged as in #11 above.

15. When scheduled or call-out overtime is needed, management will follow the low overtime order to contact and acquire the appropriate low overtime person to complete the task at hand.

16. Newly hired employees will not be eligible for call-outs or the schedule until they have worked for six (6) months after they have been trained, tested and fully qualified. After their release from training, they will be permitted to work their first off day when all other qualified employees have been given an opportunity. They are permitted to work casual overtime during the six month period.

17. If overtime is required to fill a shift vacancy or to add additional personnel the overtime list shall be used.

18. When planned overtime occurs employees will need to comply with current D.O.T requirements for hours of rest between shifts in order to be eligible

19. When scheduled or call-out overtime for welders is required, the following procedure will be used. The Northern local welder overtime list should be used for the northern area. The Kentucky overtime list should be used for Kentucky. The Central overtime list should be used for the central area. Central area will backup the north and south, and vise versa.

SERVICE DELIVERY
USW OVERTIME GUIDELINES
June 2, 2016

1) Gas Operations Work Management Support is the primary resource for maintaining, logging, tracking, obtaining, and reporting Gas Service Delivery Worker overtime. Occasionally, the Gas Operations Field Services Supervisor will request personnel to work overtime. When this occurs, it is the Gas Operations Field Services Supervisor's responsibility to forward the required information; i.e., personnel who will work the overtime, personnel who waived the overtime, etc. to Gas Operations Work Management Support.

2) Each Work Area (North, South, and Central) will have a separate, single overtime list containing the names of the Workers in low overtime order (lowest being first on the list), the call-out contact telephone number provided by the employee, and associated prior week and year-to-date accumulated overtime hours. All overtime listings revert to zero (0) hours during the first pay period of each year, and shall be accumulated on an annual basis.

3) All overtime worked and waived, with the exception of overtime hours worked by employees normally scheduled to work on holidays, will be accumulated and reported on the overtime list(s) on a weekly basis (Wednesday of each week). Overtime hours worked will be determined from the prior week's time reporting data. Overtime hours waived will be determined from annotations on the previous week's overtime report. Employees who are informed of their need to work an overtime assignment will be charged waived overtime for instances when they are contacted in person (or in person by phone), or by a system generated message (ARCOS) and are allowed to waive the overtime assignment. The number of compensated hours earned by the individual(s) who accepted that overtime assignment will determine the number of hours waived. If one individual is required to work an overtime assignment, the number of hours waived will be equal to the hours worked during that individual assignment. If more than one individual is required to work an overtime assignment, the number of hours waived will be equal to the average number of hours between the highest individual's and lowest individual's number of hours worked during that overtime assignment. (Example: Five employees are required to work an overtime assignment with employee A working 9.0 hours, employee B working 7.0 hours, employees C & D working 4.0 hours and employee E working 2.0 hours; the waived overtime would be calculated: 9 hours + 2 hours = 11 hours / 2 = 5.5 hours). Tenths of a hour will be rolled-up to the nearest 5/10 of an hour. Waived hours will be included in the accumulated overtime hours listed for those employees who waived the particular overtime assignment.

4) All overtime, worked and waived, will be accumulated on an hour per hour basis. Hours of compensated overtime plus hours of waived overtime will be combined and will reflect the total overtime hours for each employee on the overtime listing(s).

5) When it is determined that additional personnel are needed to work overtime for routine work, employees in the work area (North, South, or Central) where the overtime is needed will be offered the opportunity to work the overtime, beginning with the lowest overtime, qualified, available employee and continuing down the list, in low overtime order, until the required number of employees are obtained. Please note that if the overtime is necessary to fill a shift vacated due to illness or other unplanned absence of an employee, the back filling of that shift will be offered to USW personnel within the work area of the vacated shift. For example, the USW employee who is assigned to cover the City area on 2nd shift calls in sick and the Dispatcher determines that the work load is sufficiently heavy enough to warrant filling that vacancy. In this case, the overtime to fill this vacancy must come from within the USW personnel in the Central work area.

6) When it is determined that additional personnel are needed to work overtime for gas trouble, only employees in the work area (North, South, or Central) who are qualified to work that type of gas trouble will be offered the opportunity to work the overtime. The overtime will be offered in low overtime order, until the required number of employees is obtained.

7) If the Dispatcher or other person contacting employees to work overtime is unable to obtain the required number of employees after going through the entire overtime list for that Work Area (North, South, or Central), employees in the next logical geographic work area will be offered the overtime, in low overtime order, until the required number of employees is obtained, based on the following chart:

   a) Overtime list in North exhausted; contact employees in Central, then South.
   b) Overtime list in South exhausted, contact employees in Central, then North.
   c) Overtime list in Central exhausted; contact employees in South, then North.

8) Qualified, available employees may work or be waived overtime seven days per week. A sincere effort will be made, however, to avoid working an employee more than 16 hours on any given day. As agreed with the USW, a sincere effort will also be made to avoid working any USW employee "back-to-back" 16-hour days.

9) If it is determined by management that the need exists for all employees at a headquarters to work a day of overtime in a particular week, all employees at that headquarters will be provided the opportunity to work on their first scheduled day off.

10) Employees who may be absent from work for extended periods of time will have no adjustment made to their hours on the overtime listing. The only exception to this would be if the employee's absence occurred during the beginning of the year, when the uniform reduction in overtime hours shown for all employees would occur.

11) With the implementation of the Mobile Work Management System (MWMS)/Service Suite and Home Based Reporting in each Work Area, additional "start-of-shift" and "end-of-shift" overtime guidelines are necessary. Employees who are contacted prior to the start of, or after their shift has ended, for communication purposes only will be compensated as follows:

a) If they have not yet left home, or are traveling toward their geo-grid prior to the start of their shift and are contacted momentarily by supervision, but are not required to begin working at that time, overtime pay at the appropriate rate for the amount of time such contact is made will be paid. This amount of time will also be added to the employees "worked overtime" accumulation for that day.

b) Employees who are on their way home and are contacted after their normal shift has ended for communication purposes only, but are not required to resume working will receive overtime pay at the appropriate rate for the amount of time such contact is made. This amount of time will also be added to the employees "worked overtime" accumulation for that day.

c) Employees who are contacted by supervision and given a job assignment within fifteen minutes of their scheduled start time will be paid overtime at the appropriate rate for the amount of time preceding their start of shift. Employees contacted by supervision and given a job assignment prior to fifteen minutes before the start of their scheduled shift will be paid overtime at the appropriate call-out rate.

d) Employees who are contacted by supervision and given a job assignment after they have confirmed their 10-7 with the dispatch office and after the end of their scheduled shift will be paid overtime at the appropriate call-out rate.

12) Overtime hours worked for "call-out" overtime for employees who home Base Report will be considered the total hours (minimum of 4 hours) elapsed from the time the employee leaves his or her home until his or her return home from that assignment when those hours are not contiguous with their normally scheduled shift

Company: Jay R. Alvaro — 6/2/16
Jay Alvaro — Date
Director Labor Relations

Union: Steve Bowermaster — 6-2-16
Steve Bowermaster — Date
President, USW Local 5541--06

Union: John Waits — 6-2-16
John Waits — Date
President, USW Local 12049

Duke Energy.

DUKE ENERGY CORPORATION
139 East Fourth St.
PO Box 960
Cincinnati, OH 45201-0960

August 1, 2007

Mr. Dave McLean
Sub District 5 Director
Mr. Tim Bray
Staff Representative
United Steelworkers
Local Nos. 12049 & 5541-06
13 Triangle Park Drive
Building 13, Suite 1301
Cincinnati, Ohio 45246

RE: Inclement Weather – Service Delivery

Dear Gentlemen:

During the 2007 contract negotiations, representatives of the Company and the USW and its Locals 12049 and 5541-06 (the "Union") discussed issues with unusually harsh weather conditions and the need of the Service Delivery Department to meet customer service expectations.

It is understood that the July 5, 1979 negotiations letter pertaining to inclement weather is applicable solely to the working forces in the Construction & Maintenance Division of Gas Operations. However, the Union expressed concern about work assigned to the Service Delivery employees during periods of extremely frigid temperatures. The Union wanted assurance from the Company that employees in Service Delivery would not be assigned work that would require them to endure extended periods of exposure to such weather conditions.

The Union was assured that management of Service Delivery has no intention of requiring employees to remain outdoors in frigid temperatures for prolonged periods to complete work that is not necessary to conform to law or applicable regulations, to protect life, property, or to guarantee service to the customers. However, some of the work performed routinely at customers' residences may require employees to be outdoors for short periods of time. Fortunately, under normal circumstances, employees are able to warm themselves in their vehicles or in the customers' residences as needed to avoid any risk of overexposure.

Of concern to the Company is the fact that much of the customer work routinely performed at customers' residences is on the basis of pre-arranged appointments. Customers often make special arrangements themselves in order to be home at the times of those appointments. Therefore, the Company must sometimes make reasonable strides, even under some adverse conditions, to avoid missing or cancelling its promised appointments with little or no notice.

The Company gave assurance to the Union that Service Delivery will continue its efforts to anticipate extreme weather events and to make adjustments as circumstances may allow for minimizing the need for employees to work outdoors for extended periods in extremely cold weather.

Very truly yours,

Jay R. Alvaro

Jay R. Alvaro
Managing Director
Labor Relations

cc: M. McAlpin, USW, Local 12049
T. Caudill, USW, Local 5541-06

Duke Energy.

LISA A GREGORY
Director Labor Relations

Duke Energy
EMM80 / 139 East Fourth St.
Cincinnati, OH 45202

513-287-3934

June 3, 2011

Mr. Ronnie Wardrup
Staff Representative
United Steelworkers
Local Nos. 12049 & 5541-06
13 Triangle Park Drive
Building 13, Suite 1301
Cincinnati, Ohio 45246

Mr. Steve Bowermaster
President
Local 5541-06
United Steelworkers
Todhunter Headquarters

Mr. Mike McAlpin
President
Local 12049
United Steelworkers
Monfort Heights Headquarters

RE: Union Employees' Annual Incentive Program (UEIP)

Dear Gentlemen:

During the 2011 contract negotiations, representatives of the Company and the USW and its Locals 12049 and 5541-06 (the "Union") discussed that the payout for the incentive bonuses for employees will be modified to incorporate goals relative to Safety and the Company's financial results.

Beginning with the goals established by the Company for 2012, the UEIP payout (payable beginning in 2013) will be administered as follows:

Annual Incentive Plan Summary for those who participate in the New Retirement Program:

In conjunction with the New Retirement Program, under the Pension Plan, all participants will be eligible for up to a 5% maximum (1.75% minimum, 3% target, 5% maximum) annual incentive opportunity. Beginning in 2012 through 2013, 20% of the annual incentive opportunity will be based on safety goals as determined and established by the Company (i.e., number of recordables, preventable vehicular accidents, etc.) and 80% will be based on the Company's financial goals (i.e., earnings per share, net income, etc.) as determined and established by the Company. Beginning in 2014, 33% of the annual incentive opportunity will be based on safety goals as determined and established by the Company (i.e., number of recordables, preventable vehicular accidents, etc.) and 67% will be based on the Company's financial goals (i.e., earnings per share, net income, etc.) as determined and established by the Company.

Annual Incentive Plan Summary for those who participate in the Traditional Retirement Program:

Employees who remain in the Traditional Program, under the Pension Plan, which provides benefits under the current final average pay formula, will be eligible for up to a 2% maximum (.75% minimum, 1.25% target, 2% maximum) annual incentive opportunity. Beginning in 2012 through 2013, 20% of the annual incentive opportunity will be based on safety goals as determined and established by the Company (i.e., number of recordables, preventable vehicular accidents, etc.) and 80% will be based on the Company's financial goals (i.e., earnings per share, net income, etc.) as determined and established by the Company. Beginning in 2014, 33% of the annual incentive opportunity will be based on safety goals as determined and established by the Company (i.e., number of recordables, preventable vehicular accidents, etc.) and 67% will be based on the Company's financial goals (i.e., earnings per share, net income, etc.) as determined and established by the Company.

Very truly yours,

Lisa A. Gregory

Lisa A. Gregory
Director, Labor Relations

DUKE ENERGY.

Duke Energy
139 East Fourth Street
Cincinnati, OH 45202

June 2, 2016

Mr. Steve Bowermaster
President
Local 5541-06
United Steelworkers
Todhunter Headquarters

Mr. John Waits
President
Local 12049
United Steelworkers
Valley View Headquarters

Re: Amendment to A-67 Letter Regarding the Union Employee Annual Incentive Program (UEIP)

Dear Gentlemen:

During the 2016 contract negotiations, representatives of the Company and the USW, Locals 12049 and 5541-06 ("Union") discussed eligibility for the Union Employee Annual Incentive Program ("UEIP"). As a result of those discussions, the parties agreed to amend Letter A-67 dated June 3, 2011 as set forth below.

Beginning with the 2017 calendar year performance period under the UEIP, the Company will provide a prorated UEIP payment (calculated as set forth below) to any eligible Union employee who meets the following criteria during a performance period: (i) works for at least six complete calendar months, and (ii) retires (as defined below).

Such prorated UEIP payments shall be paid in the first quarter of the calendar year immediately following the applicable performance period at the same time and on the same basis as other UEIP payments are made to other eligible Union employees, and any such prorated UEIP payment shall be calculated based on the eligible earnings of the retired Union employee during the applicable performance period and actual achievement relative to the pre-established goals set forth in Letter A-67.

For purposes of clarity, in no event will a Union employee who does not meet the criteria set forth in this letter be eligible for a prorated UEIP payment for a performance period if he or she isn't employed on December 31st of the performance period. For purposes of this Letter, "retire" means separate from employment with the Company after having attained at least age 55 and 10 years of service (as determined for purposes of access to Company-sponsored retiree medical coverage).

A-67a

In other respects, Sidebar Letter A-67 shall continue in full force and effect herein for the duration of the 2016-2021 Agreement, unless changed by mutual agreement of the parties.

Sincerely,

Lisa A. Gregory

Lisa A. Gregory
Human Resources Principal

DUKE ENERGY CORPORATION
139 East Fourth St.
PO Box 960
Cincinnati, OH 45201-0960

August 1, 2007

Mr. Dave McLean
Sub District 5 Director
Mr. Tim Bray
Staff Representative
United Steelworkers
Local Nos. 12049 & 5541-06
13 Triangle Park Drive
Building 13, Suite 1301
Cincinnati, Ohio 45246

RE: Employees with $9,000.00 Paid-Up Post-Retirement Life Insurance Coverage

Dear Gentlemen:

During the 2007 contract negotiations, representatives of the Company and the USW and its Locals 12049 and 5541-06 (the "Union") discussed the $9,000.00 paid-up post-retirement life insurance benefit that certain employees have available to them.

The Company assured the Union that it would provide the necessary updated contact information for the current carrier and administrator of those benefits to the active employees with those grandfathered policies.

Very truly yours,

Jay R. Alvaro

Jay R. Alvaro
Managing Director
Labor Relations

cc: M. McAlpin, USW, Local 12049
T. Caudill, USW, Local 5541-06

Duke Energy.

DUKE ENERGY CORPORATION
139 East Fourth St.
PO Box 960
Cincinnati, OH 45201-0960

August 1, 2007

Mr. Dave McLean
Sub District 5 Director
Mr. Tim Bray
Staff Representative
United Steelworkers
Local Nos. 12049 & 5541-06
13 Triangle Park Drive
Building 13, Suite 1301
Cincinnati, Ohio 45246

RE: Sabbatical Vacation Bank and Vacation Credit Programs

Dear Gentlemen:

During the 2007 contract negotiations, representatives of the Company and the USW and its Locals 12049 and 5541-06 (the "Union") discussed the phasing out of the Sabbatical Vacation Bank and the Vacation Credit Programs.

As agreed, these programs shall be phased out in accordance with the attached document, Attachment A, which outlines the specific revisions to the Sabbatical Vacation Bank and Vacation Credit Programs that will remain in effect through December 31, 2011.

The Company and the Union expressly understand and agreed that the phasing out of the Sabbatical Vacation Bank and the Vacation Credit Programs, as stated in the attached document, shall continue in full force until December 31, 2011, surviving the termination of the 2007 – 2011 Contract, and shall continue in force through succeeding contracts, or in the absence of succeeding contracts, unless changed by mutual agreement of the parties.

Very truly yours,

Jay R. Alvaro

Jay R. Alvaro
Managing Director
Labor Relations

Attachment

cc: M. McAlpin, USW, Local 12049
T. Caudill, USW, Local 5541-06

Attachment A

REVISIONS TO THE SABBATICAL VACATION BANK AND VACATION CREDIT PROGRAMS FOR USW 12049 & 5541-06 LEGACY CINERGY EMPLOYEES

Effective January 1, 2008, the Vacation Bank and Service Credit programs will be phased out over a four year period for employees who are eligible for them as of December 31, 2011. As a reminder, employees are eligible to bank vacation if they are at least 47 years old, and are eligible to receive "vacation credits" if they are at least 51 years old.

The Changes:

Sabbatical Vacation Program:

- The sabbatical banking program will be eliminated for employees who are younger than 47 years old as of December 31, 2007.
- Employees who are 47 years old or older as of December 31, 2007 will be eligible to continue banking vacation until December 31, 2011, up to the limits described on the chart below.
- Employees who have already banked more than the maximum amount of vacation based on the schedule below (including any vacation credits) cannot bank more after January 1, 2008, but will be grandfathered with the amount they have banked.
- No additional banking will be permitted after January 1, 2012. Therefore, the last opportunity to bank vacation will be in December 2011 because banking is done at the end of the year.
- Banked vacation will be paid out at the final rate of pay at retirement.

Vacation Credit Program:

- The vacation credit program will be modified for employees who are younger than 51 years old as of December 31, 2011. For those employees hired prior to January 1, 1997 and who are age 50 or older at the time they leave the Company, they will continue to receive vacation credits up to the amount of vacation time they were eligible for as of January 1, 2006.
- Employees who are at least 51 years old as of December 31, 2011 will continue to receive vacation credits up to the lesser of their annual vacation entitlement or the schedule below.
- Vacation credits will be paid out at the final rate of pay at retirement.

Service Credit Program:

- Employees will continue to receive one week of service credit added to their vacation bank in years 32 and 33 of employment in lieu of time off until December 31, 2011. Effective January 1, 2012, employees will be granted a 6th week of vacation time off during their 32nd year of employment in lieu of a week of service credit.

The Schedule:

Age as of 12/31/2007	Maximum Banked Vacation Weeks (including vacation and service credits)	Maximum Vacation Credits (not to exceed annual vacation eligibility)	Service Credits (granted at 32 and 33 years of service in lieu of time off)
47	10	up to 6	
48	10	up to 6	
49	10	up to 6	
50	12	up to 6	Up to 2
51	14	up to 6	Up to 2
52	16	up to 6	Up to 2
53	16	up to 6	Up to 2
54	18	up to 6	Up to 2
55	20	up to 6	Up to 2
56+	22	up to 6	Up to 2

Duke Energy.

Duke Energy Corporation
139 East Fourth St.
Cincinnati, OH 45202

June 3, 2011

Mr. Ronnie Wardrup
Staff Representative
United Steelworkers
Local Nos. 12049 and 5541-06
13 Triangle Park Drive
Building 13, Suite 1301
Cincinnati, Ohio 45246

Mr. Steve Bowermaster
President
Local 5541-06
United Steelworkers
Todhunter Headquarters

Mr. Mike McAlpin
President
Local 12049
United Steelworkers
Monfort Heights Headquarters

RE: Sale of Assets

Dear Gentlemen:

During the 2011 contract negotiations, representatives of the Company and the USW and its Locals 12049 and 5541-06 (the "Union") discussed employment security for bargaining unit employees. The Company and the Union reached the following agreement:

I. Divestiture Issues

The utility industry is in the midst of major restructuring. It may become necessary or prudent, in the Company's sole judgment, to sell, divest, transfer or swap its gas assets or operations to a third party or to transfer gas assets or operations to a subsidiary, a joint venture, or other business combination. Employees who accept employment with the Buyer will be covered by the collective bargaining agreement with the Buyer. Employees who are offered employment by the Buyer will have their employment at the Company terminated on the transfer date and will have no future rights under the Labor Agreement between the Company and the Union. The Labor Agreement must be interpreted to require no other result.

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II. The Company and Union have conducted bargaining regarding potential divestiture, sale or transfer of assets.

A. As a condition of divestiture (e.g., sale, transfer or swap of assets as defined above), the Company will:

1. Require the Buyer to offer equivalent employment to any Union employee whose job is eliminated as a result of the Buyer's acquisition or purchase, including employees absent from active service due to illness or leave of absence, whether paid or unpaid but excluding employees on long-term disability as of the closing date. (However, employees who are on "own occupation" long-term disability and return to work within one year of the transfer of ownership of the asset, will be offered employment by the Buyer.) In the event that not all jobs of employees in a bidding area are eliminated, the Company will initially solicit volunteers, with the most senior employees getting the first opportunity to elect to stay at the Company or fill the vacant positions with the Buyer. If there are insufficient volunteers to fill all vacancies, the Buyer will offer the remaining positions to the least senior employees.

2. Subject to paragraph II B, require the Buyer to recognize the Union as the collective bargaining agent for bargaining unit employees the Buyer employs, and assume provisions identical to provisions of the Labor Agreement applicable to those bargaining unit employees.

3. Subject to paragraph II B, require the Buyer to provide employees with full credit for service with the Company, including retention of seniority under the provisions of the Labor Agreement.

4. Require the Buyer to agree that, prior to the expiration of the Labor Agreement, should Buyer transfer, sell or divest to any other business entity (regardless of relationship to the Buyer) the corporate gas assets or operations formerly owned by the Company, the Buyer will require the third party to assume the conditions set forth in paragraphs II A 1-3.

5. This Agreement satisfies any Company duty to bargain over the decision or effects of a transfer or sale of assets.

6. If any regulatory agency requires the Company to offer severance or other benefits to affected employees, the employees may accept those benefits or the benefits provided under this Agreement, but not both.

B. Employee Benefits

The Company will require the Buyer to provide to affected bargaining unit employees' benefits that are substantially equivalent to the Company's benefits under the Labor Agreement. In doing so, the Buyer may use different providers and establish new benefit plans or use its existing plans. There will be no duplication of coverage. Subject to items 1 through 5 below, the Buyer must recognize service with the Company for calculating eligibility, vesting, and benefits in any benefit plan, program, or fringe-benefit arrangement, provided it does not result in duplication of benefits. The Buyer can substitute a different benefit package if the Union agrees.

1. With respect to the Cinergy Corp. Union Employees' Retirement Income Plan ("Pension Plan"), the Company will coordinate with the Buyer to enable the Buyer to provide employees no less than the pension benefit they would have received had they remained at the Company. The Company will require the Buyer to agree to credit all past service with the Company (subject to the Company's Pension Plan provisions) for eligibility for participation, vesting, early retirement subsidies, and benefit accrual service, provided it does not result in duplication of benefits. The Company will be responsible for its employees' benefits accrued through the date of closing. After the date of closing, the Buyer will be responsible for benefits accrued during the remainder of the Labor Agreement by its employees. The Buyer's plan may offset the benefit it pays by any benefit paid by the Company's plan.

2. For purposes of medical and dental coverage, the Company will require the Buyer to waive all limitations regarding pre-existing-condition exclusions, actively-at-work exclusions and waiting periods for employees who become employees of the Buyer. Further, for the calendar year in which closing occurs, all expenses incurred by bargaining unit employees that count towards any deductible or out-of-pocket limit under the Company's health plans shall also count towards any deductible or out-of-pocket limit under the Buyer's health plans.

3. The Buyer will be required to give affected bargaining unit employees full credit for all vacation, short-term disability, or FMLA benefits accrued but unused as of the transfer of ownership.

4. With respect to the Duke Energy Retirement Savings Plan for Legacy Cinergy Union Employees (Midwest), the Buyer must establish a 401(k) plan or add bargaining unit employees to its existing 401(k) plan provided that the employees' deferral options and employer match (except that matching contributions will not be made in Duke Energy stock) are no less favorable than those provided under the Company's plan. The Buyer must accept rollovers from other qualified plans. The Buyer may offer investment funds different than those offered under the Company's plan. Consistent with applicable law, employees hired by the Buyer will have the option of leaving their account balance in the Company's 401(k) plan, rolling the amount into the Buyer's plan or an individual retirement account, or cashing in the account balance subject to any tax withholding and penalties.

5. Employees offered employment by any Buyer shall not be eligible for severance pay or any other termination benefits from the Company, unless required by law.

C. Transfer of Assets

Bargaining unit employees offered employment by the Buyer will cease to be employees of the Company upon the transfer of ownership of the assets and will have no further bidding, recall or other rights for positions in the Company. Upon transfer of ownership, the Company is relieved of obligations and liabilities under the Labor Agreement or otherwise to all affected bargaining unit employees or employees of the Buyer.

D. Legal, Administrative or Legislative Proceedings

The Union will support and it will not oppose or in any way support or encourage opposition to the Company's position before regulatory or administrative agencies, in legislatures or in court, regarding any rate proceedings, plant or gas pipeline siting proceedings, mergers, acquisitions, divestitures or similar transactions announced or begun during the term of the Labor Agreement or the Company's effort to seek approval from any applicable regulatory agency for its recovery of stranded costs or asset swap or sale. In addition, the Union will support agreements (including settlements) between parties involved in the Company's stranded-cost determinations as reasonable and support the Company's position that the stranded costs it has identified are reasonable in amount and fully recoverable from customers. The Company will provide the Union as much timely information as is reasonably practicable about its regulatory and legislative proposals. The agreement set forth in this paragraph is not intended to limit legislative or regulatory actions on matters not reasonably related to the Company's restructuring and stranded-cost proposals.

E. Notwithstanding any provision of this letter to the contrary, the Company will satisfy all of its obligations under Sections II(A)(1)-(5) and II(B)(1)-(4) of this Letter so long as it uses reasonable efforts to require the Buyer to provide the items described therein.

III. <u>Transition Assistance Plan</u>

A. The Company will offer certain benefits to employees who lose employment as a result of a divestiture (e.g., sale, transfer or swap of assets) that results in a loss of employment for employees not located at the asset that was divested. Employees offered employment with the new owner will not be eligible. These benefits are contingent on the employee signing a waiver of all claims and release of liability for the Company and affiliates and will include:

1. Severance Benefit. A lump sum cash benefit for eligible employees equal to two weeks' base pay for each full year of service, with a minimum of eight weeks' and a maximum of one hundred four weeks' pay per eligible employee.

2. Deferred Pension Benefit. If over age 50 and would be eligible for unreduced pension benefits at age 55 (due to 85 points provision), may defer receipt of pension benefits until age 55 and receive unreduced pension benefits.

3. Medical and Dental Benefit. Union employees who voluntarily sever may elect to continue insurance coverage for a period of one month for each year of service up to a maximum of 18 months by paying premiums applicable to active employees. Coverage for medical and dental benefits under the Company's welfare benefits program generally ends on the last day of the month in which employment with the Company ends. Eligible employees generally can continue health coverage (i) if they are eligible for post-retirement health benefits or (ii) for 18 months under the Federal Law "COBRA" by paying 102% of the full premium.

4. Group Outplacement Assistance.

5. Educational Expense Reimbursement. The Company will reimburse eligible employees for up to $2,600 for educational expenses that they incur within two years of the date they terminate employment with the Company.

IV. Resolution of Disputes

A. Resolution of Disputes Between the Company and the Union

1. Any and all disputes between the Company and the Union regarding the Company's and the Union's interpretation or application of the terms of this Agreement shall be resolved exclusively through the grievance-arbitration procedures set forth in Articles IX and X of the Labor Agreement.

B. Resolution of Disputes Between Buyer and Union

1. Any and all disputes between the Buyer and the Union regarding the Buyer's and the Union's interpretation or application of the terms of this Agreement or regarding any other agreement between the Buyer and the Union, shall be resolved exclusively through whatever dispute resolution process and procedure to which the Buyer and the Union agree, if any.

This Agreement satisfies any obligations to bargain over the decision or effects of utility industry restructuring or divestiture of assets. This Agreement is hereby incorporated into the Labor Agreement and is made a part hereof, Unless otherwise expressly agreed in writing by the Company and the Union, any extension or termination of the Labor Agreement also shall apply to the terms and provisions of this Agreement.

Very truly yours,

Jay R. Alvaro

Jay R. Alvaro
Vice President
Labor Relations

Duke Energy.

DUKE ENERGY CORPORATION
139 East Fourth St.
PO Box 960
Cincinnati, OH 45201-0960

August 1, 2007

Mr. Dave McLean
Sub District 5 Director
Mr. Tim Bray
Staff Representative
United Steelworkers
Local Nos. 12049 & 5541-06
13 Triangle Park Drive
Building 13, Suite 1301
Cincinnati, Ohio 45246

RE: Retirement Plan and HRA Conversion Agreement

Dear Gentlemen:

During the 2007 contract negotiations, representatives of the Company and the USW and its Locals 12049 and 5541-06 (the "Union") discussed the Company's desire to migrate all employees to a common benefits program. The following outlines the agreement between the Company and the Union for providing the employees with options and protections for Retirement Plan participation and post-retirement health care benefit that will remain in effect beyond the 2007 – 2011 Contract.

Traditional Retirement Program Frozen:

Participation in the Cinergy Traditional Retirement Program will be frozen as of January 1, 2012 for certain employees. Active employees on January 1, 2012 who are younger than age 50 (as of December 31, 2011) and anyone who is older than 50 but has fewer than 25 years of service (as of December 31, 2011), will automatically begin participating in the New Duke Retirement Program.

Voluntary Conversion Opportunities:

Active employees in the Traditional Retirement Program will be offered a voluntary window in 2007 to elect to remain in the Traditional Pension Program or elect the New Retirement Program. In 2011, a second voluntary window will be offered only to those active employees who remain in the Traditional Program and who are age 50 with 25 years or more of service as of December 31, 2011.

Voluntary Conversion to the New Retirement Program:

> **Part A Benefit (Part A):** The pension plan benefit employees will earn under the Traditional Program will be based on their participation service as of the "day before conversion date" and their final average monthly pay at retirement (not the date of conversion).

AND

Part B Benefit (Part B): On the "conversion date," employees will start earning an additional pension plan benefit through a new formula that "mirrors" the Duke Energy Retirement Cash Balance Plan.

The Company matching contributions for the 401(k) plan will be enhanced to mirror the Duke Energy 401(k) Plan. As a result, employees will be eligible to receive higher matching contributions on a broader definition of pay. The higher amount is a dollar-for-dollar match on the first 6% of eligible pay (this includes base, overtime and annual incentive pay).

Employees will also begin participating in an annual incentive plan with greater award opportunities (up to 5%).

With Mandatory Conversion to the New Retirement Program:

1. Mandatory conversion will be effective January 1, 2012 for employees who are younger than 50 years old and anyone who is older than 50 but has fewer than 25 years of service, as of December 31, 2011. Other terms applicable to the mandatory conversion are as follows:
    a. The final average monthly pay for retirement will be frozen at the time of conversion (no pay run up).
    b. Employees will have no choice between annuity and lump sum on Part A; only the current traditional program annuitant options will be available for Part A.
    c. Can still grow in to the 85 points.
    d. Employees will receive the enhanced 401(k) and enhanced incentive pay as described above once they mandatorily convert.

Employees Currently in the Cash Balance Plans:

Employees who previously selected one of the Cinergy cash balance plans (Balance or Investor) will automatically transition to the New Retirement Program as soon as administratively possible, but no later than January 1, 2008, to include participation in a cash balance pension plan that mirrors the Duke Cash Balance Plan, an enhanced 401(k) plan to mirror the Duke Energy 401(k) Plan and enhanced annual incentive plan, as described below.

Annual Incentive Plan Summary Changes for those who elect or automatically move to the New Retirement Program:

In conjunction with the New Retirement Program, all participants who volunteer or upon mandatory conversion to the New Retirement Program will be eligible for up to a 5% maximum (1.25% minimum, 2.5% target, 5% maximum) annual incentive pay based solely on the Company's financial results (i.e., earnings per share, net income, etc.).

Annual Incentive Plan Summary Changes for those who **do not** elect the New Retirement Program:

Employees who elect to remain in the Cinergy Traditional Program, which provides benefits under the current final average pay formula, will not be eligible for the higher incentive payout, but will continue their eligibility for the current Cinergy 401(k) Plan formula and will begin participating in an annual incentive plan, with a maximum award of 2% (.5% minimum, 1% target, 2% maximum) based solely on the Company's financial results (i.e., earnings per share, net income, etc.).

Post-Retirement Health Care Subsidy Discontinued:

In 2007, the Company will offer employees enrolled in the Post-Retirement Health Care subsidy program a voluntary window to either stay in the current Post-Retirement subsidy program or to convert to the Post-Retirement Health Reimbursement Account (HRA) at $1,000/Year of Service. In 2011, any employee who is age 50 with 20 years or more of service as of December 31, 2011 will be offered another voluntary choice to convert to the HRA. Effective January 1, 2012, any employees remaining in the subsidy program younger than 50 years old or age 50 with less than 20 years of service, as of December 31, 2011, will be automatically converted to the Post-Retirement HRA.

The Retirement and HRA Conversion Agreement Survives the 2007-2011 Contract:

The Company and the Union expressly understand and agreed that the Retirement Program and HRA conversion agreement shall continue in full force through January 1, 2012, surviving the termination of the 2007 – 2011 Contract, and shall continue in force through succeeding contracts, or in the absence of succeeding contracts, unless changed by mutual agreement of the parties.

Very truly yours,

Jay R. Alvaro

Jay R. Alvaro
Managing Director
Labor Relations

cc: M. McAlpin, USW, Local 12049
T. Caudill, USW, Local 5541-06

Duke Energy

LISA A GREGORY
Director Labor Relations

Duke Energy
EMM80 / 139 East Fourth St.
Cincinnati, OH 45202

513-287-3934

June 3, 2011

Mr. Ronnie Wardrup
Staff Representative
United Steelworkers
Local Nos. 12049 and 5541-06
13 Triangle Park Drive
Building 13, Suite 1301
Cincinnati, Ohio 45246

Mr. Steve Bowermaster
President
Local 5541-06
United Steelworkers
Todhunter Headquarters

Mr. Mike McAlpin
President
Local 12049
United Steelworkers
Monfort Heights Headquarters

Re: Amendment to August 1, 2007 Sidebar Letter A-71

Dear Gentlemen:

During the 2011 contract negotiations, the Company and the Union discussed post-retirement health care. As a result of those discussions, the parties agreed to amend the Sidebar Letter A-71 dated August 1, 2007 entitled, "Retirement Plan and HRA Conversion Agreement."

Specifically, in consideration of the Union's agreement to modify Article VIII, Section 14(d) of the Contract to eliminate the post-retirement HRA Option for employees hired on or after January 1, 2012, the Company has agreed to amend the section titled "Post-Retirement Health Care Subsidy Discontinued" on page three of the August 1, 2007 letter effective as of the date of this letter, such that:

(i) Employees hired prior to January 1, 2006 will be offered a voluntary choice in 2011 to convert to an HRA if they are not already in the HRA Program, regardless of the employees' age or years of service (i.e., the provision requiring that an employee has attained age 50 with at least 20 years of service as of December 31, 2011 in order to participate in the second voluntary window has been deleted); and

(ii) Employees who choose to remain in the Traditional Program will not be forced into the HRA Program by the Company during the term of this Contract (i.e., the provision requiring that employees remaining in the subsidy program who have not

A-71a

attained age 50 with at least 20 years of service as of December 31, 2011 will be automatically converted to the Post-Retirement HRA has been deleted).

Except as provided above, the August 1, 2007 Sidebar Letter A-71 shall remain in full force and effect through the 2011-2016 Contract, and continue in force in any succeeding contracts unless changed by mutual agreement of the parties.

Very truly yours,

Lisa A. Gregory

Lisa A. Gregory
Director Labor Relations

Duke Energy.

DUKE ENERGY CORPORATION
139 East Fourth St.
PO Box 960
Cincinnati, OH 45201-0960

August 1, 2007

Mr. Dave McLean
Sub District 5 Director
Mr. Tim Bray
Staff Representative
United Steelworkers
Local Nos. 12049 & 5541-06
13 Triangle Park Drive
Building 13, Suite 1301
Cincinnati, Ohio 45246

RE: Discontinue Automatic Progression

Dear Gentlemen:

During the 2007 contract negotiations, representatives of the Company and the USW and its Locals 12049 and 5541-06 (the "Union") discussed the discontinuation of the automatic progression agreement for employees in the Meter Specialist, Mechanic Operator, Gas Systems Operations, Service Mechanic and Gas Plant Operator job progressions.

As agreed, all employees in a job classification within the Meter Specialist, Mechanic Operator, Gas Systems Operations, Service Mechanic or Gas Plant Operator job progression on May 14, 2007 shall be grandfathered for the automatic progression promotional agreement for the job classifications of Service Mechanic A, Meter Specialist I, Mechanic Operator I, Gas Systems Operations Mechanic I and Gas Plant Operator I within those direct promotional sequences in the future. In addition, employees in the job classifications of DNP Worker or Mechanic III and are members of the bargaining unit on May 14, 2007 shall also be grandfathered for the automatic progression, but only to the Service Mechanic B, Meter Specialist II, Mechanic Operator II, Gas Systems Operations Mechanic II and Gas Plant Operator II job classifications in each of the above referenced direct promotional job sequences.

Employees who are newly hired into the bargaining unit on or after May 15, 2007, shall not be eligible for the automatic progression.

Very truly yours,

Jay R. Alvaro

Jay R. Alvaro
Managing Director
Labor Relations

cc: M. McAlpin, USW, Local 12049
T. Caudill, USW, Local 5541-06

A-72

Cinergy Corp.
139 East Fourth Street
P.O. Box 960
Cincinnati, OH 45201-0960

April 4, 2005

CINERGY.
CG&E

Mr. Dave McLean
United Steelworkers of America
1329 East Kemper Road
Building 400, Suite 4214
Cincinnati, Ohio 45246

Re: Benefit Claims Disputes

Dear Mr. McLean:

During the benefits opener discussions for 2005, representatives of the Company and United Steelworkers of America and its Locals 12049 and 5541-06 (the "Union") discussed the process for employees to resolve disputes over claims or application of welfare and pension plan benefits.

With respect to any claim or dispute involving the application or interpretation of any employee welfare or pension plan, initially the employee and the Union will make a good faith effort to resolve those disputes in accordance with the terms and procedures set forth in the relevant plan document. Additionally, it is understood that, should the content of any communication relating to employee benefits conflict with the terms of the relevant plan document, the terms of the plan document shall govern. The plan documents will be modified to reflect changes agreed to during collective bargaining.

Disputes over any of the benefits provided in the Voluntary Benefits Program will not be subject to the grievance procedure.

Sincerely,

John E. Polley
John E. Polley
General Manager
Labor Relations

Cc: M. McAlpin
T. Caudill

DUKE ENERGY.

Duke Energy
139 East Fourth Street
Cincinnati, OH 45202

June 2, 2016

Mr. Steve Bowermaster
President
Local 5541-06
United Steelworkers
Todhunter Headquarters

Mr. John Waits
President
Local 12049
United Steelworkers
Valley View Headquarters

RE: Clothing Allowance

Dear Gentlemen:

During the 2016-2021 contract negotiations, representatives of the Company and the USW and its Locals 12049 and 5541-06 (the "Union") discussed the clothing allowance for eligible employees in Gas Operations – Field & Systems Operation and Customer Operation organizations.

The Company agreed that for calendar years 2016, 2017 and 2018 eligible employees will continue to receive the annual clothing allowance of $275.00. Effective January 1, 2019 and for the remainder of the 2016-2021 Contract, eligible employees will be eligible to receive an annual clothing allowance of $300.00.

It is the Company's expectation that this clothing allowance will provide employees with Duke Energy identified clothing to be worn daily on the job. Employees must continue to be in compliance with established appearance guidelines and dress policies.

Very truly yours,

Lisa A. Gregory

Lisa A. Gregory
Human Resources Principal

Cinergy Corp.
139 East Fourth Street
P.O. Box 960
Cincinnati, OH 45201-0960

April 4, 2005

Mr. Mike McAlpin
President
Local Union 12049
United Steelworkers of America
Monfort Heights Headquarters

CINERGY.
CG&E

Mr. Tim Caudill
President
Local Union 5541-06
United Steelworkers of America
Todhunter Headquarters

Re: Post-Retirement Medical Benefits

Dear Mr. Gentlemen:

During the benefits opener discussion in 2005, representatives of the Company and the United Steelworkers of America and the Locals 12049 and 5541-06 ("the Union") discussed post-retirement healthcare benefits, including providing the Union members a post-retirement health reimbursement account ("HRA") option (the "HRA Option"). As a result of these discussions the parties agreed to the post-retirement Healthcare benefits set forth below.

I. OVERVIEW OF HRA OPTION

All current, full-time employees represented by USWA, Local 12049 and Local 5541-06 will be able to make a one-time choice during one of two windows between continuing in the current traditional post-retirement medical option (the "Traditional Option") or electing to participate in the new HRA Option described below. Employees will be required to make this election by a specified election date in 2005 or 2006. (Notwithstanding the foregoing, employees currently receiving long-term disability benefits or on a military leave of absence, will make this election when they return to active, full-time status. If they do not return to active, full-time status, they will default to the Traditional Option.) All employees hired or rehired on or after January 1, 2006 will participate in the HRA Option. Each employee who elects to participate in the HRA Option, and each employee hired on or after January 1, 2006, will be referred to as a "HRA Participant" herein.

Under the Traditional Option, eligible retirees (those who retire after attaining age 50 with five (5) years of Service, as defined in the applicable Pension Plan) are provided access to group medical coverage and a premium subsidy that varies based upon the retirees' service and classification (see detail regarding the subsidy levels attached hereto as Attachment A).

Subject to any collective bargaining obligation, the Company reserves the right to amend, modify or terminate the Traditional Option and/or the HRA Option at any time. However, amounts already credited to a HRA Participant's account will not be reduced by amendment, except to the extent necessary or appropriate to comply with changes in the law.

The benefit under the HRA Option is based on a bookkeeping account that can grow like a savings account with service and interest credits as described below. An employee who elects the HRA Option will start with an opening balance that is equal to 1/12th of $1,000 for each prior calendar month in which the HRA Participant worked at least one day for the Company. In the future, the Company will credit eligible HRA Participants with an additional 1/12th of $1,000 for each calendar month in which the HRA Participant works at least one day for the Company. The Company will also credit each eligible HRA Participant's bookkeeping account with an annual interest credit. Interest will be credited at the same interest rate as the cash balance updates as determined in August of each year, except that for the term of the current labor agreement, the interest rate will not be less than 3.5%; for 2005, the rate is 5.06%. Except as discussed below, only HRA Participants who are active, full-time employees and work at least one day in the month are eligible for the monthly service credit. Like retirees in the Traditional Option, HRA Participants will have access to group medical coverage only if they retire after attaining age 50 with five (5) years of Service (as defined in the applicable Pension Plan), however, there will be no subsidy. Please note the following regarding the HRA Option:

a. If a HRA Participant retires after attaining age 50 with five (5) years of Service (as defined in the applicable Pension Plan), the amounts credited to the HRAs generally can be used for the qualified medical expenses, as defined in Section 213(d) of the Internal Revenue Code, of the retiree and the retiree's spouse and eligible dependents See IRS publication 502 (Attachment B) for examples of qualified medical expenses. To the extent permitted by applicable law and as is otherwise practicable, the HRA option is intended to provide a tax-free benefit. Due to future law changes, however, there can be no assurance of favorable tax treatment.

b. Except as provided below, if the employment of a HRA Participant terminates prior to attaining age 50 with five (5) years of Service (as defined under the applicable Pension Plan), the HRA Participant forfeits all amounts credited to the HRA Account.

c. If a HRA Participant dies while actively employed prior to attaining age 50 with five (5) years of service (as defined in the applicable Pension Plan), the HRA Participant forfeits all amounts credited to the HRA Account.

d. If a HRA Participant dies while actively employed after attaining age 50 with five (5) years of Service, his/her spouse and eligible dependents will be entitled to use amounts credited to the HRA to pay qualified medical expenses immediately.

e. In the event of disability or leave, the Company will continue monthly service credits for the first 12 months. The Company will continue interest credits while the HRA Participant is disabled or on leave (and prior to recovery or retirement). For HRA Participants on a military leave, service credits and interest credits will continue for the full qualified leave period.

f. If the employment of a HRA Participant is involuntarily terminated in connection with an involuntary reduction in force and such termination is in no way related to performance deficiencies, the HRA Participant will be eligible to maintain his/her HRA balance as of termination. The HRA Participant will be able to use amounts held in his/her HRA Account immediately following the termination.

g. For the term of the current Collective Bargaining Agreement, the Company will agree not to amend, modify or terminate retiree health care benefits for any active employees covered by the CBA. Amounts credited to a HRA Participant's account will not be reduced by amendment, except to the extent necessary or appropriate to comply with changes in the law.

II. QUESTIONS

Set forth below are responses to some of the questions regarding the HRA Option raised in previous meetings.

1. **Will the Company offer choice to all USWA employees?**

   A: Yes. The Company will allow all current, full-time employees to elect to stay in the Traditional Option or switch to the HRA Option. After January 1, 2006, new hires and rehires will automatically participate in the HRA Option.

2. **Will an employee be able to elect the HRA Option upon retirement?**

   A: No. Employees will be able to make a one-time election in 2005 or 2006. Current employees will have one affirmative choice during one of two open windows, the first in 2005 with the choice to be effective 1/1/06 or one in 2006 to be effective 1/1/07.

3. **Can a HRA Participant withdraw amounts credited to his/her HRA account in cash upon retirement? Can the Company pay the amount out in a lump sum?**

   A: Money may be withdrawn from the HRA account only for paying qualified medical expenses. The account will not be paid out in cash. Favorable tax treatment is available for a HRA only if the HRA reimburses medical expenses as defined in Section 213(d) of the Internal Revenue Code. As stated below from IRS Notice 2002-45, any right to receive cash will disqualify the HRA from receiving favorable tax treatment.

"An HRA does not qualify for the exclusion under § 105(b) if any person has the right to receive cash or any other taxable or non-taxable benefit under the arrangement other than the reimbursement of medical care expenses. If any person has such a right under an arrangement currently or for any future year, all distributions to all persons made from the arrangement in the current tax year are included in gross income, even amounts paid to reimburse medical care expenses. For example, if an arrangement pays a death benefit without regard to medical care expenses, no amounts paid under the arrangement to any person are reimbursements for medical care expenses excluded under § 105(b)... Arrangements formally outside the HRA that provide for the adjustment of an employee's compensation or an employee's receipt of any other benefit will be considered in determining whether the arrangement is an HRA and whether the benefits are eligible for the exclusions under §§ 106 and 105(b). If, for example, in the year an employee retires, the employee receives a bonus and the amount of the bonus is related to that employee's maximum reimbursement amount remaining in an HRA at the time of retirement, no amounts paid under the arrangement are reimbursements for medical care expenses for purposes of § 105(b)..."

4. **What happens to the HRA balance upon disability or extended leave from the Company?**

   A: See Section I(e).

5. **What happens to the HRA balance in the event of a termination of employment?**

   A: See Section I.

6. **What happens to the HRA balance if I die while actively employed?**

   A: See Sections I(c) and I(d). Currently, the spouse and eligible dependents of an employee who dies while actively employed with Cinergy can elect to become covered under the non-union medical plan and receive subsidized coverage at the active employee rate until death or a disqualifying event (for the spouse, this would include, but not be limited to, remarrying or becoming Medicare eligible; for an eligible dependent, it would include, but not be limited to, ceasing to qualify as an eligible dependent due to age).

7. **Will the Company contributions be indexed in future years (e.g., indexed to the trend line for health care costs)?**

A: No. At this time, we do not plan to align our service credit or interest credit to any index. However, the Company will continue to evaluate its crediting levels. Subject to any collective bargaining obligations, the Company reserves the right to make adjustments, including increasing, decreasing or discontinuing credits unilaterally.

8. Will the opening HRA balances be calculated with retroactive interest crediting?

A: No. Making retroactive interest credits would be cost prohibitive from the Company's perspective.

9. What are other companies doing with regards to post-retirement healthcare?

A: See Hewitt survey (Attachment C) (51% of survey respondents have a unionized workforce).

10. How can HRA Participants use amounts credited to the HRA?

A: Money credited to a HRA can be used to reimburse the HRA Participant for medical expenses as defined in Section 213(d) of the Internal Revenue Code. See IRS publication 502 for examples of qualified medical expenses.

11. Who will administer the HRA account balances?

A: Hewitt Associates will track the HRA credits while HRA Participants are actively employed. The Company is reviewing proposals from third party administrators for post-retirement administration, but this will likely be Hewitt Associates.

12. Will the HRAs be protected/guaranteed?

A: The benefit under the HRA option is based on a bookkeeping account and is not funded like a 401(k) plan. See Section I regarding the Company's ability to amend.

13. If the Company decides to eliminate the Traditional Option at a later date, would employees be allowed to get in the HRA?

A: The Company periodically evaluates its benefit programs and would determine the appropriate course of action at that time.

14. Would interest on the HRA account continue to accrue after an employee retires?

A: See Section I.

15. **If two Cinergy employees are married, can they make different elections with respect to the HRA Option?**

    A: Yes, one could elect to remain in the Traditional Option, and the other could elect the HRA Option; if they remain married during retirement and so elect, they would receive subsidized coverage under the Traditional Option and have access to amounts credited to the HRA on behalf of the other spouse. Regardless, the elections are independent of each other.

Please note that the explanation set forth above merely summarizes the basic elements of the HRA Option. The Company has fully documented the Health Reimbursement Account Program in the "Cinergy Corp. Post-Retirement Health Reimbursement Account Program" which governs the terms of the Plan as adopted by the Company.

Very truly yours,

John E. Polley

John E. Polley
General Manager
Labor Relations

cc: T. Verhagen
P. Gibson
K. Feld
C. Riggs

Attachment A

Summary of Post-Retirement Health Care Options

Current Post-Retirement Health Care Option

Employees hired before January 1, 2006, who elect the subsidy option and who retire from the company on or after age 50 with at least five years of service, may be entitled to a post-retirement health care subsidy from the company dependent on their years of service at retirement.

Subsidy Schedule:

Service at Retirement	(Pre-65 only)
30+	50%
29	45%
28	40%
27	35%
26	30%
25	25%
24	20%
23	15%
22	10%
21	5%
20	0%
19	0%
18	0%
17	0%
16	0%
15	0%
14	0%
13	0%
12	0%
11	0%
10	0%
9	0%
8	0%
7	0%
6	0%
5	0%

DUKE ENERGY.

Duke Energy
139 East Fourth Street
Cincinnati, OH 45202

June 2, 2016

Mr. Steve Bowermaster
President
Local 5541-06
United Steelworkers
Todhunter Headquarters

Mr. John Waits
President
Local 12049
United Steelworkers
Valley View Headquarters

RE: Special Union Wide Lump Sum Opportunity

Dear Gentlemen:

During the 2016 contract negotiations, the parties discussed a special union wide lump sum opportunity for the Union's participation in the Accelerated Service Replacement Program (ASRP). It was agreed that employees will be eligible for a 0.5% lump sum bonus based on achieving the ASRP completion targets established each year by the Company for 2017, 2018, 2019, 2020 and 2021, with the payout to be issued in the following calendar year.

The opportunity for this payout begins in 2018 for 2017 calendar year performance, continues in 2018, 2019, 2020 and concludes in 2022 for 2021 calendar year performance. The Company will determine any appropriate payout for each year. The payout amount will be calculated based on all straight time and overtime earnings for the applicable year, and will be paid as a lump sum, less applicable taxes.

In the event the ASRP does not receive utility commission approval or the Program is completed prior to 2021, the Company will continue to provide the special union wide lump sum opportunity for the remainder of the existing labor agreement, provided the Union participates in all Company sponsored programs.

Sincerely,

Lisa A. Gregory

Lisa A. Gregory
Human Resources Principal

Duke Energy.

Duke Energy Corporation
139 East Fourth St.
Cincinnati, OH 45202

June 3, 2011

Mr. Ronnie Wardrup
Staff Representative
United Steelworkers
Local Nos. 12049 and 5541-06
13 Triangle Park Drive
Building 13, Suite 1301
Cincinnati, Ohio 45246

Mr. Steve Bowermaster
President
Local 5541-06
United Steelworkers
Todhunter Headquarters

Mr. Mike McAlpin
President
Local 12049
United Steelworkers
Monfort Heights Headquarters

Re: Health Care Security

Dear Gentlemen:

During the 2011 contract negotiations, representatives of the Company and the USW and its Locals 12049 and 5541-06 (the "Union") discussed the issue of health care security for bargaining unit employees.

As a result of those discussions, the Company understands the Union's concerns over health care uncertainty, particularly given recent health care reform legislation and the potential impact of the Company's planned merger with Progress Energy. In turn, it is hoped that the Union recognizes the high value that the Company places on safety, wellness, and the overall well-being of all employees. We are making investments in educating and engaging our employees in improving and managing their health. The Union should be assured that providing quality health care coverage options for all employees aligns with our health and wellness strategy and promotes safety in the workplace. In addition to its value to safety and wellness, health care coverage also adds great value to our recruitment and retention of high quality employees.

Assuming the merger is completed with Progress Energy later this year, the combined company is expected to have more than 25,000 employees across the country. As a Fortune 500 company and the soon-to-be largest investor-owned utility in the United States, the Company takes its responsibilities to its employees and their families very seriously. Given the level of importance of health care to the Company's priorities and brand, the Company intends to ensure that employees have access to comprehensive healthcare coverage options now and in the future.

The Company also plans to continue its annual review of health care options to determine if any revisions are appropriate given our demographics, legislative and regulatory developments, and any changes in the marketplace. Any material changes determined by the Company will be planned to take effect on January 1 of a calendar year. The Company recognizes that it would be administratively burdensome to increase the frequency of such reviews, and the Company has no current plans to make material changes to health care coverage options or benefit levels that are effective other than on January 1 of a calendar year.

It is unlikely that the Company would feel compelled to completely discontinue offering company-sponsored health care coverage options under the current laws. Because the impact of the planned government-sponsored health care exchanges and other possible legal developments are unknown at this time, in the unlikely event that the Company's current intent changes regarding the discontinuation of all company-sponsored health care coverage, the Company will notify the Union in advance and bargain over the complete elimination of company-sponsored health care coverage, even though the company-sponsored coverage likely would be replaced by government-sponsored coverage or USW-sponsored coverage. In that event, if the Union believes that the USW-sponsored plans are more competitive or would offer greater benefits desired by the membership, the Company would be willing to negotiate with the Union over a potential move for USW members to the USW-sponsored plans. The Company also will notify the Union in advance in the unlikely event that the Company changes its current intent to make material changes to health care coverage options effective on a date other than January 1 of a calendar year so that the parties can discuss the issue and any concerns. Again, the Company views health care coverage as vital to the success of its business due to its impact on safety, wellness, recruitment, retention, our image and reputation, and the overall well-being of our employees and their families.

The Company understands the Union's concerns with respect to health care coverage for its members. This letter shall apply for the duration of the 2011- 2016 collective bargaining agreement between the Company and the Union. It is the intent of this letter to demonstrate the Company's willingness to consider and discuss those concerns.

Very truly yours,

Jay R. Alvaro

Jay R. Alvaro
Vice President, Labor Relations

DUKE ENERGY.

Duke Energy
139 East Fourth Street
Cincinnati, OH 45202

June 2, 2016

Mr. Steve Bowermaster
President
Local 5541-06
United Steelworkers
Todhunter Headquarters

Mr. Mike McAlpin
President
Local 12049
United Steelworkers
Monfort Heights Headquarters

Re: Gas Operations Promotional Sequences and New Position

Dear Gentlemen:

During the 2011 – 2016 Contract negotiations, representatives of the Company and United Steelworkers and its Locals 12049 and 5541-06 (the Union) discussed revisions to progression sequences with Gas Operations, and the creation of a new entry level job classification. As a result of these discussions, the revised "Gas Operations Promotional Chart" ("Chart") is attached.

Under the new Chart, the Mechanic III entry level position will have direct bidding rights to three different lines of progression: Meter Specialist III (Local 12049 only), Gas Systems Operations Mechanic III, and/or Gas Plant Operator III. Mechanic IIIs may apply for other positions in the Company, but shall not have direct bidding rights to any position other than as set forth in this Letter.

Similarly, DNP Workers will have direct bidding rights to the Premise Mechanic progression or the Meter Specialist III progression (Local 12049 only). In the event that the Company is unable to fill Premise Mechanic or Meter Specialist III positions with DNP Workers, the Company reserves the right to fill those positions as entry level positions. DNP Workers may bid on other positions in the Company, but will not have direct bidding rights to any other position other than as set forth in this Letter.

For the Mechanic Operator III progression, the Company will create a new entry level position for "Apprentice Mechanic Operator III (AMO3)". The Company and the Union will negotiate a special wage rate for the newly created AMO3 position. In the event agreement cannot be reached, the AMO3 will be evaluated pursuant to Article V, Section 1, (h)-(m) of the Contract. The newly created AMO3 position will have direct bidding rights to the Mechanic Operator III progression exclusively.

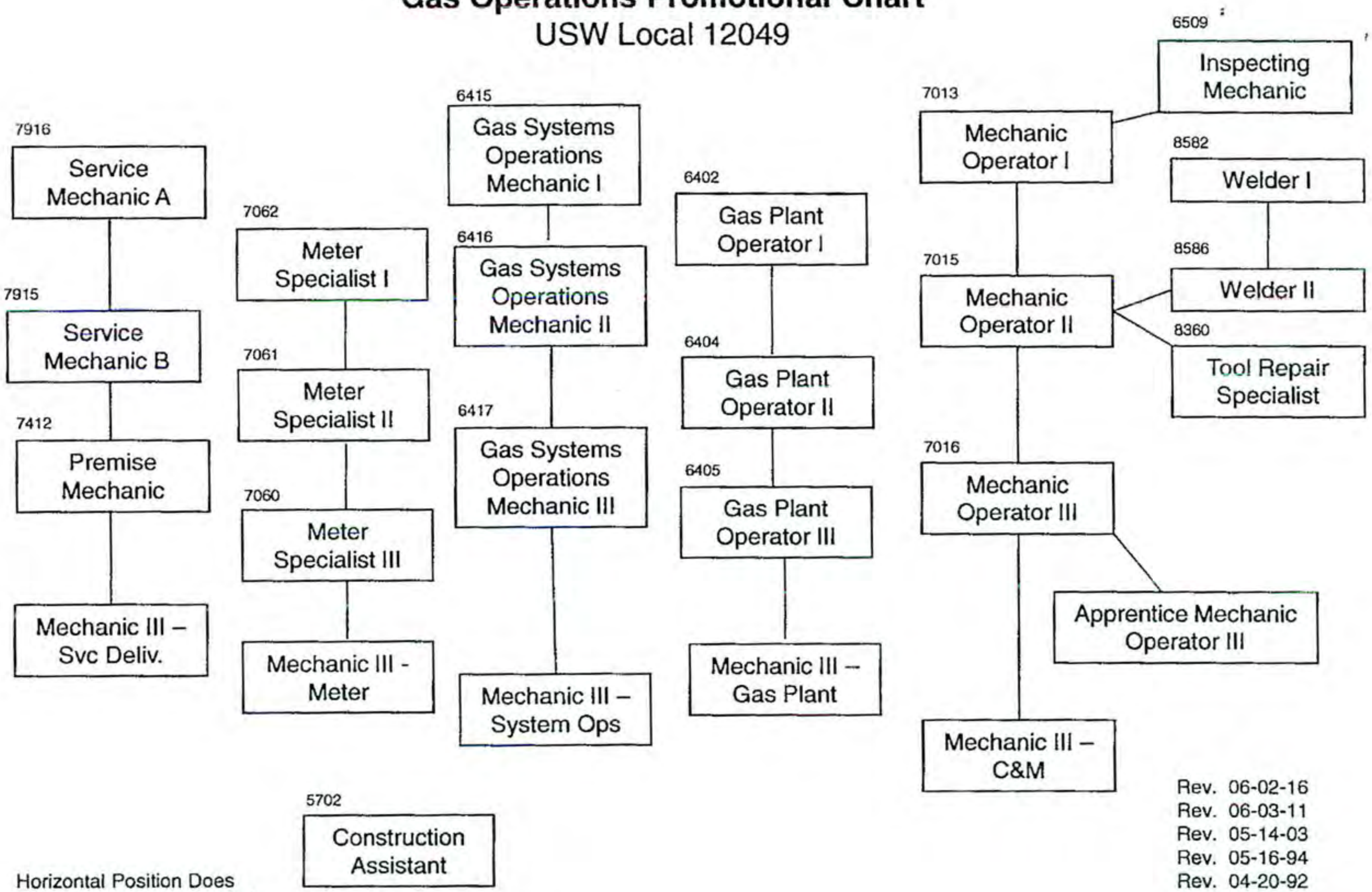
The parties recognize and acknowledge that the former positions for Mechanic (6931) and Senior Mechanic (7890) are no longer in use and therefore eliminated from the Chart.

Very truly yours,

Lisa A. Gregory

Lisa A. Gregory
Human Resources Principal

Gas Operations Promotional Chart
USW Local 12049

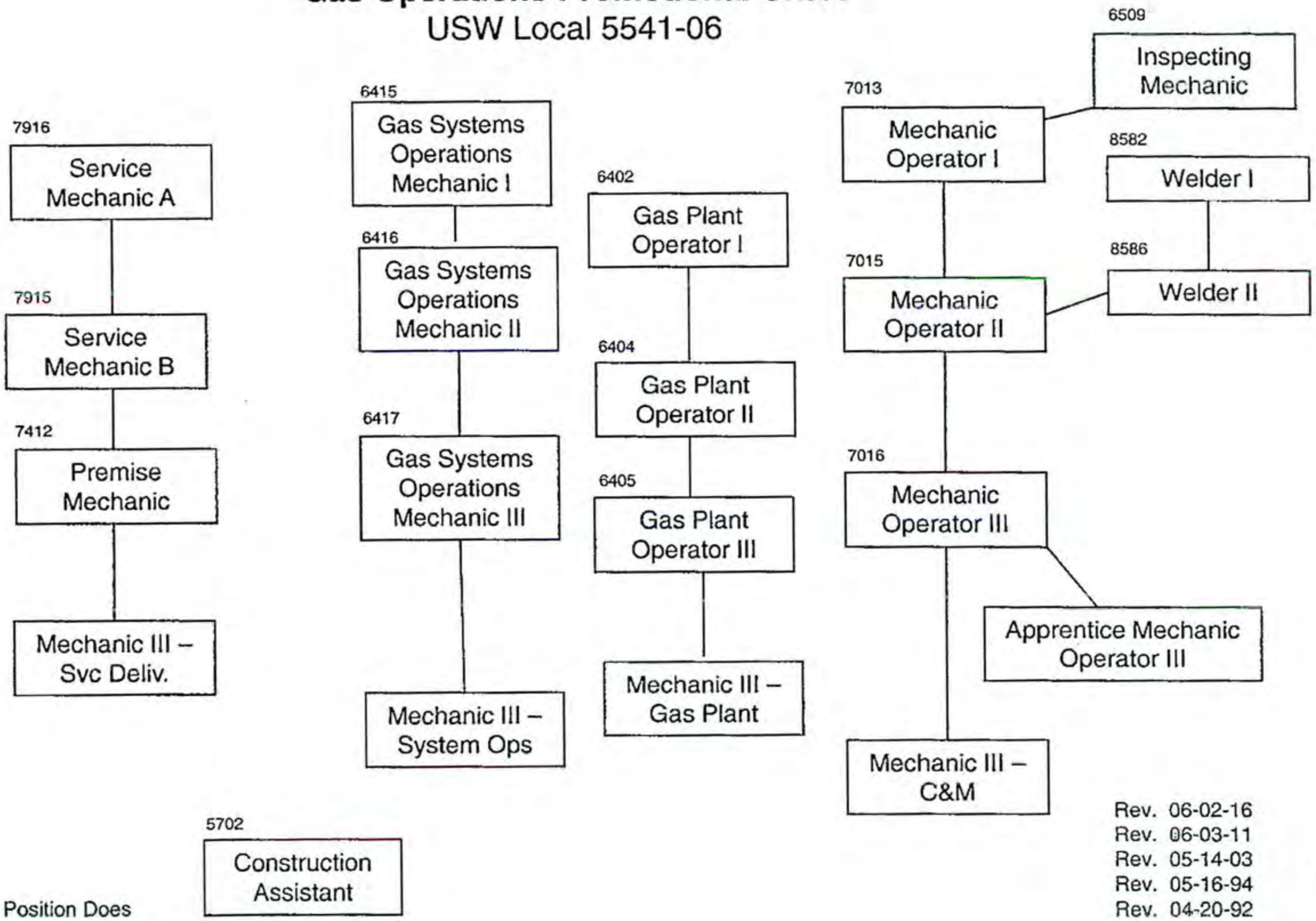


Horizontal Position Does Not Necessarily Reflect Job Evaluation or Wage Level

Rev. 06-02-16
Rev. 06-03-11
Rev. 05-14-03
Rev. 05-16-94
Rev. 04-20-92
Rev. 04-06-92
Rev. 11-22-82
Rev. 05-22-82

Gas Operations Promotional Chart

USW Local 5541-06



Horizontal Position Does Not Necessarily Reflect Job Evaluation or Wage Level

Rev. 06-02-16
Rev. 06-03-11
Rev. 05-14-03
Rev. 05-16-94
Rev. 04-20-92
Rev. 04-06-92
Rev. 11-22-82
Rev. 05-22-82

Schedule Replacement Guidelines

(Applies to USW Local 12049)

When a <u>temporary vacancy</u> occurs in the schedule, the following replacement procedure will be used to fill the vacancy.

The person selected to fill the vacancy will be determined by counting over five on the appropriate crew leader or helper schedule list.

Upon return, the individual will fulfill the next schedule of the affected member at their option, barring any extenuating circumstances.

Members electing to trade schedules shall be held responsible for the schedule after the proper paperwork is completed.

(Applies to USW Local 5541-06)

When a <u>temporary vacancy</u> occurs in the schedule, the following replacement procedure will be used to fill the vacancy.

A Crew Leader vacancy is to be filled with the junior qualified Mechanic Operator I regardless of placement on schedule listing.

A Helper vacancy is to be filled with the junior qualified Helper regardless of placement on schedule listing.

The person causing the vacancy in the shift will be required to work the shift of the person assigned to their shift.

(Applies to USW Local 12049 and 5541-06)

When a <u>permanent vacancy</u> occurs in the schedule, the following replacement procedure will be used to fill the vacancy.

A Crew Leader vacancy is to be filled with the junior qualified Mechanic Operator I regardless of placement on schedule listing.

A Helper vacancy is to be filled with the junior qualified Helper regardless of placement on schedule listing.

In the event a vacancy cannot be filled by the process described above, the Union and the Company will meet to discuss and resolve.

Home Site Reporting Guidelines
June 2, 2016

(Field Operations, Gas Measurement Center, Contractor Construction, Corrosion, System Operations, Gas Production and Service Delivery)

Company Vehicles:

Effective January 1, 2017, employees who home site report and are assigned a Company vehicle, will be required to live within 40 air miles of their assigned headquarters. In this case, vehicles can be parked at the employee's residence. If an employee lives beyond 40 air miles of their assigned headquarters, they will be required to leave the vehicle at the closest Headquarters or agreed upon location for pick-up each day. (Example: Headquarters closer to the residence than reporting headquarters)

Reporting Time:

When reporting within the area of the assigned headquarters, start time is on the job site at the start of the shift.

When reporting outside of the area of the assigned headquarters, start time is on the job site no longer than 30 minutes after the start of the shift.

Quitting Time:

When quitting from the job site within the area of the assigned headquarters, it is permissible to leave the site no earlier than 15 minutes prior to the end of the shift.

When quitting from the job site outside the area of the assigned headquarters, it is permissible to leave the site no earlier than 30 minutes prior to the end of the shift.

Employees are expected to be available until the end of their shift.

Meetings:

For training or Company meetings , employees shall report to the headquarters directed by the Supervisor at the start of the shift.

Inclement Weather

During periods of inclement weather employees with an assigned route or geo-grid will typically remain in the field within their assigned area unless directed by their Supervisor to report to a different work location.

Employees who do not have an assigned area or geo-grid nor any work to perform, should report to the District at the start of their shift unless directed otherwise by Management.

When on Vacation or other leave:

The vehicle shall be left at the regular parking location or brought to the headquarters as determined by the Company. The assigned driver shall notify the Supervisor and provide access to the vehicle. The assigned driver shall also arrange with the Supervisor when he/she will pick up the vehicle upon or prior to returning to duty.

When on Schedule (excludes Service Delivery):

The vehicle shall be left at the regular parking location or brought to the headquarters as determined by the Company.

Duke Energy.

February 25, 2013

Mr. Steve Bowermaster
President
Local 5541-06
United Steelworkers
Todhunter Headquarters

Mr. John Waits
President
Local 12049
United Steelworkers
Eastern Avenue Headquarters

Re: Apprentice Mechanic Operator III

Dear Gentlemen:

Reference is made to the committee efforts and discussions between the parties pertaining to the new Apprentice Mechanic Operator III position.

As agreed to in the 2011-2016 negotiations, this newly created position is the starting position for the Mechanic Operator line of progression. The attached job description outlines the duties and qualifications of the position. The parties have agreed that the job will be set at a wage level VI in lieu of using the formal job evaluation process as is outlined in the contract (Article V, Section 1, (h)-(m).

All employees entering into the Apprentice Mechanic Operator III position will be employed with the understanding that they must successfully promote to the Mechanic Operator II position within the timeframes outlined. Specifically, it is expected that employees entering into the Apprentice Mechanic Operator III position, will have successfully completed all the training and received the necessary licenses and/or certifications to be able to qualify to promote to the Mechanic Operator III position within a period of 12 months. At a minimum, failure to qualify for this purpose would include situations where two successive written examinations or two successive practical demonstrations were not passed. Employees will be allowed a maximum time period of three months between the two successive examinations and/or demonstrations.

In addition, it is expected that employees entering into the Mechanic Operator III position, will have successfully completed all the training and received the necessary licenses and/or certifications to be able to qualify to promote to the Mechanic Operator II position within a period of 24 months. At a minimum, failure to qualify in this case would include situations where two successive written examinations or two successive practical demonstrations were not passed. Employees will be allowed a maximum time period of three months between the two successive examinations and/or demonstrations.

If an employee is not able to complete the required training within the timeframes outlined above due to the Company not being able to schedule the appropriate classes, the Company will accommodate those delays by extending the time period to promote by the time the start of the class was delayed.

The employment of any individual who does not successfully meet the requirements to promote to the Mechanic Operator III or Mechanic Operator II position will be terminated.

Very truly yours,

Lisa A. Gregory

Lisa A. Gregory
Director, Labor Relations

cc: G. Hebbeler
S. Farley
D. Smiley

DUKE ENERGY.

Duke Energy
139 East Fourth Street
Cincinnati, OH 45202

March 20, 2014

Mr. Don Reilly
Business Manager
Local Union 1347
International Brotherhood of
Electrical Workers, AFL-CIO
4100 Colerain Avenue
Cincinnati, Ohio 45223

Mr. Steve Bowermaster
President
Local 5541-06
United Steelworkers
Todhunter Headquarters

Mr. John Waits
President
Local 12049
United Steelworkers
Valley View Headquarters

Re: Separation of Gas and Electric Customer Premise Work

Gentlemen:

In late 2013, the Company and the Unions resumed discussions concerning the separation of the workforce that performs combination gas and electric duties on customer premises.

As soon as practical and except as provided below, Service Delivery employees represented by IBEW Local 1347 will not be assigned to perform gas customer premise work, including but not limited to, disconnection of gas service for failure to pay. Further, Gas Operations employees represented by USW Locals 12049 and 5541-06 will not perform electric customer premise work, including but not limited to, disconnection of electric service for failure to pay. While the Company will determine the effective date of this agreement, separation will occur simultaneously for Gas and Electric employees.

However, the Company reserves the right to assign gas and electric customer premise work to the first responder who is qualified to safely perform the work, regardless of the department or union affiliation of the first responder, when such work is necessary to protect life, property or continuity of service.

The separation of the gas and electric customer premise work will not cause wage levels to be re-evaluated at this time for employees assigned to perform gas or electric customer premise work. Employees will continue to be expected to comply with regulations and department work rules as determined by management, including but not limited to, home site reporting expectations.

Based on the foregoing, this letter supersedes any prior letters or agreements among the parties relating to this matter. It is thought that the above adequately describes the parties' agreement on this matter.

Sincerely,

Jay R. Alvaro
Director, Labor Relations

AGREED TO BY:

IBEW Local 1347, by:

Don Reilly, Business Manager

USW Local 5541-06, by:

Steve Bowermaster, President

USW Local 12049, by:

John Waits, President

DUKE ENERGY.

Duke Energy
139 East Fourth Street
Cincinnati, OH 45202

June 2, 2016

Mr. Steve Bowermaster
President, Local No. 5541-06
United Steelworkers
Todhunter Headquarters

Mr. John Waits
President, Local No. 12049
United Steelworkers
Valley View Headquarters

Re: Safety Shoe Policy

Dear Gentlemen:

During the 2016 negotiations, the Company and the Union agreed to memorialize the Safety Shoe Policy rolled out in 2014 for eligible employees in the Gas Operations – Field & Systems Operation and Customer Operation organizations describing appropriate footwear to be worn by employees and an annual reimbursement amount.

Eligible employees, as determined by the Company, will be reimbursed up to $150.00 for the purchase of one pair of safety shoes per year that comply with the Company standards. Newly hired employees into one of the above referenced organizations also will be eligible for this reimbursement. Employees will not be eligible for this reimbursement if they were previously provided reimbursement by the Company for safety shoes under this or another program to ensure that there is no duplication or stacking of benefits for this purpose.

Employees will be expected to purchase and wear footwear that meets the requirements for the type of work they are required to perform. The protective footwear must comply with the following standards: over the ankle foot support, a reinforced toe cap (when performing certain job duties) and a well-defined heel. Footwear must meet an impact resistance rating of 75 pounds and have a compression resistance rating of 75 or 2,500 pounds. Shoes can be purchased at a vendor of the employee's choosing. Prior to reimbursement, the employee is required to provide a copy of the receipt and also proof that the boots meet the safety standards. Employees who damage their boots during normal work activities, should contact their Supervisor immediately, to discuss boot replacement options. Violations of this footwear policy could result in corrective action up to and including discharge.

Sincerely,

Jay R. Alvaro

Jay R. Alvaro
Director, Labor Relations

DUKE ENERGY.

Duke Energy
139 East Fourth Street
Cincinnati, OH 45202

June 2, 2016

Mr. Steve Bowermaster
President
Local 5541-06
United Steelworkers
Todhunter Headquarters

Mr. John Waits
President
Local 12049
United Steelworkers
Valley View Headquarters

Re: Global Positioning Satellite (GPS) Technology

Dear Gentlemen:

This letter documents our discussions and agreement concerning the use of Global Positioning Satellite (GPS) system and other similar types of technology being contemplated for use within Gas Operations.

The primary purpose of the GPS and similar technology is to allow the Company the ability to more efficiently manage and assign work and to enhance safety by allowing us to locate a vehicle in the event we have lost contact with someone or a vehicle has been stolen. As discussed, it is not the Company's intent to constantly monitor employee's whereabouts using the GPS or other technology for purposes of issuing corrective action.

Although its primary use is for managing work, the Company may review and rely on technology and/or the information obtained through its use to aid in an investigation where there is reason to believe an employee may have violated a Company policy or work rule, and the violation may be substantiated or disproven by such a review. To the extent the Company does rely on such information, the Company will treat similarly-situated employees in the same manner. Any such information, upon which the Company relies for purposes of imposing corrective action, will be provided upon request by the Union in accordance with applicable law.

The Company will endeavor to limit the history used in these systems to a maximum of 90 days for any type of disciplinary action.

This letter will be interpreted and applied to comply with all laws. To the extent that this letter conflicts with any applicable law, the law will prevail.

Sincerely,

Gary J. Hebbeler
GM, Gas and Field Systems

cc: L. Gregory
C. Lange

DUKE ENERGY.

Duke Energy
139 East Fourth Street
Cincinnati, OH 45202

June 2, 2016

Mr. Steve Bowermaster
President
Local 5541-06
United Steelworkers
Todhunter Headquarters

Mr. John Waits
President
Local 12049
United Steelworkers
Valley View Headquarters

Re: Seniority Departments

Dear Gentlemen:

During the 2016 – 2021 Contract negotiations, representatives of the Company and the United Steelworkers and it's Locals 12049 and 5541-06 (the Union) discussed changes to certain seniority Departments, Divisions and Sections. This letter documents our discussions and agreements.

As was agreed, effective June 1, 2016, the Departments, Divisions and Sections for Local Union 12049 will be modified such that Field Operations will consist of a combined Ohio/Kentucky Seniority District. Similarly Service Delivery will be modified to consist of a combined Ohio/Kentucky Seniority District.

As of the date of this letter, employees currently in the Field Operations Kentucky seniority district or the Service Delivery Kentucky seniority district in the Mechanic Operator II, Mechanic Operator I, Inspecting Mechanic, Service Mechanic B, or Service Mechanic A job classification, will remain in the respective Kentucky seniority district (see attached list). In addition, the employees in the Service Delivery Kentucky seniority district, will continue to maintain seniority for the purpose of assigning work (i.e. bidding routes) over employees in the newly combined Service Delivery Ohio/Kentucky seniority district.

Employees in the Mechanic Operator II and Service Mechanic B job classifications, will have exclusive rights to the next promotional bid in the Kentucky district within their job hierarchy. For example, a Mechanic Operator II in the Kentucky seniority district, will have seniority for the next Mechanic Operator I opportunity in the Kentucky seniority district.

Should those employees remaining in the Kentucky seniority district within Field Operations or Service Delivery elect to change their current job (i.e. downbid) they will be placed in the appropriate combined department and seniority list.

Any employees bidding or downbidding into Kentucky, in Field Operations or Service Delivery, after June 1, 2016, will be placed in the combined Field Operations (Ohio/Kentucky) or Service Delivery (Ohio/Kentucky) department and seniority unit.

Any future job openings within the Inspecting Mechanic job classification in Kentucky will be filled based on the combined seniority list of all qualified employees in the Field Operations (Ohio/Kentucky) seniority unit.

Effective June 1, 2016, one seniority list will be maintained within Local 12049 for the Field Operations (Ohio/Kentucky) Department and one list for the Service Delivery (Ohio/Kentucky) Department for all future job opportunities.

In the event of a surplus in Kentucky, Denny Caple, Hans Butsch and Craig Rittinger will retain their original classified seniority date as indicated below:

Denny Caple 4/01/2002
Hans Butsch 5/27/2002
Craig Rittinger 5/22/2008

It is believed that this letter properly describes the agreement reached between the parties concerning this matter.

Sincerely,

Lisa A. Gregory

Lisa A. Gregory
Human Resources Principal

cc: Chuck Allen
Terri Barnes
Gary Hebbeler

Current Field Operations Kentucky District Employees

Name	Job Title	Classified Seniority Date
Kevin Anthony Hall (031970)	Inspecting Mechanic	5/13/2002
James McDermott Jr. (054120)	Inspecting Mechanic	2/18/2008 (02)
Robert Allen Cooper (018361)	Inspecting Mechanic	1/4/2016
Patrick Glenn (028445)	Mechanic Operator I	10/10/1988 (03)
Walter Kevin Montgomery (058180)	Mechanic Operator I	3/13/1989 (01)
Michael J. Highhouse (037512)	Mechanic Operator I	7/29/2002 (02)
Russell D. Routt (070160)	Mechanic Operator I	8/26/2002 (03)
Glenn D. Poston (064863)	Mechanic Operator I	11/25/2002
Michael D. Allen (017446)	Mechanic Operator I	9/5/2006 (02)
Denny J. Caple (018163)	Mechanic Operator I	11/17/2014 (01)
Hans J. Butsch (018116)	Mechanic Operator I	09/28/2015 (02)
Craig A. Rittinger (096798)	Mechanic Operator I	04/11/2016 (02)
Christopher M. Thomas (095389)	Mechanic Operator II	7/20/2011 (03)
Brian Waters (087845)	Welder I	11/28/2011

Current Service Delivery Kentucky District Employees

Jeffrey Paul Bucher (018023)	Service Mechanic A	5/9/1994 (01)
Michael E. Johnson (042203)	Service Mechanic A	4/29/1996
Douglas Duryea (021750)	Service Mechanic A	4/5/2015
Robert L Gebhardt (026857)	Service Mechanic B	9/26/2011 (02)
David A. Harms (033300)	Service Mechanic B	9/26/2011 (03)
Eric A. Leedy (048630)	Service Mechanic B	06/10/2013
Gerald Joseph Schack (071853)	Service Mechanic B	08/04/2014 (01)
Jerry William Harris (033635)	Service Mechanic B	08/04/2014 (02)
Michael J. Hertzenberg (036884)	Service Mechanic B	08/04/2014 (03)
Marc D. King (044792)	Service Mechanic B	08/04/2014 (04)
Michael Anthony Baynum (017662)	Service Mechanic B	12/10/2014 (01)
Robert W. Winterman (091847)	Service Mechanic B	12/10/2014 (02)
Jeff Berkemeier (017723)	Service Mechanic B	01/25/2016 (01)
Ryan Moore (096039)	Service Mechanic B	01/25/2016 (02)

DUKE ENERGY.

Duke Energy
139 East Fourth Street
Cincinnati, OH 45202

June 2, 2016

Mr. Steve Bowermaster
President
Local 5541-06
United Steelworkers
Todhunter Headquarters

Mr. John Waits
President
Local 12049
United Steelworkers
Valley View Headquarters

Re: Work Hours Beyond Normal Scheduled Shift

Dear Gentlemen:

This letter documents our discussions related to rest periods allowed by employees after they have worked extended hours due to Company needs.

Pursuant to previous Company Protocol Group guidelines, as revised in 1999, the Company will continue to follow the guideline stating that any employee required to work as a result of an emergency callout, will be permitted six (6) hours rest, which includes travel time, before being required to report to their next scheduled shift. This guideline does not establish start or release times or limit managements right to hold employees over during emergency situations.

It is believed that this letter properly describes the agreement reached between the parties concerning this matter.

Sincerely,

Lisa A. Gregory

Lisa A. Gregory
Human Resources Principal

cc: Chuck Allen
Gary Hebbeler

DUKE ENERGY.

Duke Energy
139 East Fourth Street
Cincinnati, OH 45202

June 2, 2016

Mr. Steve Bowermaster
President
Local 5541-06
United Steelworkers
Todhunter Headquarters

Mr. John Waits
President
Local 12049
United Steelworkers
Valley View Headquarters

Re: Emergency Work Outside of Ohio/Kentucky Service Territory

Dear Gentlemen:

This letter documents our discussions and agreement concerning emergency work performed outside of the Ohio/Kentucky service territory. The following guidelines will apply when employees represented by USW 12049 or 5541-06, are called upon to work outside of the Ohio/Kentucky service territory in emergency situations.

For continuous emergency work performed at any location or facility owned and/or operated by the Company, or its parent and related subsidiaries/affiliates, that requires a lodging stay away from home, on the first day of the assignment the straight time rate will be paid during regular working hours and the time and one-half rate will be paid for hours of continuous work over the regularly scheduled hours. Beginning with the second day of such an assignment, the rate of time and one-half will be paid for all hours worked.

Time and one-half shall be paid for all emergency time worked for other utilities at their respective operating locations.

Compensation Guidelines:

- Compensation when traveling begins when the employee begins driving toward their destination and ends when the employee arrives at the final destination of the day.

- When employees reach their destination and are to begin work, compensation will begin when the employee leaves the host Company staging area. If the staging area is away from the place of lodging and crews have to be transported to the staging area, then time begins when the employee leaves the place of lodging.
- Compensation ends for the work day when the employee returns to the host Company's staging area. If the staging area is away from the place of lodging and crews have to be transported, then the time will stop when the employee returns to the place of lodging.
- Employees required to work ten consecutive hours or more, shall be furnished a meal or compensation in lieu thereof (in accordance with the Contract), and an additional meal or compensation in lieu thereof, for each contiguous five hour interval worked thereafter until released from duty.
- Employees are not eligible to receive a daily per diem allowance.
- After 16 consecutive hours of work, Article VII, Section 1(i) will continue to apply.

Crew Assignments:

- The duration of the each employee's deployment will be for no longer than two weeks. It is the intention of the Company to rotate crews in and out of deployments. Employees deployed for an initial time period may become eligible for a second deployment after serving at least one rotation back at their regularly assigned location or if there are no other volunteers.
- Management will determine which Districts will be eligible to participate in a deployment, and the number of employees and crews from each of the Districts. Management will post a sign-up sheet, if time allows, at each eligible District for employees to volunteer no later than the deadline communicated or attempt to contact employees by low overtime to solicit volunteers, if time does not allow. Management will determine the appropriate make-up of the crew.
- If there are excess volunteers, the Company will select employees to be deployed based on low overtime. In the event of an insufficient number of volunteers, the Company will assign employees to the deployment based on low overtime but will consider extenuating circumstances.
- If an employee is on a rotating shift schedule, as determined by the Company, at the start of a deployment period, the employee will not be eligible to participate in the deployment, either voluntarily or by assignment.
- An employee will not be eligible for this opportunity if there are disciplinary issues.
- During their deployment, employees are expected to comply with the Duke Energy Code of Business Ethics and related policies and procedures.

This letter will be interpreted and applied to comply with all laws. To the extent that this letter conflicts with any applicable law, the law will prevail. The current Contract will remain in effect for issues not addressed herein.

Sincerely,

Gary J. Hebbeler

Gary J. Hebbeler
GM, Gas and Field Systems

cc: L. Gregory
C. Lange

DUKE ENERGY.

Duke Energy
139 East Fourth Street
Cincinnati, OH 45202

June 2, 2016

Mr. Steve Bowermaster
President
Local 5541-06
United Steelworkers
Todhunter Headquarters

Mr. John Waits
President
Local 12049
United Steelworkers
Valley View Headquarters

Re: Welders Returning to C&M

Dear Gentlemen:

This letter documents our discussions and agreements related to employees in the Welder job classification who are returned to Construction & Maintenance.

If the Company determines that it is necessary for a Welder to return to Construction and Maintenance, that person will return to the Mechanic Operator position that they vacated at the District from which they were promoted/down bid or its replacement. Welders will maintain all of their current accrued seniority as a Welder, if they are returned to a Mechanic Operator position.

In addition, Welders being returned to a Mechanic Operator position, will return at their current rate of pay. If the employee's current rate of pay exceeds the maximum for the job classification they are returning to, the employee will have their pay redlined, until the Mechanic Operator I or II wage rate increases to the point of surpassing the Welder pay. At that time, the person would again be eligible to receive a wage increase up to the maximum rate of pay for the Mechanic Operator I or II.

It is believed that the procedures outlined in this letter properly describe the agreement reached between the parties concerning this issue.

Sincerely,

Lisa A. Gregory

Lisa A. Gregory
Human Resources Principal

DUKE ENERGY.

Duke Energy
139 East Fourth Street
Cincinnati, OH 45202

June 2, 2016

Mr. Steve Bowermaster
President, Local No. 5541-06
United Steelworkers
Todhunter Headquarters

Mr. John Waits
President, Local No. 12049
United Steelworkers
Valley View Headquarters

RE: 2016-2021 Post Retirement Healthcare Letter

Dear Gentlemen:

During the 2016 negotiations, the parties discussed post-retirement healthcare benefits. This letter amends the Retirement Plan and HRA Conversion Sidebar Letter A-71 dated August 1, 2007, as amended by Sidebar Letter A-71a dated June 3, 2011, and the Post Retirement Medical Benefit Sidebar Letter A-76 dated April 4, 2005, and confirms these discussions and the resulting agreement.

Access to Post-Retirement Health Benefits

Employees who terminate on or after November 1, 2016 after attaining at least age 50 with at least 5 years of service will have unsubsidized access (i.e., no Company contributions) to post-retirement medical, dental, and vision coverage. Coverage for retirees age 65 and older will be provided on an unsubsidized basis through a Medicare Coordinator. The Company shall provide a subsidy/contribution towards the cost of post-retirement health coverage only as provided below in this letter.

Subsidies/Company Contributions - Traditional Option

For employees who terminate on or after November 1, 2016, the "Traditional Option" is hereby amended to provide contributions towards the cost of post-retirement healthcare coverage, in the form of credits to a newly established Subsidy Health Reimbursement Account ("Subsidy HRA") only for individuals who are under age 65 and who are:

- In a group eligible for a medical subsidy under the rules in effect prior to November 1, 2016, which is limited to those hired prior to January 1, 2012; and
- At least age 55 with at least 10 years of service at termination of employment.

The amount of the contributions will vary as follows:

A-91

- Eligible employees age 50 or older by November 1, 2016 will receive (during retirement) a pre-65 contribution of $350 per month, plus $175 per month for their spouse/domestic partner, if any; and

- Eligible employees younger than age 50 as of November 1, 2016 will receive (during retirement) a pre-65 contribution of $250 per month, plus $125 per month for their spouse/domestic partner, if any.

Subsidies/Company Contributions - HRA Option

Effective November 1, 2016, the "HRA Option" is hereby amended such that:

- The Company will discontinue crediting 1/12 of $1,000 each month to the health reimbursement accounts for those employees who have a health reimbursement account under the HRA Option, with interest credits continuing; and

- The Company will offer a choice window in 2016 to employees who have a health reimbursement account under the HRA Option to elect whether to continue in the HRA Option (modified as described in the above bullet) or to forego their rights to their modified health reimbursement accounts under the HRA Option in exchange for participation in the Traditional Option (modified to provide credits to a Subsidy HRA as described above).

Miscellaneous

The post-retirement health benefits described above will replace the post-retirement medical coverage options in effect prior to November 1, 2016, for employees who terminate on or after November 1, 2016, including those described in Sidebar Letters A-71, 71a, and 76. These benefits will be governed by and construed in accordance with the applicable plan documents.

In all other respects, Sidebar Letters A-71,71a, and 76 shall continue in accordance with their terms.

Sincerely,

Lisa A. Gregory

Lisa A. Gregory
Human Resources Principal

DUKE ENERGY.

Duke Energy
139 East Fourth Street
Cincinnati, OH 45202

June 2, 2016

Mr. Steve Bowermaster
President, Local No. 5541-06
United Steelworkers
Todhunter Headquarters

Mr. John Waits
President, Local No. 12049
United Steelworkers
Valley View Headquarters

RE: Amendment to A-71 "Retirement Plan and HRA Conversion Agreement"

Dear Gentlemen:

During the 2016 negotiations, the Company and the Union discussed changes to the Company's retirement programs. This letter sets forth the changes that were agreed to by the Company and the Union.

Retirement Benefits for New Hires and Rehires

For employees hired or rehired on or after January 1, 2017, the Company will provide an annual Employer Retirement Contribution to the Duke Energy Retirement Savings Plan ("RSP") in the amount of 4% of the employee's annual compensation (including base, overtime, and incentive compensation) in accordance with the RSP plan documents. Such newly hired or rehired employees also will be eligible for the Company-provided matching contribution equal to 100% of the before-tax (and Roth) contributions made up to 6% of eligible compensation in accordance with the RSP plan documents on the same basis as employees hired or rehired prior to January 1, 2017 who are eligible for that matching contribution formula. Employees hired or rehired on or after January 1, 2017 will not be eligible to participate in the Cinergy Corp. Union Employees' Retirement Income Plan (the "Retirement Income Plan").

Cash Balance Interest Credit

The cash balance interest credit rate under the Retirement Income Plan for pay credits made on and after January 1, 2017 will be based on a 4% interest rate (0.327% monthly equivalent interest rate). For purposes of clarity, the cash balance interest credit rate applies to cash balance participants and the Part B benefit for participants who have a Part A (traditional) and Part B (cash balance) pension plan benefit. The Part A (traditional) portion of the participant's benefit will not be affected by this change.

Retirement Income Benefit for Long-Term Disability

A participant who starts receiving long-term disability benefits on or after July 1, 2017 will receive interest credits under the Retirement Income Plan's cash balance formula while disabled, but will not receive pay credits while long-term disabled, in accordance with the Retirement Income Plan documents. This change will not apply for any individual who starts receiving long-term disability benefits before July 1, 2017, or participants under the traditional formula, or for the Part A benefit for participants who have a Part A (traditional) and Part B (cash balance) pension plan benefit.

For purposes of clarity, as previously agreed, the Company may in its discretion merge the Retirement Income Plan into the Duke Energy Retirement Cash Balance Plan or other defined benefit plan maintained by the Company. In accordance with applicable law, any such merger will not reduce participants' accrued benefits.

The complete provisions of the Company's retirement plans are set forth in the plan documents, as amended to make administrative changes, legally-required changes and/or technical changes that do not reduce the benefits formula. In the event of a conflict between any other communication and the plan documents themselves, the plan documents control.

It is thought that this letter accurately describes the agreement reached by the parties regarding amendments to Sidebar Letter A-71 relating to retirement plan agreements.

Sincerely,

Lisa A. Gregory

Lisa A. Gregory
Human Resources Principal

OUR VISION

DUKE ENERGY

SAFETYFirst

DUKE ENERGY HEALTH AND SAFETY VISION

Our health and safety vision is aimed at cultivating:
A healthy and injury-free workplace, sustained by behaviors that consistently demonstrate our commitment to the welfare of each other, our contractors and to the communities we serve.

CONFIDENTIAL PROPRIETARY TRADE SECRET

ATTACHMENT JJS-4(a)

FILED UNDER SEAL

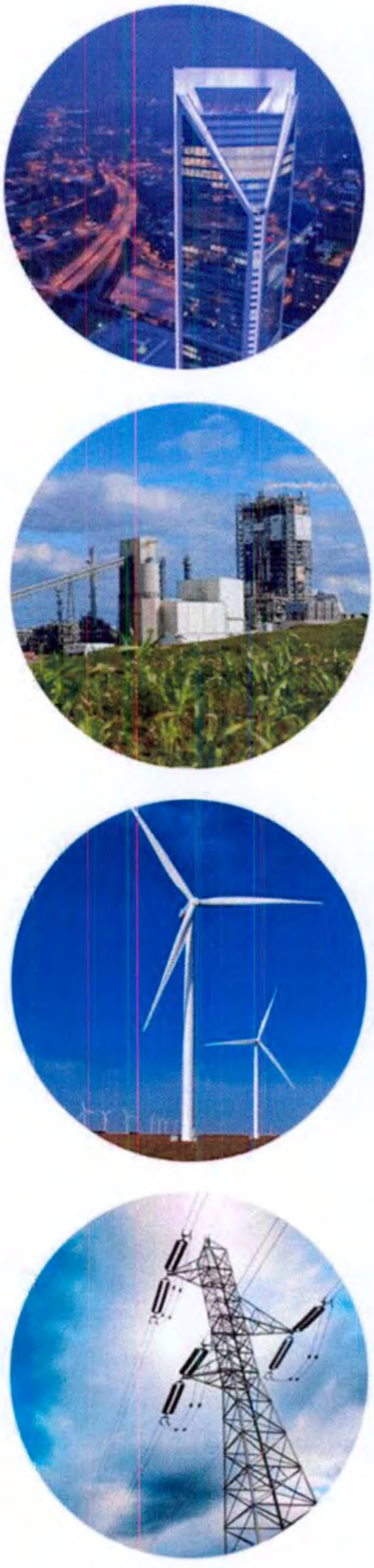
CONFIDENTIAL PROPRIETARY TRADE SECRET

ATTACHMENT JJS-4(b)

FILED UNDER SEAL

CONFIDENTIAL PROPRIETARY TRADE SECRET

2021 EXECUTIVE LONG-TERM INCENTIVE PLAN



DUKE ENERGY

TABLE OF CONTENTS

This brochure is intended to be a general summary of the 2021 Executive Long-term Incentive (LTI) Plan granted under the terms of the Duke Energy Corporation 2015 Long-term Incentive Plan (LTIP). The Executive LTI Plan is subject to the provisions of the LTIP and related prospectus and should be read together with the award agreements. In the event of any conflict between the information in this brochure and the LTIP or the applicable award agreements, the terms of the LTIP/award agreements will govern. Duke Energy Corporation reserves the right to amend, suspend or terminate the 2021 Executive LTI Plan at any time and for any reason. PARTICIPATION IN THE 2021 EXECUTIVE LTI PLAN IS NOT AN OFFER OR GUARANTEE OF EMPLOYMENT OR AN EMPLOYMENT CONTRACT AND DOES NOT ALTER THE AT-WILL NATURE OF ANY EMPLOYEE'S EMPLOYMENT IN ANY WAY.

2021 EXECUTIVE LONG-TERM INCENTIVE PLAN

As a leader at Duke Energy Corporation (Duke Energy), you receive stock-based incentives as part of your annual compensation. The grant date for the 2021 annual award was **February 24, 2021**. Under the 2021 Executive Long-term Incentive (LTI) Plan, you will receive two types of stock-based awards:

- **Performance Shares** — You will receive 70% of your 2021 LTI opportunity in performance shares. Performance shares are subject to vesting, but only after specified performance goals have been determined to have been achieved, subject to your continuous employment (or as otherwise described in the *2021 Executive LTI Plan Summary* on page 8). The 2021 Executive LTI Plan contains the following three performance goals, each of which is measured over a three calendar-year period (2021-2023):

Performance Goal	% of Shares
Goal 1: Cumulative adjusted basic Earnings Per Share (EPS)	50%
Goal 2: Total Incident Case Rate (TICR)	25%
Goal 3: Total Shareholder Return (TSR) relative to that of the companies in the Philadelphia Utility Index	25%

- **Restricted Stock Units (RSUs)** — You will receive the remaining 30% of your 2021 LTI opportunity in the form of RSUs that will vest equally over a three-year period (one-third on each of the first three anniversaries of the grant date), subject to your continuous employment (or as otherwise described in the *2021 Executive LTI Plan Summary* on page 8).

The 2021 Executive LTI Plan continues Duke Energy's focus on increased stock ownership, more direct alignment with shareholders and retention. Specifically, the plan:

- Provides for share ownership by executives;
- Delivers a portion of your long-term incentive opportunity to you only when value is delivered to shareholders;
- Provides for increased award value in alignment with increases in shareholder value; and
- Assists in the retention of key executive talent.

Total Rewards

Duke Energy's executive compensation and benefits programs are designed to reward high-performing individuals for delivering the results needed to ensure the company's success.

In changing times, Duke Energy's rewards strategy remains constant. The goal is to attract and retain high-caliber leaders by providing a competitive compensation package that recognizes corporate and individual performance.

Given today's business environment, the concept of a "total rewards" approach has never been more important. Stock awards are an important component — but not the only component — of a total rewards package that is reviewed annually to ensure ongoing competitiveness and appropriateness in light of internal and external factors. The elements of your total rewards package may include:

Base Salary	Short-term Incentives	Stock Awards	Retirement Benefits	Health & Welfare benefits

Accepting Your Stock Awards

In order for your 2021 Executive LTI Plan awards to take effect, it will be necessary for you to accept the awards and agree to their terms via the Fidelity NetBenefits website. An email communication with detailed instructions will be sent to you when it is time to accept your stock awards.

We encourage you to read this brochure carefully in conjunction with your award agreements, as well as the 2015 Long-term Incentive Plan Summary and its Prospectus. You may also wish to discuss this information with your personal financial advisor.

Accessing Your Stock Awards

Record keeping for your stock awards is provided by Fidelity Stock Plan Services, LLC. You will be able to access your stock plan information online at www.netbenefits.com or by calling a Fidelity Stock Plan Services representative at 800-376-4015 (toll free).

Eligibility

Participation in the Executive LTI Plan is generally reserved for members of the Enterprise Leadership Team (ELT) to ensure alignment with shareholder interests and accountability for making short and long-term strategic decisions.

Calculating Your Stock Awards

To understand vesting opportunities under your stock awards, it is important to first understand how your stock awards were calculated. Your LTI opportunity is expressed as a percentage of your base pay. You should have received information about your 2021 LTI opportunity from your manager. You can also locate this information on the "Your Total Rewards" page on the Duke Energy Portal.

The number of performance shares and RSUs awarded to you was based on:

- Your annual base salary as of March 1, 2021;
- Your 2021 LTI opportunity; and
- The closing price of Duke Energy common stock on the grant date (i.e., $87.34).

The number of performance shares specified in your award agreement represents the number of shares that are subject to vesting if Duke Energy's performance is at the target level. However, at maximum performance, you have the opportunity, depending on Duke Energy's performance, to vest in up to 200% of the number of target shares.

The following example illustrates how the Executive LTI stock awards are calculated:

Calculation Example

Assumptions:

- Annual base salary as of March 1, 2021 is $250,000.
- Target LTI opportunity is 50% of base salary or $125,000 ($250,000 x 50%).
- Closing price of a share of Duke Energy common stock on the grant date is $87.34.

LTI opportunity value by component:

Performance Shares......................$125,000 x 70% = $87,500
Restricted Stock Units....................$125,000 x 30% = $37,500

Number of shares in award by component:

Performance Shares............$87,500 / $87.34 = 1,002 (target)

1,002 shares x 200%= 2,004 (max)

Restricted Stock Units ....$37,500 / $87.34 = 429

Highlights of 2021 Executive LTI Plan Awards

Performance Shares

- 70% of LTI opportunity awarded as performance shares.
- Three performance goals based on cumulative adjusted Earnings Per Share (EPS), Total Incident Case Rate (TICR) and relative Total Shareholder Return (TSR) compared to companies in the Philadelphia Utility Index.
- Performance measured over a three calendar-year period from 2021 to 2023 and will vest, subject to company performance, in early 2024.
- May vest in up to 200% of the target number of shares at maximum performance.
- Performance shares vest, subject to continuous employment, based on performance at the end of the three-year performance period. Prorated vesting provided if employment terminates after attaining age 55 with 10 years of service or after involuntary termination without cause.*
- Number of shares distributed is reduced to satisfy any tax withholding obligation.
- At the end of the performance period, receive cash payment equal to dividends declared and paid for the three-year period for each performance share that is vested and paid.

Restricted Stock Units (RSUs)

- 30% of LTI opportunity awarded as RSUs.
- One-third of the RSUs vest, subject to continuous employment, on each of the first three anniversaries of the grant date. Prorated vesting provided if employment terminates after attaining age 55 with 10 years of service or after involuntary termination without cause.
- Number of shares distributed is reduced to satisfy any tax withholding obligation.
- For each unvested RSU, receive quarterly cash payment equal to the cash dividend per share declared and paid on Duke Energy common stock

*Special vesting rules apply to certain participants. You will be notified if these rules apply to you.

PERFORMANCE GOALS (applicable to 70% of your award)

The intent of your performance share award is to link a portion of your LTI value to the achievement of performance goals that directly align with shareholders' interests. Part of your award is at risk, such that you will forfeit the performance shares if the goals are not achieved.

Performance Award Updates

Determination of goal achievement for the 2021 Executive LTI Plan performance shares will be made in early 2024. During the 2021-2023 performance period, periodic updates on Duke Energy's progress relative to the performance goals will be posted on the Stock Awards page under the myHR menu on the Duke Energy Portal.

Performance achievement for the 2021 performance shares will be measured against three metrics.

- **EPS Performance Goal:** The vesting opportunity for one-half (50%) of your performance shares will be based on Duke Energy's cumulative adjusted basic EPS over the three calendar-year period 2021 to 2023. The chart below indicates the percentage of this portion of your performance shares that will vest based on a determination of achievement of EPS:

Cumulative Adjusted Basic EPS	% of Target Shares Vested
Below [redacted]	0%
[redacted] (threshold)	50%
[redacted] (target)	100%
[redacted] or higher (maximum)	200%

The percentage of performance shares that will vest will be interpolated for achievement of cumulative adjusted basic EPS between these amounts.

- **TICR Performance Goal:** The vesting opportunity for one-quarter (25%) of your performance shares will be based on Duke Energy's TICR measured over the three calendar-year period 2021 to 2023. The chart below indicates the percentage of this portion of your performance shares that will vest based on a determination of achievement at the specified percentile rankings:

TICR Percentile Ranking vs. EEI Peer Group*	% of Target Shares Vested
Below 75th	0%
75th (threshold)	50%
90th (target)	100%
Top Company (maximum)	200%

The percentage of performance shares that will vest will be interpolated for achievement of TICR between these percentile rankings.

**EEI Group 1 Large Company Index, excluding companies without gas or nuclear operations, that report TICR results for at least one year during the 2020-2022 period*

- **TSR Performance Goal:** The vesting opportunity for the remaining one-quarter (25%) of your performance shares will be based on Duke Energy's cumulative TSR relative to that of the companies in the Philadelphia Utility Index (UTY), measured over the three calendar-year period 2021 to 2023. The chart below indicates the percentage of this portion of your performance shares that will vest based on a determination of achievement at the specified percentile rankings:

TSR Percentile Ranking vs. UTY	% of Target Shares Vested
Below 25th	0%
25th (threshold)	50%
55th (target)	100%
90th or higher (maximum)	200%

The percentage of performance shares that will vest will be interpolated for achievement of TSR between these percentile rankings.

In addition, if Duke Energy's cumulative TSR is at least 15% during the performance period, the payout for the TSR portion cannot be less than 30% of target shares, and if Duke Energy's TSR is negative during the performance period, the payout cannot exceed the target level (i.e., 100%).

About Cumulative Adjusted Basic Earnings Per Share (EPS)

What is cumulative adjusted basic EPS?

Cumulative EPS measures earnings over a specified period of time. Adjusted EPS is a company's earnings, as adjusted for "special items", divided by the number of its weighted average outstanding shares of common stock. For instance, a corporation that earned $10 million last year and has 10 million shares outstanding would report EPS of $1.

Why was cumulative adjusted EPS chosen as one of the performance measures for the 2021 performance shares?

This measure aligns the interests of executives with shareholders. Over time, increases in EPS drive shareholder value and should result in increases to Duke Energy's stock price.

How is cumulative adjusted basic EPS calculated?

Cumulative adjusted basic EPS is calculated by adding the actual adjusted EPS results for each year during the performance period (i.e., 2021-2023).

About Total Incident Case Rate (TICR)

What is TICR?

Total Incident Case Rate, or TICR, measures the number of occupational injuries and illnesses per 100 employees, including staff augmentation workers, and is calculated as follows.

$$\text{TICR} = \frac{\text{Number of injuries X 200,000 hours}}{\text{Total Hours worked}}$$

The TICR performance goal under the 2021 Executive LTI Plan is based on the number of injuries and hours worked measured over the three calendar-year period (2021-2023).

Why was TICR chosen as one of the performance measures for the 2021 performance shares?

Safety is a core value for our company. In addition, research shows that the discipline necessary to achieve high performance in safety influences all other aspects of operational excellence.

How is the TICR goal evaluated?

The TICR goal is based on how Duke Energy's TICR over the 2021-2023 performance period compares to the results of the companies in the EEI Group I Large Company Index, excluding companies without gas or nuclear operations, that report TICR results for at least one year during the 2020-2022 period.

About Total Shareholder Return (TSR)

What is Total Shareholder Return?

Total Shareholder Return is the return a shareholder earns over a specified period of time. TSR measures the change in fair market value of an initial investment in common stock, over a specified period, with dividends reinvested, and is typically expressed as an annual percentage.

The average closing price on each day during the month of December at the beginning and ending of the performance period (*i.e.*, 2020 and 2023) will be used to calculate TSR results.

Why was TSR chosen as one of the performance measure for the 2021 performance shares and how is it evaluated?

Because TSR measures the change in a shareholder's investment over a period of time, it aligns the interests of executives with shareholders. This concept is consistent with Duke Energy's focus on long-term shareholder value creation. The TSR measure under the 2021 Executive LTI Plan is measured on a relative basis (*i.e.*, as compared to the TSR of a published index of companies in the UTY).

Why was the Philadelphia Utility Index (UTY) chosen as the benchmark against which to compare Duke Energy's TSR?

The UTY is an index of companies similar to Duke Energy. When measuring Duke Energy's TSR as compared to the companies in the UTY, only those companies in the UTY on the first day of the performance period will be considered unless a company is no longer a separate publicly-traded company due to merger, acquisition or privatization.

This example illustrates how TSR is calculated for a one-year period. Keep in mind that the TSR performance goal under the 2021 Executive LTI Plan is based on TSR measured over the three calendar-year period (2021-2023) relative to the companies in the Philadelphia Utility Index.

TSR Calculation*

Month	Share Value	Dividend Reinvestment	Total Shares
Jan.1	$95.00	Not applicable	Initial investment of 100 shares = $9,500
Mar.	$95.50	100.00 shares x 0.945 = $94.50	Buy 0.99 share = 100.99 total shares
Jun.	$96.00	100.99 shares x 0.945 = $95.44	Buy 0.99 share = 101.98 total shares
Sep.	$96.50	101.98 shares x 0.945 = $96.37	Buy 1.00 share = 102.98 total shares
Dec.	$97.00	102.98 shares x 0.945 = $97.32	Buy 1.00 share = 103.98 total shares
Dec. 31	$97.50	Not applicable	103.98 shares x $97.50 = $10,138
TOTAL SHAREHOLDER RETURN = ($10,138 - $9,500) / $9,500 = 6.7%			

**The amounts reflected in the preceding example are merely intended for illustrative purposes and do not reflect any expectations or predictions by the company.*

Certification of Final Results by the Compensation and People Development Committee

Duke Energy's results with respect to the performance measures will be certified by the Compensation and People Development Committee of the Board of Directors. The Compensation and People Development Committee reserves the right to adjust or reduce payments if it determines that such action is appropriate to reflect an adjustment to the calculation of EPS (for unusual or nonrecurring items) or in connection with another change in circumstances or events. As a result, it is important to remember that the performance share results will not be officially determined until they are certified by the Compensation and People Development Committee in early 2024.

GENERAL INFORMATION

Performance shares and RSUs provide some, but not all, of the benefits of actual shares of Duke Energy common stock.

Vesting

Generally, your performance shares will become vested following a determination in early 2024 based on the extent to which the performance goals have been achieved. If, at the time of such determination, your continuous employment has not terminated (or as otherwise described in the *2021 Executive LTI Plan Summary* on page 8), up to 200% of the target number of performance shares in your award will then immediately vest, depending upon the level of goal achievement. Any shares not vested are forfeited.

Your RSUs vest, while your employment continues, according to an installment-based vesting schedule (or as otherwise described in the *2021 Executive LTI Plan Summary* on page 8). Under that schedule, one-third of your RSUs will vest on each of the first three anniversaries of the grant date.

The following provisions apply to the vesting of your performance shares and RSUs:

- Performance shares and RSUs generally are paid as soon as practicable after they vest. Certain exceptions apply in the event that such awards vest on or following your termination of employment.
- Vested performance shares and vested RSUs are paid in whole shares of Duke Energy common stock.
- The number of shares paid is reduced to satisfy your tax withholding obligation (see *Taxes* on page 7 for additional details).

Dividend Equivalents

You will receive dividend equivalent payments on your performance shares and RSUs as follows:

- For each performance share that is vested and paid, following the determination in early 2024 of whether the performance goals have been achieved, you will receive a cash payment equal to the dividends declared and paid after the grant date and before the vested performance shares are paid (i.e., the dividend equivalent). This amount is paid on an accumulated basis at the end of the three calendar-year period.
- For each unvested RSU, you will receive a cash payment equal to the cash dividend per share declared and paid on Duke Energy common stock. These amounts are paid on a current basis each quarter. Upon vesting and payment, or forfeiture of the unit, future dividend equivalent payments will end.
- Dividend equivalent payments will be included in your paycheck. They are treated as ordinary income and are, therefore, subject to tax withholding.

Stock Ownership Guidelines

Members of the Enterprise Leadership Team (ELT) are subject to the Duke Energy Stock Ownership Guideline Policy. Unvested RSUs, but not unvested performance shares, count toward your target ownership level. Actual shares of Duke Energy common stock paid to you following vesting of RSUs and performance shares that you continue to hold also count toward your target ownership level.

Voting Rights

Prior to vesting, your performance shares and RSUs do not give you shareholder voting rights because no actual shares of common stock are issued to you unless and until they vest and are paid.

Ability to Sell

You may not sell your performance shares or RSUs, but you may sell the shares of Duke Energy common stock that you receive upon vesting, subject to Duke Energy's Insider Trading Policy and, if applicable, stock ownership guidelines.

Taxes

Under current U.S. tax rules, you will incur taxable income when your vested performance shares and RSUs are paid based on the fair market value of the common stock delivered to you. This income will be included on your Form W-2. Federal income tax and any applicable state, local, Social Security and Medicare tax withholdings are required upon the vesting of your award. Your taxes will be paid by the share reduction method. You will receive the number of shares that have vested less the shares used to pay your tax withholding. Shortly after vesting, you will receive your net shares in your Fidelity brokerage account.

Keep in mind you may owe additional income taxes depending on your personal financial situation. You may wish to consult with your tax advisor to determine whether you should make additional estimated tax payments.

Example: Tax Withholding Through Reduction of Shares

You vest in 100 RSUs and are notified that the tax withholding amount due is $3,400. The shares used to pay your tax withholding are valued at fair market value (let's assume $85). The amount of Duke Energy common stock you receive would be reduced by 40 shares ($3,400/$85 = 40 shares). You would receive 60 shares in your Fidelity Brokerage account, the 100 shares that vested less the 40 shares withheld to pay your tax withholding.

CONFIDENTIAL PROPRIETARY TRADE SECRET

2021 EXECUTIVE LTI PLAN SUMMARY

The following chart summarizes the terms of your stock awards under the 2021 Executive LTI Plan.

<table>
<tr><th>Provision</th><th>Performance Shares</th><th>Restricted Stock Units (RSUs)</th></tr>
<tr><td>Grant date</td><td>February 24, 2021</td><td>February 24, 2021</td></tr>
<tr><td>Performance Goals and Vesting Opportunity</td><td>The extent to which the performance shares vest depends on achievement relative to three performance measures during the 2021-2023 performance period, as follows:
<table>
<tr><td></td><td>(50% Weighting)</td><td>(25% Weighting)</td><td>(25% Weighting)</td></tr>
<tr><td>% of Target Shares</td><td>Cumulative Adjusted Basic EPS</td><td>Duke Energy TICR vs. EEI Peer Group*</td><td>Duke TSR vs. Phil. Utility Index</td></tr>
<tr><td>0%</td><td>Below [redacted]</td><td>Below 75^{th}</td><td>Below 25^{th}</td></tr>
<tr><td>50%</td><td>[redacted]</td><td>75^{th}</td><td>25^{th}</td></tr>
<tr><td>100%</td><td>[redacted]</td><td>90^{th}</td><td>55^{th}</td></tr>
<tr><td>200%</td><td>[redacted]</td><td>Top Company</td><td>90^{th} or higher</td></tr>
</table>
* EEI Group 1 Large Company Index, excluding companies without gas or nuclear operations, that report TICR results for at least one year during the 2020-2022 period.</td><td>N/A</td></tr>
<tr><td>Vesting
• While employment continues</td><td>Following determination in early 2024 of the extent to which the performance measures have been achieved, immediate vesting of the applicable number of shares based on actual performance.</td><td>Three-year installment vesting — 1/3 of units vest each year on anniversary of grant date.</td></tr>
<tr><td>• When employment with Duke Energy and its affiliated companies terminates</td><td></td><td></td></tr>
<tr><td>- After attaining the age of 55 with 10 years of service or on account of termination by the company without cause or termination as the result of a divestiture</td><td>If on or after 12/31/23 but before determination in early 2024 that the goals have been achieved – once the determination is made, immediate vesting of applicable number of shares based on actual performance.

If before 12/31/23 – once the determination is made in early 2024 that the goals have been achieved, immediate vesting of the applicable number of shares based on actual performance, adjusted to reflect only actual 2021-2023 service.*

Shares not immediately vested are forfeited. <u>Note</u>: Special vesting rules apply to certain participants. You will be notified if these rules apply to you.</td><td>Units in award are reduced to reflect only actual service during the installment vesting period** and become immediately vested and paid to the extent not previously vested.

Units not previously or immediately vested are forfeited.</td></tr>
<tr><td>- On account of death/disability</td><td>If on or after 12/31/23 but before determination in early 2024 that the goals have been achieved – once the determination is made, immediate vesting of applicable number of shares based on actual performance.

If before 12/31/23 – once the determination is made in early 2024 that the goals have been achieved, immediate vesting of the applicable number of shares based on actual performance, adjusted to reflect only actual 2021-2023 service.*

Shares not immediately vested are forfeited.</td><td>Units become immediately vested and paid.</td></tr>
<tr><td>- Other than after attaining the age of 55 with 10 years of service or on account of death/disability/termination by company without cause/divestiture</td><td>If before 12/31/23, all shares are forfeited.</td><td>Vesting ends — units not previously vested are forfeited.</td></tr>
<tr><td>Dividend Equivalents</td><td>Following determination in early 2024 that the goals have been achieved, for each performance share that becomes vested, payment will be in an amount equal to the aggregate cash dividends on a share of Duke Energy common stock previously declared and paid after the grant date and before the vested performance share is paid.</td><td>Quarterly payments on unvested units that have not been forfeited are paid when common stock cash dividends are declared and paid.</td></tr>
</table>

** Calculated based on number of days of actual service, divided by the total number of days in the 2021-2023 period*

*** Calculated based on number of days of actual service from the grant date divided by the total number of days in the period from the grant date to the third anniversary of the grant date*

CONTACT INFORMATION

Resources
If you have specific questions about the Executive LTI Plan, you may contact:

Scott Smith
Director, Executive Rewards and Compensation
980.373.7178
scott.smith6@duke-energy.com

Brian Callahan
Executive Rewards
859.801.5975
brian.callahan@duke-energy.com

If you have general questions regarding RSUs or performance shares, you may contact:

Fidelity Stock Plan Services, LLC
Toll free: 800.376.4015
www.netbenefits.com

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

The Electronic Application of Duke Energy Kentucky, Inc., for: 1) An Adjustment of the Natural Gas Rates; 2) Approval of New Tariffs; and 3) All Other Required Approvals, Waivers, and Relief.	)))))	Case No. 2021-00190

DIRECT TESTIMONY OF

BRIAN R. WEISKER

ON BEHALF OF

DUKE ENERGY KENTUCKY, INC.

June 1, 2021

TABLE OF CONTENTS

PAGE

I. INTRODUCTION AND PURPOSE

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Brian R. Weisker and my business address is 4720 Piedmont Row Drive, Charlotte, North Carolina 28210.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Duke Energy Business Services LLC (DEBS) as Senior Vice President, Chief Operating Officer Natural Gas. DEBS provides various administrative and other services to Duke Energy Kentucky, Inc. (Duke Energy Kentucky or Company) and other affiliated companies of Duke Energy Corporation (Duke Energy).

Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATION AND PROFESSIONAL EXPERIENCE.

A. I received a Bachelor of Sciences degree from the United States Naval Academy in 1994 and an MBA degree from Tulane University in 2001. From 1996 through 2002, I worked in the United States Navy as a Division Officer, an Assistant Professor of Naval Science and as a Navigation/Operations Department Head. From 2002 through 2006, I worked at Cinergy as a Manager. In 2006, I became a power plant Station Manager following Duke Energy's acquisition of Cinergy. In 2014, I became General Manager of Carolina West Outages & Maintenance Services. In 2015, I became Vice President of Coal Combustion Products Operations & Maintenance. In 2018, I became Vice President of Natural Gas Operational Excellence within Duke Energy's Natural Gas Business Unit. In

January 2020, I assumed my current role as Senior Vice President and Chief Operating Officer of Duke Energy's Natural Gas Business Unit.

Q. PLEASE DESCRIBE YOUR DUTIES AS SENIOR VICE PRESIDENT, CHIEF OPERATING OFFICER NATURAL GAS.

A. I am responsible for safe, reliable and efficient natural gas delivery, safe work execution, investment prioritization, and compliance with all state and federal natural gas regulations for the Natural Gas Business Unit within Duke Energy.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION?

A. No.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The purpose of my testimony is to provide an overview of Duke Energy's Natural Gas Business Unit and Duke Energy Kentucky's natural gas utility operations. I also discuss the major safety, reliability and efficiency initiatives for the Company's natural gas operations. In doing so, I discuss the progress of and changes to Duke Energy Kentucky's safety initiatives: the Transmission Integrity Management Program and the Distribution Integrity Management Program. I discuss the major investments in Duke Energy Kentucky's natural gas operations since the Company's last natural gas base rate case, including, but not limited to, Duke Energy Kentucky's UL-60 natural gas pipeline that was approved in Case No. 2019-00388.

I support the operation and maintenance (O&M), purchased fuel mixture information and purchased gas expense for the base period and the forecasted test period. I discuss how the gas capital expenditure budget is prepared and I support the natural gas capital budget, including retirements, supplied to Ms. Motsinger for her preparation of the Company's forecast. I describe and explain the Company's efforts to comply with regulations promulgated by the U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration (PHMSA) and support the Company's request to implement its proposed Governmental Mandate Adjustment mechanism (Rider GMA).

I sponsor and support data provided in satisfaction of Filing Requirements (FR) 16(7)(b), FR 16(7)(d), FR 16(7)(f) and FR 16(7)(g). Finally, I sponsor Filing Requirement (FR) 16(7)(h)(8), which provides the mix of gas supply utilized in the financial forecast, and the O&M information relied on by Ms. Motsinger.

II. DUKE ENERGY'S NATURAL GAS BUSINESS UNIT

Q. PLEASE DESCRIBE DUKE ENERGY'S NATURAL GAS BUSINESS UNIT.

A. The Natural Gas Business Unit is responsible for ensuring safe, reliable, adequate, reasonable, and affordable natural gas service to Duke Energy Kentucky's customers and that these services are provided in accordance with applicable federal and state laws and regulations. The Natural Gas Business Unit is designed to maintain and expand customer-centered strategies and support models, and to enable organic growth by focusing on the customer and core values. This is accomplished through engaging and enabling our workforce by establishing clear metric driven accountabilities, facilitating people development, linking workforce strategies to our goals of safe, reliable, adequate, reasonable and affordable service. The Natural Gas Business Unit employs approximately 1,950 individuals who manage the day-to-day operations of the Kentucky, Ohio, Tennessee, North Carolina, and South Carolina businesses. Additionally, the Natural Gas Business Unit has approximately 2,500 contract employees to assist in our mission.

Duke Energy's Natural Gas Business Unit is organized into four major segments which are further defined by function within each segment. The four major segments of the Natural Gas Business Unit are Utility Operations, Sales and Delivery, Customer Service, and Regulatory and Community Relations.

A. THE UTILITY OPERATIONS SEGMENT

Q. PLEASE DISCUSS THE NATURAL GAS BUSINESS UNIT'S UTILITY OPERATIONS SEGMENT.

A. Utility Operations is responsible for safe and reliable natural gas delivery, safe work execution, investment prioritization, and compliance at an affordable cost. Utility Operations is defined by six functions: Pipeline Operations, Asset Management and Engineering, Major Projects, Operations, Operations Support, and Operational Excellence.

Q. PLEASE DESCRIBE THE PIPELINE OPERATIONS FUNCTION.

A. Pipeline Operations is responsible for natural gas control operations and emergency response for the natural gas network, including transmission and distribution systems, the safe and reliable delivery of natural gas into the system, and measurement and regulation of natural gas into the system This team provides oversight of natural gas control, maintenance of SCADA applications, coordination of SCADA activities, and operations and maintenance of all compression, Liquefied Natural Gas (LNG) and propane peaking facilities.

Q. PLEASE DESCRIBE THE ASSET MANAGEMENT AND ENGINEERING FUNCTION.

A. The Asset Management and Engineering function is responsible for investment prioritization and compliance, which enables the business unit to gain O&M and capital efficiency while reducing risk. This team provides risk analysis of investments and focus on records and data. They also facilitate the upkeep of standards and reporting, optimize long term planning, and provide a central engineering organization of technical skill.

Q. PLEASE DESCRIBE THE MAJOR PROJECTS FUNCTION.

A. Major Projects is responsible for project management, implementation and Project Management Office (PMO) activities on the natural gas transmission pipeline, facilities, privatization, compression and LNG infrastructure.

Q. PLEASE DESCRIBE THE OPERATIONS FUNCTION.

A. Operations is responsible for distribution construction, operations and maintenance, and fabrication/welding. This team provides the appropriate level of project and contractor management for the construction of the distribution system that align with industry standards. In addition, this team provides singular accountability on work planning and system matters from central direction and ensures regional collaboration while meeting all compliance standards.

Q. PLEASE DESCRIBE THE OPERATIONS SUPPORT FUNCTION.

A. Operations Support is responsible for work and resource planning and management to ensure performance and continuous improvement. This team provides overall support to core natural gas functions. This team manages distribution resource performance, scheduling/dispatch, work management, technical training, continuous improvement, as well as application and configuration support activities. It is also responsible for IT project governance.

Q. PLEASE DESCRIBE THE OPERATIONAL EXCELLENCE FUNCTION.

A. Natural Gas Operational Excellence is responsible for compliance management, regulatory audit facilitation, employee and contractor operator qualification programs, and for quality assurance and management. This team manages both state and federal compliance programs, develops and manages the operator qualification program for employees and contractors performing work on the natural gas system, and develops and implements a quality management program for operations and construction.

B. <u>NATURAL GAS BUSINESS UNIT'S SALES AND DELIVERY SEGMENT</u>

Q. PLEASE DESCRIBE THE SALES AND DELIVERY SEGMENT.

A. Sales and Delivery Segment is primarily responsible for driving customer growth through system expansion projects designed to serve new construction residential and commercial markets in addition to existing homes and businesses desiring to convert to natural gas from alternative fuel sources. The Sales and Delivery Segment is also responsible for initiating and administering projects and contracts to serve large industrial end users and gas-fired power generation facilities across the Company's footprint as well as contracts for off-system natural gas deliveries to directly connected municipal customers.

C. NATURAL GAS BUSINESS UNIT'S CUSTOMER SERVICE SEGMENT

Q. PLEASE DESCRIBE THE CUSTOMER SERVICE FUNCTION.

A. Customer Service is responsible for planning, scheduling, controlling and managing field customer service activities to meet or exceed customer expectations and maintain compliance while meeting financial targets without jeopardizing safety. Customer Service activities include providing first responder resources to natural gas emergencies, serving as customer facing field technicians, and performing compliance work on above ground appurtenances. Examples of work performed at the request of customers includes turning on/off natural gas service at the meter, transferring service from one customer to another (also known as succession requests), and setting meters for new customers. Examples of compliance work performed include leak surveys of designated buildings and meter age changes.

In addition, customer satisfaction is monitored and measured using surveys at various levels (transaction, employee, company levels). Customer feedback is also gathered and utilized to support efforts to continuously improve customer satisfaction.

D. NATURAL GAS BUSINESS UNIT'S REGULATORY AND COMMUNITY RELATIONS SEGMENT

Q. PLEASE DESCRIBE THE REGULATORY AND COMMUNITY RELATIONS SEGMENT.

A. The Regulatory and Community Relations Segment contains several functional areas, including Natural Gas Supply Optimization, Regulatory and Community Relations.

The Natural Gas Supply Optimization Function is responsible for: 1) Pipeline Services; 2) Natural Gas Scheduling; 3) Citygate Operations; and 4) Natural Gas Trading. The Pipeline Services division is responsible for all aspects of Duke Energy Kentucky's pipeline management including capacity planning, forecasting, and oversight of Federal activities. Citygate Operations is responsible for management of third-party shipper business on the Duke Energy Kentucky system. As the name implies, the Natural Gas Scheduling group is responsible for scheduling all physical wholesale natural gas sales and purchases for Duke Energy Kentucky. Finally, Natural Gas Trading procures physical natural gas supply to meet customers' demands, ensures optimal storage levels to meet current and forecasted demand, and when not needed, optimizes pipeline, storage and supply assets.

The Regulatory function is responsible for regulatory reporting and other rate and tariff support activities, including rate adjustment support. These activities for Kentucky and Ohio are supported by the President of Duke Energy Kentucky and Duke Energy Ohio and the utility's rate departments.

Finally, the Community Relations function provides stakeholder engagement to enhance community relations within the locations served by the Natural Gas Business Unit. These activities for Kentucky and Ohio are supported by the President of Duke Energy Kentucky and Duke Energy Ohio.

III. DUKE ENERGY KENTUCKY'S LOCAL NATURAL GAS UTILITY OPERATIONS

Q. PLEASE DESCRIBE DUKE ENERGY KENTUCKY'S LOCAL NATURAL GAS OPERATIONS.

A. Duke Energy Kentucky serves a relatively densely populated territory that, though not heavily industrialized, consists of a diverse mix of industrial customers. Duke Energy Kentucky currently provides natural gas distribution service to customers in Boone, Bracken, Campbell, Gallatin, Grant, Kenton and Pendleton counties in northern Kentucky. Duke Energy Kentucky has approximately 1,502 miles of gas mains on its natural gas distribution system. There are approximately 400 employees in Duke Energy's Natural Gas Business Unit located in Kentucky and Ohio, many of whom perform services for Duke Energy Kentucky. The capital expenditures for Duke Energy Kentucky's natural gas operations in 2020 were approximately $79 million.

Duke Energy Kentucky purchases and delivers natural gas to approximately 102,422 customers.

Q. PLEASE SUMMARIZE HOW DUKE ENERGY KENTUCKY PROCURES NATURAL GAS.

A. During the 2020/2021 winter period, Duke Energy Kentucky purchased all of its gas supply under a firm supply contract from its asset manager and firm city gate peaking from marketers. These firm agreements are composed of swing supply agreements which provide Duke Energy Kentucky the flexibility to accommodate daily temperature-sensitive fluctuations in customer demand. Duke Energy Kentucky sources its asset management contract through a competitive bidding process to enable it to obtain the optimal mix of price and asset management value for its customers.

Duke Energy Kentucky contracts with interstate pipelines for firm transportation and storage services. During 2020, Duke Energy Kentucky contracted for firm transportation and storage services with Columbia Gas Transmission Corporation (Columbia Gas). Duke Energy Kentucky also contracted for firm transportation service from Tennessee Gas Pipeline Company (Tennessee Pipeline), Columbia Gulf Transmission Corporation (Columbia Gulf), Texas Gas Transmission Company and KO Transmission Corporation. This diverse group of interstate pipeline companies allows Duke Energy Kentucky to negotiate lower transportation rates than it otherwise would be able to obtain from a smaller group of transportation providers.

The Company's natural gas procurement policies and practices have traditionally resulted in competitive gas cost adjustment (GCA) rates in the Commonwealth. Using techniques such as "expected value analysis" and *Monte Carlo* simulation, Duke Energy Kentucky has successfully made the transition from being a pre-Order 636[1] pipeline-supply dependent customer to an independent, aggressive buyer managing a diversified gas supply portfolio.

Duke Energy Kentucky has used asset management agreements, where the Company has contracted with a third-party, to provide Duke Energy Kentucky's gas supply and to manage interstate pipeline transportation contracts and storage in exchange for a monthly fee that the asset manager credits to Duke Energy Kentucky. This fee, which Duke Energy Kentucky flows through 100 percent to customers through the quarterly GCA, allows Duke Energy Kentucky to optimize the value of these assets.

Q. WHAT STEPS HAS DUKE ENERGY KENTUCKY TAKEN TO HELP ASSURE THAT NATURAL GAS COSTS ARE REASONABLE?

A. Duke Energy Kentucky utilizes a "Best Cost" approach to purchasing natural gas. This approach involves five components: the price of natural gas, the security of natural gas supply, the flexibility of natural gas supply, natural gas deliverability, and supplier relationships. Duke Energy Kentucky has taken a number of steps to manage its natural gas costs consistent with its best cost policy including active participation at FERC, restructuring of supply and capacity contracts to adjust to market conditions, and utilizing an asset manager to promote more efficient use of its system and of its capacity and commodity rights.

Additionally, the Company offers various bill management and payment options to assist customers with managing their Duke Energy Kentucky bills. Company witness Amy B. Spiller describes these options in her testimony.

[1] Docket No. RD91-11-000 In Re Pipeline Service Obligations and Revisions to Regulations Governing Self-Implementing Transportation Under Part 284 of the Commission's Regulations. (FERC Order No. 636).

IV. SYSTEM SAFETY, INTEGRITY, RELIABILITY AND EFFICIENCY INITIATIVES

Q. PLEASE IDENTIFY THE REGULATIONS THAT DRIVE DUKE ENERGY KENTUCKY'S DISTRIBUTION AND TRANSMISSION INTEGRITY MANAGEMENT INITIATIVES.

A. Natural gas local distribution companies are required by federal regulations to ensure that natural gas infrastructure is fit for service. These regulations, Code of Federal Regulations (CFR) Part 192, are administered by PHMSA.

CFR 192 Subpart P – Gas Distribution Pipeline Integrity Management defines the required Integrity Management Program as "an overall approach by an operator to ensure the integrity of its gas distribution system" and the Company's Distribution Integrity Management Program (DIMP) addresses the requirements.

CFR 192 Subpart O – Gas Transmission Pipeline Integrity Management states that "an operator of a covered pipeline segment must develop and follow a written integrity management program that contains all the elements described in §192.911 and that addresses the risks on each covered transmission pipeline segment" and the Company's Transmission Integrity Management Program (TIMP) addresses the requirements.

Q. WHY IS DISTRIBUTION AND TRANSMISSION INTEGRITY MANAGEMENT IMPORTANT?

A. As stated previously, integrity management is an overall approach to ensure the integrity and enhance the safety of the natural gas distribution and transmission system. These regulations impose upon the Company an obligation to continuously evaluate the reliability of its natural gas distribution and transmission system and to maintain and improve its safety and performance.

Q. PLEASE DESCRIBE DUKE ENERGY KENTUCKY'S CURRENT DIMP.

A. Duke Energy Kentucky's DIMP is summarized in a written document that meets all the requirements of CFR 192 Subpart P – Gas Distribution Pipeline Integrity Management and follows the following seven elements outlined in the regulation:

1) Knowledge of the natural gas distribution system;
2) Identify threats;
3) Evaluate and rank risk;
4) Identify and implement measures to address risks;
5) Measure performance, monitor results, and evaluate effectiveness;
6) Periodic evaluation and improvement; and
7) Report results.

These elements support the basis of the DIMP and provide direction in evaluating initiatives to reduce risks in the distribution system.

Q. PLEASE EXPLAIN HOW DUKE ENERGY KENTUCKY IDENTIFIES, DESIGNS, PRIORITIZES, AND IMPLEMENTS PROJECTS BASED ON ITS DIMP.

A. Duke Energy Kentucky identifies, evaluates, and ranks risks in its distribution system and prioritizes measures to address these risks based on a relative risk model that takes into consideration threats to the system as defined in CFR 192.1007, which include corrosion, natural forces, excavation damage, other outside force damage, material or welds, equipment failure, incorrect operations, and other issues that could threaten the integrity of the pipeline. The method used to determine the risk in Duke Energy Kentucky's distribution system is based on the relative risk associated with repaired leaks. This risk is then aggregated for the entire system. The model is configured to utilize consequence values and a probability of one for each individual leak repair. Risk is calculated for each repair along with the inclusion of facility and location data. Individual leak risk is then summed up to develop risk scores at a system level. Threats with the highest total risk scores are then reviewed to determine appropriate measures to reduce and/or eliminate the risk.

Q. PLEASE DESCRIBE THE NATURAL GAS BUSINESS UNIT'S MAJOR DISTRIBUTION INTEGRITY, SAFETY AND RELIABILITY INITIATIVES.

A. All of the activities within the Natural Gas Business Unit incorporate safety and reliability considerations. Safety and reliability are organizational responsibilities and not the purview of any one part of the organization. For example, the Natural Gas Supply Optimization group within the Regulatory and Community Relations Segment, purchases natural gas that meets current pipeline quality standards. Natural Gas Asset Management/Engineering designs and installs the Duke Energy Kentucky's natural gas system in accordance with applicable safety codes promulgated in Title 49 of the CFR. The Natural Gas Business Unit follows PHMSA and Commission safety regulations when installing, operating, and maintaining transmission and distribution facilities. This deliberate focus on safety and reliability is also demonstrated by the Company's exemplary safety record for natural gas distribution service in the Commonwealth.

In addition to these daily safety measures, the Natural Gas Business Unit is constantly exploring opportunities for implementation of programs that focus on safety and reliability, all of which are relevant to these proceedings. The first such program was Duke Energy Kentucky's very successful Accelerated Main Replacement Program (AMRP), which was designed to replace the Company's cast iron and bare steel mains and associated services on an accelerated basis. The AMRP significantly reduced leak repairs on Duke Energy Kentucky's natural gas distribution system and the costs associated with such repairs. Duke Energy Kentucky was the first natural gas utility to implement such a program and operated the program such that it was completed on schedule. Duke Energy Kentucky maintained a replacement rate that allowed it to complete the program by 2010, as originally anticipated. Additionally, Duke Energy Kentucky efficiently managed the program by awarding the construction contracts for the AMRP through an annual bidding process. This allowed Duke Energy Kentucky to reduce the program costs.

The second, major program was the Accelerated Riser Replacement Program (RRP), which was designed to replace certain types of service head adapter-style risers that have been associated with riser leaks. The RRP was completed in 2012.

The third major program was the Accelerated Service Replacement Program (ASRP). The ASRP, like its predecessor AMRP, was designed to replace out of date and aging natural gas delivery service line (main to curb and curb to meter) infrastructure that had a high likelihood of developing leaks or even failure. By installing new and current industry standard facilities, the ASRP improved safety and reliability of the natural gas delivery system. As a component to the ASRP, the Company assumed ownership of these services replaced. Rider ASRP was implemented in 2016 as a five-year program. Duke Energy Kentucky worked diligently to manage the costs of this program and completed this program in 2019.

Finally, Duke Energy Kentucky has been focused on Integrity Management, which is a comprehensive, risk-based approach to managing pipeline safety that is required for both transmission and distribution systems. Again, integrity management requires the entire organization's focus.

Q. PLEASE EXPLAIN THE TRANSMISSION INTEGRITY MANAGEMENT PROGRAM (TIMP).

A. Duke Energy Kentucky's TIMP is summarized in a written document that meets all the requirements of CFR 192 Subpart O – Gas Transmission Pipeline Integrity Management. TIMP consists of these high-level steps:

1) High Consequence Area (HCA) identification;

2) Threat identification;

3) Risk Assessment;

4) Baseline and Reassessment Planning;

5) Assessments;

6) Response to assessment findings;

7) Prevention and Mitigation; and

8) Improve.

As a whole, this is a continuous evaluation and assessment process. As stated in 49 CFR 192, "An operator's initial integrity management program begins with a framework and evolves into a more detailed and comprehensive integrity management program, as information is gained and incorporated into the program. An operator must make continual improvements to its program."

PHMSA emphasizes the importance of the operator's management responsibility to fully understand and acknowledge the implications of these program evaluations and to take the necessary steps to address deficiencies and make continuous program improvements. Program evaluation is one of the key required program elements established in the Integrity Management rules. Additionally, operator senior management is required to certify the TIMP performance information submitted annually to PHMSA.

Q. PLEASE DESCRIBE THE NATURAL GAS BUSINESS UNIT'S MAJOR TRANSMISSION INTEGRITY, SAFETY AND RELIABILITY INITIATIVES.

A. Currently, Duke Energy Kentucky uses direct assessment techniques as the primary method of integrity assessments. The data collected from these methods are limited and do not cover all potential threats. Increasing the percent of in-line inspection (ILI) and pressure test assessment methods to align with known threats provides more data for detecting defects and is a requirement of federal regulations and prudent operations. An ILI/Hydrotest capability study was recently completed which will aid in determining how to retrofit existing pipelines for ILI is necessary.

In compliance with Pipeline Safety Act of 2011 (Public Law 112-90), to maintain the integrity of its natural gas delivery system, and to ensure that it continues to operate the system at the appropriate maximum allowable operating pressure (MAOP), Duke Energy Kentucky conducted a very thorough segment-by-segment review for all transmission pipelines and facilities. Gaps were identified in records that are used to support MAOP's for the pipelines that resulted in pressures being adjusted and capital projects developed to bring the system back to full operating pressure. Pressure testing of some existing transmission pipeline segments must be performed in order to provide traceable, verifiable, and complete documentation to support all MAOP pursuant to CFR Title 49 Part 192.619 and 192.501. This was specifically emphasized in the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 passed by Congress on December 13, 2011, in response to the gas pipeline incident that occurred in San Bruno, California in 2010. In addition, pressure testing addresses the requirement in CFR Title 49 Part 192, Subpart O, which covers Transmission Integrity Management, to assess unstable manufacturing and construction defects. Using the data from the review, Duke Energy Kentucky has developed work plans for addressing each segment with inadequate records. The verification process includes developing a plan segment by segment, ranking the importance of each segment, planning a schedule for the work to be conducted based on importance and resource logistics, and execution of the work. During this work, no major interruptions are planned to service to Duke Energy Kentucky customers and the Company will inform stakeholders of the work.

Q. HOW HAS THE NATURAL GAS BUSINESS UNIT PERFORMED ON ITS MAJOR SAFETY AND RELIABILITY MEASURES?

A. Duke Energy's Natural Gas Business Unit in Kentucky and Ohio have consistently performed as a leader in safety. Duke Energy was honored as an industry leader in employee safety having received the American Gas Association (AGA) Safety Achievement Award for achieving below industry average DART (Days Away, Restricted, or Transferred) incident rate in 2020. In addition, Duke Energy's OSHA Total Incident Case Rate (TICR) was in the top 10% of our AGA peer group in 2020.

The Natural Gas Business Unit's major safety and reliability measures are excavation damages and leaks repaired for its gas distribution system. Duke Energy Kentucky's number of leaks identified and repaired has declined significantly with the programs implemented, from a recent peak in 2014 to an approximate 72 percent reduction in 2020. The backlog of leaks requiring repair has decreased by 92% over this same timeline. The Company's safety and reliability programs have resulted in a significant reduction in the number of system damages due to excavation. For example, in 2011, the Company experienced approximately 6.69 damages per thousand locates. In the first 3 months of 2021, this number has been reduced to 1.08.

Q. PLEASE DISCUSS THE COMPANY'S EFFICIENT MANAGEMENT OF ITS NATURAL GAS BUSINESS UNIT.

A. Duke Energy Kentucky has aggressively investigated and, where justified, implemented new products, technologies, and work methods to increase our productivity. Duke Energy Kentucky and Ohio participate in the AGA's Gas Utility Operations Best Practices Benchmarking Program. In this program, gas distribution companies from the United States and Canada routinely benchmark three to five distribution operations topics each year. Duke Energy Kentucky has implemented process improvements and utilized new technology, materials, and equipment as a result of what it has learned through participating in this program.

Similarly, Duke Energy Kentucky shares its practices with the other participating AGA members. As a result of this information exchange, Duke Energy's Gas Operations was recognized as a unique performer due to the AMRP and was selected to present at the AGA's Distribution Best Practices Roundtable for Main and Service Replacements in both 2007 and 2010. In addition, Duke Energy's Gas Operations was selected to present at the AGA's Best Practices Roundtable for Leak Management in 2011, based on Duke Energy Gas Operations' top quartile performance in the following areas: (1) jurisdictional leaks found by leak survey per total jurisdictional leaks reported; (2) total leak survey cost per mile of mains and services surveyed; (3) service repair labor hours per service leak repaired; and (4) leak repair total cost per leak repaired.

Duke Energy was again selected to present at the AGA's Gas Utility Operations Best Practices Roundtable for Leak Management in 2014, based on

Duke Energy top quartile performance in 2013 the following areas: (1) jurisdictional leaks found by leak survey; (2) number of open leaks at the end of the year per 1000 miles of mains and services; (3) number of open leaks at the end of the year per 1000 customers; (4) average age at year end of Grade II leaks in calendar days; and (5) percent of services surveyed in 2013. Duke Energy was also selected in 2014 to present at the AGA's Best Practices Roundtable for Damage Prevention, Marking and Locating for improvements made in our damage prevention program since the previous benchmark in 2011.

The Company also participates in the AGA Peer to Peer review program. This voluntary safety initiative is for local natural gas utilities throughout North America. The National AGA Peer Review Program is a peer-to-peer safety and operational practices review program that allows AGA member companies to observe their peers, share leading practices and identify opportunities to better serve customers and communities.

Q. CAN YOU PLEASE BRIEFLY EXPLAIN THE CHANGES IN STATE OR FEDERAL REGULATIONS THAT HAVE OCCURRED IN RECENT YEARS THAT IMPACT THE COMPANY'S NATURAL GAS BUSINESS UNIT?

A. In December 2011, Congress passed the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011, an amendment of Title 49 United States Code 60101 (Pipeline Safety Act of 2011). The resulting federal regulations required more stringent safety and reliability protocols for both Department of Transportation and Owners/Operators. Among other things, the Pipeline Safety

Act of 2011, and advisory bulletins by PHMSA clarified expectations of requirements for operators of gas transmission lines to verify accuracy of records of their system which includes providing traceable, verifiable, and complete documentation to support MAOP.

More recently, the new Transmission regulation - (§192.710) "Mega Rule" was split into three separate rules. The first part of the Mega Rule was adopted in October 2019 with an effective date of July 2020 which focused on Safety of Gas Transmission Pipelines, MAOP Reconfirmation, Expansion of Assessment Requirements, *etc.* The other two rules are pending with anticipated release dates of 2021 and beyond.

Among other things, the newly adopted Mega Rule includes expanded and ongoing assessment requirements in specifically identified areas. Additionally, the new rule reconfirms requirements for maintaining traceable, verifiable and complete records for confirming MAOP. The rule requires 50% MAOP re-confirmation be completed by July 2028 and 100% completion by July 2035. MAOP reconfirmation program documentation and associated procedures must be completed by July 2021. Finally, the new rule also contains a requirement for operators to validate pipeline component material specifications under various conditions in accordance with new regulations (Material Verification Program). Those documentation and associated procedures must be completed by July 2021. This will be an ongoing program with no end date.

These new regulations have greatly expanded the scope of impacted pipelines, in terms of overall miles of pipes, that are now subject to these regulations. Also, the reconfirmation of MAOP via pressure test records and material documentation will be an extensive effort that may result in component and pipeline replacements. The ongoing, never ending "Opportunistic" material verification effort will also impact operational costs and processes. As a general statement, the new regulatory posture is guiding operators to utilize ILI as an assessment tool going forward. To accomplish this, most pipelines must be retrofitted or replaced to accommodate the ILI tools.

Looking forward, there are additional regulations on the horizon that will likely necessitate additional investments. There is a Notice of Proposed Rule Making that will require more remote-control valves on transmission systems. Also, there are proposed regulations and an overall regulatory trend to limit the use of Direct Assessment (DA) for evaluating pipelines. This will drive operators to utilize ILI more and incur capital costs associated with retrofitting pipelines to accept ILI tools. Also, since the "Mega Rule" was split into three separate rules, the true impact of Rules #2 and #3 will not be fully understood until they are released. While these rules are necessary for enhancing the safety of the natural gas system, it cannot be ignored that they will also drive future investments, maintenance, and upgrades.

V. MAJOR INFRASTRUCTURE CAPITAL INVESTMENTS

Q. HAS THE COMPANY MADE ANY OTHER SIGNIFICANT INVESTMENTS SINCE ITS LAST NATURAL GAS GENERAL RATE CASE?

A. Yes. The Company is continually making prudent investments in its system to fulfill our mission of providing safe, reliable, efficient, adequate, reasonable, and affordable natural gas service. The most significant investment that has occurred since the Company's last natural gas base rate case is its UL-60 Natural Gas pipeline. In addition, the Company completed its Three Mile Station project.

Q. PLEASE BRIEFLY DESCRIBE THE UL-60 PROJECT.

A. In 2019, Duke Energy Kentucky received Commission authorization to commence construction of a new high pressure twenty-four-inch steel natural gas pipeline that flows north to south across the central part of the Company's service territory. The project is approximately seven miles in total length and includes four pressure regulating stations. The UL-60 pipeline will provide a primary artery for natural gas distribution south into Boone County and will be a critical and necessary restoration of pressure along the high-pressure distribution system in northern Kentucky that is required to provide reliable service during severe winter weather. The UL-60 project will also increase available capacity throughout Boone, Kenton, Grant and Gallatin Counties and will allow the greater utilization of the Company's UL57 & UL58 "Big Bone" pipeline projects to support higher growth in the southernmost sections of Boone County. The project will also enable Duke Energy Kentucky to perform future integrity management work on the nearby UL02 pipeline.

The project loops the existing pipeline UL02 to connect two existing pipeline segments on the Duke Energy Kentucky natural gas delivery system, namely, UL03 and AM07. AM07 is the primary artery that transports natural gas from upstream suppliers, extending sixteen miles to the Ohio River, and providing natural gas throughout the Duke Energy Kentucky natural gas delivery system via connected pipelines. UL02 is an approximately seven-mile pipeline fed by AM07 through Duke Energy Kentucky's Erlanger Station. UL02 terminates into the UL03 pipeline in Burlington, Kentucky. UL03 is located on the western portion of the Company's service territory and extends south approximately twenty-five miles to serve customers in Boone, Gallatin and Grant Counties.

Q. WHY WAS THE UL-60 PIPELINE PROJECT NEEDED?

A. UL-60 will add much needed supply and improved reliability in the central portion of the Company's natural gas delivery system in an area that is seeing growth. The Company must properly time its infrastructure investments to respond to anticipated needs of our customers, improve the system integrity, and to alleviate stresses to the overall distribution system. The UL-60 project was necessary to respond to the needs of our customers and maintain existing levels of quality service and enhance reliability by connecting two existing north-south pipelines with another west-east pipeline at the central part of the Company's service territory. The project will create additional natural gas pipeline capacity in areas of the service territory that were close to reaching capacity and at risk of constraints. This area was experiencing low pressure in times of high consumption and the new pipeline will alleviate this pressure issue by increasing access to supply.

Q. PLEASE DESCRIBE THE THREE MILE STATION PROJECT.

A. The Three Mile Station Project was placed in-service in June 2020 to address material obsolescence and compliance with MAOP recordkeeping requirements. In addition, the station replacement allowed us to install tool receivers which allows for the use of ILI tools to better assess the integrity of the AM00b and UL-06 pipelines in the future.

VI. OPERATIONS AND MAINTENANCE BUDGET

Q. PLEASE DISCUSS HOW DUKE ENERGY KENTUCKY'S BUDGET WAS PREPARED FOR USE IN THE COMPANY'S FORECASTED TEST PERIOD DATA.

A. The Natural Gas Business Unit prepares a detailed monthly budget every year for O&M costs. Duke Energy Kentucky reviews every aspect of the Natural Gas Business Unit's O&M activities by individual FERC account. The Company then performs a historical analysis of the O&M accounts and uses this as a starting point. The Company analyzes whether any unusual conditions caused any category of O&M costs to be higher than normal and adjusts estimates accordingly. The Natural Gas Business Unit also analyzes whether there are any new O&M activities or requirements that will occur in future years that are not reflected in previous years' costs.

Detailed estimates of O&M costs were prepared for the 2021 and 2022 annual budget, which were provided to Ms. Motsinger for her use in the preparation of the last six months of the base period and the forecasted test period in this proceeding.

VII. CAPITAL EXPENDITURE BUDGET PROCESS

Q. PLEASE GENERALLY DESCRIBE THE PROCESS FOLLOWED TO DEVELOP DUKE ENERGY KENTUCKY'S NATURAL GAS BUSINESS UNIT CAPITAL BUDGET FOR THE NEXT FIVE YEARS.

A. Ms. Motsinger supports this information in her direct testimony. Blanket projects consist of customer growth projects, equipment replacement projects, government mandated projects and capital expenditures associated with capital tools and building upgrades. Customer growth projects involve new main installations related to general growth in Duke Energy Kentucky's customer load. Prior-period customer and load growth is used to estimate how much incremental infrastructure will be required in future periods. Government mandated projects consist of street improvement projects and other construction projects Duke Energy Kentucky is required to undertake by permit.

We develop the blanket capital expenditure budget for these projects through a qualitative and quantitative review of historical data. We use historical average installation footage and determine whether any unusual factors existed during any year for the historical data, such that the data for that year should be discounted or a forecasted footage for the current year should be used. We then prepare a five-year future look. We use specific cost projections related to a particular project, to the extent that such information is available. For example, government entities notify us about many street improvement projects well in advance, and we prepare the capital budget for these items by incorporating the projected cost for the known parameters of these projects.

Specific projects are larger projects that Duke Energy Kentucky can identify in advance which are needed to maintain the integrity of the system, strengthen infrastructure to meet design-day requirements, or are initiated by governmental entities for public improvements. Integrity projects consist of casing projects, corrosion control and general transmission and distribution integrity projects required to maintain a safe pipeline system. The Three Mile Station is one such project. These projects are driven by prior-period O&M work done to inspect the system for safety and reliability. System infrastructure projects are projected by computer modeling when areas of the distribution system have deficient minimum pressure levels.

Phase 1 of the UL-60 project was identified in this manner and was necessary to support the high growth area of northern Kentucky and subsequent systems moving south. This pipeline serves areas surrounding the Northern Kentucky/Greater Cincinnati airport. We budget for specific projects based on engineering cost estimating methods for labor and material costs, based on the known scope for each project. The costs are generated by historical costing data based on past projects and adjusting to current resource and material trends.

The Company prepares a five-year forecast for these capital expenditures, including retirements, each year. This information is used for the annual budget and the five-year forecasts discussed by Ms. Motsinger. The Natural Gas Business Unit is responsible for preparing the capital expenditures budget (except for natural gas meters, information technology and corporate initiatives) used by Ms. Motsinger to develop the forecasted test period financial data. I am also responsible for reviewing the capital expenditure budget (except for natural gas meters, information technology and corporate initiatives) for 2021, 2022 and 2023.

VIII. GOVERNMENTAL MANDATE ADJUSTMENT MECHANISM

Q. PLEASE BRIEFLY SUMMARIZE THE COMPANY'S PROPOSAL FOR A GOVERNMENTAL MANDATE ADJUSTMENT MECHANISM (RIDER GMA).

A. As explained by Company President Amy Spiller in her Direct Testimony, Duke Energy Kentucky is proposing a new adjustment mechanism in this proceeding to allow the Company to efficiently respond to governmental mandates such as changes in tax laws, and other federal, state or local regulations and directives impacting the Company's natural gas service that necessitate natural gas pipeline replacements. Company witness John Panizza describes the issues involving tax law changes, and Ms. Spiller and Company witness Sarah Lawler describe the Rider GMA proposal in greater detail.

Q. PLEASE DESCRIBE THE TYPES OF INVESTMENTS THAT WOULD BE ELIGIBLE FOR RECOVERY UNDER RIDER GMA THAT ARE BY CHANGES IN FEDERAL OR STATE REGULATIONS.

A. As it relates to pipeline replacements, Duke Energy Kentucky must respond to changes in federal or state regulations that necessitate replacement of older infrastructure that either does not meet, or cannot be proven to meet, new standards, or newer interpretations of existing standards. Rider GMA will provide the mechanism to enable the Company to recover these investments through smaller, but more frequent adjustments, than what would occur through an expensive and time-consuming base rate case proceeding.

For example, Duke Energy Kentucky is anticipating a need to replace certain sections of its AM07 pipeline, and associated regulator stations, that runs through its Northern Kentucky territory over the next few years. The driver of this replacement is the PHMSA Mega Rule that went into effect in July 2020. The AM07 replacement project impacts approximately 14 miles of natural gas pipeline and was constructed in the 1950's, in accordance with existing regulations at the time. However, AM07 is of a vintage where the materials are no longer industry standard. The AM07 pipeline is not "piggable," meaning it cannot be inspected for internal corrosion, and the records that exist do not meet current PHMSA standards for traceable and verifiable and complete records. PHMSA regulations encourage the replacement of the type of material that was used to construct the AM07 pipeline.

Q. WHAT IS THE ANTICIPATED TIMING FOR THE REPLACEMENT OF AM07 PIPELINE?

A. Duke Energy Kentucky anticipates replacing the AM07 pipeline in multiple phases, over the next several years, with anticipated completion by 2028. The

Company anticipates commencing construction of the first phase in late 2022/ early 2023, upon approval of a CPCN. The Company anticipates filing its CPCN in late 2021 or early 2022. The first phase of the AM07 pipeline replacement is not expected to go into service during the test year of this case and no capital is included in the test year associated with this pipeline replacement.

Q. WHY IS RIDER GMA REASONABLE FOR A PROJECT LIKE AM07?

A. As I previously stated, the project is a replacement of approximately 14 miles of natural gas piping over the next seven to eight years. By spacing this pipeline replacement project out into smaller phases and layering in the cost recovery through smaller adjustments with Rider GMA, the Company can better manage rate impacts to customers, which would be significant if the Company waited until the project was completed and fully in service. Additionally, annual Rider GMA application filings would be less expensive and time consuming than the alternative which would be multiple, successive, full base rate case proceedings.

Q. HOW DOES THE COMPANY DETERMINE WHETHER NATURAL GAS CONSTRUCTION PROJECTS REQUIRE A CPCN?

A. The natural gas team meets with the Company's regulatory and legal experts to discuss upcoming large projects that are in the Company's plan. Routine work such as service line extensions, new service for developments, municipal relocations, and minor replacement of aging existing infrastructure that are not a significant capital impact do not typically rise to the level of needing a CPCN. For significant capital-intensive construction projects, such as the Company's Big Bone pipeline that was approved by the Commission in 2016, or the UL-60 pipeline approved in 2019, and that are designed for enhancing the overall natural gas delivery system, the Company seeks CPCN approval.

Q. WILL DUKE ENERGY KENTUCKY FILE CPCNS FOR PROJECTS TO BE INCLUDED IN RIDER GMA?

A. Again, it is my understanding that CPCNs are not required for each and every construction project, as long as it is considered to be an ordinary extension of the utility's system in the ordinary course of business. That said, for significant projects such as the upcoming AM07 pipeline replacement that are driven by Federal regulations and require significant investment on the part of the Company, yes, the Company will seek CPCN approval. That said, even for projects that do not require a CPCN, as explained by Ms. Lawler, the Company will first apply to the Commission before including those projects for recovery in Rider GMA.

IX. <u>SCHEDULES SPONSORED BY WITNESS</u>

Q. WHAT PORTIONS OF THE COMPANY'S FILING REQUIREMENTS 16(7)(d) AND 16(7)(h)(8) DO YOU SPONSOR?

A. I co-sponsor the O&M information used by Ms. Motsinger, which is the annual and monthly budget for the twelve months preceding the filing date, and the monthly budget detail used in the preparation of the base and the forecasted test period.

Q. PLEASE EXPLAIN FR 16(7)(b).

A. FR 16(7)(b) provides the budget for Duke Energy Kentucky's natural gas capital expenditures for 2021, 2022 and 2023. The Natural Gas Business Unit provided, and I reviewed the underlying information for this filing requirement, to Ms.

Motsinger, using the methodology I discussed earlier in my testimony. Ms. Motsinger used this information to prepare Duke Energy Kentucky's forecasted test period financial data.

Q. PLEASE EXPLAIN FR 16(7)(f).

A. FR 16(7)(f) requires the applicant to list all major construction projects, defined as projects five percent or more of the annual construction budget within the three-year forecast.

Q. PLEASE EXPLAIN FR 16(7)(g).

A. FR 16(7)(g) requires the applicant to list certain cost information, in aggregate form, for all other construction projects not listed on FR 16(7)(f) within the three-year forecast. The Natural Gas Business Unit provided, and I reviewed, the information for these projects, using the methodology I discussed earlier in my testimony for preparing the Natural Gas Business Unit capital expenditure budget.

X. CONCLUSION

Q. WERE (FR) 16(7)(b), FR 16(7)(f), FR 16(7)(g), (FR) 16(7)(h)(8) AND THE INFORMATION YOU PROVIDED TO MS. MOTSINGER FOR (FR) 16(7)(d) OBTAINED OR PREPARED BY YOU OR UNDER YOUR DIRECTION AND CONTROL?

A. Yes.

Q. DOES THIS CONCLUDE YOUR PRE-FILED DIRECT TESTIMONY?

A. Yes.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

The Electronic Application of Duke Energy Kentucky, Inc., for: 1) An Adjustment of the Natural Gas Rates; 2) Approval of New Tariffs; and 3) All Other Required Approvals, Waivers, and Relief.	))))))	Case No. 2021-00190

DIRECT TESTIMONY OF

JAMES E. ZIOLKOWSKI

ON BEHALF OF

DUKE ENERGY KENTUCKY, INC.

June 1, 2021

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I. INTRODUCTION AND PURPOSE

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is James E. Ziolkowski and my business address is 139 East Fourth Street, Cincinnati, Ohio 45202.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Duke Energy Business Services LLC (DEBS) as Director, Rates & Regulatory Planning. DEBS provides various administrative and other services to Duke Energy Kentucky, Inc., (Duke Energy Kentucky) and other affiliated companies of Duke Energy Corporation (Duke Energy).

Q. PLEASE BRIEFLY SUMMARIZE YOUR EDUCATION AND PROFESSIONAL EXPERIENCE.

A. I received a Bachelor of Science degree in Mechanical Engineering from the U.S. Naval Academy in 1979 and a Master of Business Administration degree from Miami University in 1988. I am also a licensed Professional Engineer in the state of Ohio. I received certification as a Chartered Industrial Gas Consultant in 1994 from the Institute of Gas Technology and the American Gas Association. I have attended the EUCI Cost of Service seminar.

After graduating from the Naval Academy, I attended the Naval Nuclear Power School and other follow-on schools. I served as a nuclear-trained officer on various ships in the U.S. Navy through 1986. From 1988 through 1990, I worked for Mobil Oil Corporation as a Marine Marketing Representative in the New York City area.

I joined The Cincinnati Gas & Electric Company n/k/a Duke Energy Ohio, Inc., (Duke Energy Ohio) in 1990 as a Product Applications Engineer, in which capacity I designed and managed some of Duke Energy Ohio's demand side management programs, including Energy Audits and Interruptible Rates. From 1996 until 1998, I was an Account Engineer and worked with large customers to resolve various service-related issues, particularly in the areas of billing, metering, and demand management. In 1998, I joined the Rate Department, where I focused on rate design and tariff administration. I was appointed to my current position in January 2014.

Q. PLEASE SUMMARIZE YOUR RESPONSIBILITIES AS DIRECTOR RATES & REGULATORY PLANNING.

A. As Director Rates & Regulatory Planning, I am responsible for cost of service studies, tariff administration, billing, and revenue reporting issues in Kentucky and Ohio. I also prepare filings to modify charges and terms in the retail tariffs of both Duke Energy Kentucky and Duke Energy Ohio, and I develop rates for new services. During major rate cases, I help with the design of the new base rates. Additionally, I frequently work with Duke Energy Kentucky's and Duke Energy Ohio's customer contact and billing personnel to answer rate-related questions, and to apply the retail tariffs to specific situations. Occasionally, I meet with customers and Company representatives to explain rates or provide rate training. I also prepare reports that are required by regulatory authorities.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION?

A. Yes.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. I sponsor Schedules B-7, B-7.1, B-7.2, D-3, D-4, and D-5 in response to Filing Requirement FR 16(8)(b) and FR 16(8)(d), respectively. I also support the natural gas cost of service studies identified in response to Filing Requirement FR 16(7)(v).

II. SCHEDULES AND FILING REQUIREMENTS SPONSORED BY WITNESS

Q. PLEASE DESCRIBE SCHEDULES B-7 AND D-3.

A. These schedules report the allocation factors used to determine the jurisdictional percentages of natural gas plant, expenses, *etc.*, necessary to allocate the amount of the proposed new natural gas rates between jurisdictional and non-jurisdictional customers. These schedules indicate that 100 percent of the costs are jurisdictional, because Duke Energy Kentucky does not provide service to any non-jurisdictional natural gas customers.

Q. PLEASE DESCRIBE SCHEDULES B-7.1 AND D-4.

A. These schedules are the support for Schedules B-7 and D-3 described above. They provide the basis for the actual jurisdictional allocation factors. These schedules also show that 100 percent of Duke Energy Kentucky's natural gas costs are jurisdictional.

Q. PLEASE DESCRIBE SCHEDULES B-7.2 AND D-5.

A. These schedules explain changes made to the jurisdictional allocation from the Company's prior natural gas base rate proceeding in Case No. 2018-00261. In Duke Energy Kentucky's last natural gas rate case, 100% of its costs were also jurisdictional. As a result, there were no changes in the jurisdictional allocation factors used in this proceeding.

Q. PLEASE DESCRIBE FR 16(7)(v).

A. FR 16(7)(v) contains 12 schedules: Schedules FR 16(7)(v)-1 through FR 16(7)(v)-12 which represent the fully allocated, embedded cost of service study by rate class. I discuss these filing requirements in greater detail in my testimony below.

III. COST OF SERVICE STUDIES

Q. WHAT IS THE PURPOSE OF A COST-OF-SERVICE STUDY?

A. A cost-of-service study is an analytical tool used in traditional utility rate design to allocate costs to different classes of customers. When the process of preparing a cost-of-service study is completed, the resulting class cost-of-service study can (1) assist in determining the revenue requirement for the services offered by a utility; (2) analyze, at a very detailed level, the costs imposed on the utility's system by different classes of customers; (3) show the total costs the company incurs in serving each retail rate class, as well as the rate of return on capitalization earned from each class during the test period; and (4) establish cost responsibility that makes it possible to determine just and reasonable rates based on costs.

Q. WHAT INFORMATION DID THE COMPANY USE TO DEVELOP THE COST ALLOCATION FACTORS FOR THE COST OF SERVICE STUDIES USED IN THIS PROCEEDING?

A. The test period for this proceeding is the twelve months ending December 31, 2022, which is comprised of forecasted test period data. The development of the test period allocation factors is primarily based on historical data for the twelve months ended December 2020. Otherwise, forecasted test period information was used as appropriate. I will discuss the actual development of the various allocation factors used in this proceeding later in my testimony.

Q. PLEASE DESCRIBE THE NATURAL GAS COST OF SERVICE STUDY.

A. The natural gas cost of service study contained in Schedules FR-16(7)(v)-1 through FR-16(7)(v)-12 is an embedded, fully allocated cost of service study by rate class for the test period ended December 31, 2022. In preparing the cost of service study, I used information provided by other Company employees. The cost of service study functionalizes, classifies, and allocates cost items such as plant investment, operating expenses, and taxes to the various customer classes and calculates the revenue responsibility of each class. Finally, the cost of service study calculates the revenue responsibility of each rate class required to generate the recommended rate of return.

Q. PLEASE DESCRIBE HOW THE COST OF SERVICE STUDY IS ORGANIZED IN SCHEDULES FR-16(7)(v)-1 THROUGH SCHEDULE FR-16(7)(v)-12.

A. Each of the schedules (Schedule FR-16(7)(v)-1 through Schedule FR-16(7)(v)-12) provided in the cost of service study are organized as shown in the table below. The detailed calculation and derivation of the allocation factors utilized in the cost of service study are included in the workpapers filed in these proceedings.

Table 1		
Schedule	Page No.	Description
Schedule 1	1	Summary of Results
Schedule 2	2	Gross Plant in Service
Schedule 3	3	Depreciation Reserve
Schedule 4	4	Net Natural Gas Plant in Service
Schedule 5	5	Subtractive Rate Base Adjustments
Schedule 5.1	6	Additive Rate Base Adjustments
Schedule 5.2	7	Working Capital
Schedule 6	8	O&M Expenses
Schedule 6.1	9	O&M Expenses
Schedule 7	10	Depreciation Expense
Schedule 8	11	Taxes Other Than Income Taxes
Schedule 9	12	Federal Income Tax Based on Return
Schedule 9.1	13	State Income Tax Based on Return
Schedule 10	14	Cost of Service Computation
Schedule 11	15	ROR, Tax Rates & Special Factors
Schedule 12	16	Allocation Factors
Schedule 12.1	17	Allocation Factors
Schedule 12.2	18	Allocation Factors

Q. WHAT JURISDICTIONAL RATE CLASSES WERE USED IN THE CLASS COST OF SERVICE STUDY?

A. I used the following customer classes; RS-Residential, GS-General Service, FT-L-Firm Transportation and IT- Interruptible Transportation.

Q. WHAT ARE THE ELEMENTS OF A COST OF SERVICE STUDY?

A. Much like the components of the overall revenue requirement, the elements of a cost of service study consist of the following elements, which are allocated to each function, classification and rate class:

Operating & Maintenance Expense

\+ Depreciation

\+ Other Taxes

\+ Federal Income Tax

+ State Income Tax

+ Return (Jurisdictional Rate Base x Rate of Return (ROR))

- Revenue Credits

= Class Revenue Requirement or Cost of Service

Q. PLEASE DESCRIBE SCHEDULES FR-16(7)(v)-1 THROUGH FR-16(7)(V)-12.

A. Schedule FR-16(7)(v)-1 is a functional cost of service study that separates the cost items into the production, storage and distribution functions. In this case, no costs were functionalized as storage. Costs were functionalized as either production-related or distribution-related.

Schedule FR-16(7)(v)-2 classifies the production function into the demand, commodity, and customer classifications. In this filing, all of the production costs are classified as commodity.

Schedule FR-16(7)(v)-3 allocates the production commodity costs to the four retail rates.

Schedule FR-16(7)(v)-4 classifies the distribution function into demand, commodity, and customer classifications. In this filing, no distribution costs are classified as commodity.

Schedule FR-16(7)(v)-5 allocates the distribution demand costs to the four retail rates.

Schedule FR-16(7)(v)-6 allocates the distribution customer costs to the four retail rates.

Schedule FR-16(7)(v)-7 is not used in this filing.

Schedule FR-16(7)(v)-8 shows the total costs that were allocated to each of the retail rates from Schedule FR-16(7)(v)-3, Schedule FR-16(7)(v)-5, and Schedule FR-16(7)(v)-6.

Schedule FR-16(7)(v)-9 through Schedule FR-16(7)(v)-12 show the classified costs (demand, commodity, and customer) for each of the four retail rate schedules.

Q. HOW DID YOU DEVELOP THE BASIC COST OF SERVICE STUDY THAT YOU USED TO ALLOCATE COSTS TO THE DIFFERENT CUSTOMER CLASSES?

A. First, I received functionalized costs, *i.e.,* production and distribution, from Duke Energy Kentucky witness Mr. Jay P. Brown. Then, I developed the classification factors based on customer, commodity and demand statistics for the test period. Finally, I made the allocation to rate classes based on the general principles outlined in the National Association of Regulatory Utility Commissioners (NARUC) Gas Distribution Rate Design Manual, Chapter 7 - Cost Allocation Studies of the AGA book *Gas Rate Fundamentals* (fourth edition), my utility company experience and my knowledge of cost-of-service studies.

Q. PLEASE DESCRIBE THE METHODOLOGY USED TO ALLOCATE PRODUCTION PLANT AND OTHER DEMAND RELATED ITEMS TO THE VARIOUS CLASSES OF CUSTOMERS.

A. The average and excess method (also known as the average and peak demand method) was used in the allocation of these items. The Company has a natural gas load research program, which allows us to determine the class coincident peaks utilized in this methodology.

Q. PLEASE DESCRIBE THE AVERAGE AND EXCESS DEMAND METHOD OF ALLOCATION.

A. This method is sometimes referred to as the "used and unused capacity method." "Used capacity" is the minimum capacity necessary to deliver the total natural gas used and is numerically equal to average deliveries. "Unused capacity" is simply the difference between average capacity and peak capacity. As noted in the NARUC Gas Distribution Rate Design Manual, this method reflects a compromise between the coincident and non-coincident demand methods. Total demand costs are multiplied by the system's load factor to arrive at the capacity costs attributed to average use and are apportioned to the various customer classes on an annual volumetric basis. The remaining costs are considered to have been incurred to meet the individual peak demands of the various classes of service and are allocated on the basis on the coincident peak of each class.

Q. DO YOU HAVE AN OPINION REGARDING WHETHER THIS IS A REASONABLE ALLOCATION METHOD TO USE?

A. Yes. The average and excess demand method is a reasonable cost allocation method to use because: (1) shifts in the system peak do not greatly affect the allocation, as would happen in the coincident peak method; (2) the allocation of unused capacity is similar to the non-coincident demand method, except that it is applied only to the excess of class peak day demands above the average daily demand; and (3) this method gives recognition to load-factor.

Q. HOW DID THE COMPANY DEVELOP CLASS COINCIDENT PEAK DAY DEMAND DATA?

A. Load research data and historical volumes were developed by the Company and utilized to determine peak day demand data. This information is included on the Daily Demand Analysis and the Monthly Gas Statistics pages of the cost of service study work papers WP FR-16(7)(v). The following is an example of how the demands were calculated for Rate RS for the month of January.

Step 1 - Determine the average daily demand by dividing the monthly volumes by the number of days in the month.

990,437 Mcf ÷ 31 days =31,950 Mcf/day

Step 2 - Determine the daily class coincident peak demand by dividing the average daily demand, from Step 1, by the coincident peak load factor, which was obtained from load research data.

31,950 Mcf/day ÷ 0.609658 = 52,406 Mcf/day

This process was followed for each rate class for each month to determine each rate class' monthly coincident peak day demand. The coincident peak day demands for the peak month were then used to develop the average and excess demand allocators in the cost-of-service studies. My calculation of the coincident peak day demand factors for each rate class is at work paper WP FR-16(7)(v) Daily Demand Analysis.

Q. WHAT COSTS DID YOU ALLOCATE BY USING THE AVERAGE AND EXCESS DEMAND COST ALLOCATORS?

A. Using the average and excess demand formula, I calculated two peak day demand factors K203 and K205. I used allocation factor K203 to allocate all the rate classes the demand component of the following costs: system measuring and regulating equipment, regulators, mains, and associated land, rights of way, structures and improvements. I used allocation factor K205 to allocate production facilities costs among rate classes.

Q. WHAT METHOD DID YOU USE TO ALLOCATE ADMINISTRATIVE AND GENERAL EXPENSES?

A. I used a two-step approach. First, I functionalized Administrative and General (A&G) expenses based on specific groupings of employee salaries and wages. These groupings include Production Plant, Production Commodity, Distribution Plant, Customer Accounting, Customer Service and Information and Sales. I then allocated these expenses to each rate class based on (O&M) expense allocation factors.

Q. HOW DID YOU ALLOCATE THE REMAINING DISTRIBUTION PLANT COSTS TO THE VARIOUS CUSTOMER CLASSES?

A. I allocated the costs for large industrial measuring and regulating plant by using allocator K595, based on Mcf ratios, excluding residential, commercial and interdepartmental Mcf. This equipment serves the industrial customers of the General Service, Firm Transportation and Interruptible Transportation Service rate groups.

I allocated the services based upon weighted customer ratios. I calculated the weighting factors by using the average cost of the different types and sizes of services. I allocated the meter and meter installation costs using ratios developed from a meter cost study. I allocated house regulator and regulator installation costs based upon the weighted ratios within each rate class.

Q. HOW DID YOU ALLOCATE THE COSTS FOR COMMON AND GENERAL PLANT?

A. I functionalized the common and general plant costs into specific functional categories using my earlier functionalization of the labor costs. I allocated these costs to each rate class based on how much of the direct O&M for that specific function had been allocated to each rate class. This was the same method I used to allocate A&G expenses.

Q. HOW DID YOU ALLOCATE THE ADJUSTMENTS THAT WERE SUBTRACTED FROM RATE BASE?

A. I used net plant ratios to allocate the majority of the dollars associated with the subtractive adjustments. Most of the subtractive adjustments are related to liberalized depreciation.

Q. HOW DID YOU ALLOCATE ADJUSTMENTS THAT WERE ADDED TO RATE BASE?

A. I used A&G to allocate the additive adjustments to the rate classes.

Q. HOW DID YOU ALLOCATE WORKING CAPITAL?

A. Working capital consists of the following items: materials and supplies, prepayments, and other miscellaneous items. Propane and materials and supplies were allocated based on the Mcf throughput allocator, K301 and net plant ratios, respectively.

Q. HOW DID YOU ALLOCATE PRODUCTION OPERATION AND MAINTENANCE EXPENSES?

A. I used firm Mcf sales (K301) to allocate the demand and commodity-related production expenses. I allocated the other production expenses by using the total throughput allocation factor K300.

Q. HOW DID YOU ALLOCATE DISTRIBUTION OPERATION AND MAINTENANCE EXPENSES?

A. I allocated load dispatching costs based on average and excess allocator K203. I allocated mains and services operating expenses based on mains and services plant cost allocation ratio K667. I allocated measuring and regulating station expenses based on the peak and average demand cost allocator K203. I allocated customer installation and other distribution expenses based on the combination customer/ demand cost allocation factor K415.

I allocated meter and house regulator O&M expenses based on meter and house regulator plant cost allocation allocator K697. I allocated mains maintenance expense based on the combination customer/ demand cost allocation factor K415. I allocated services maintenance expense based on the weighted customer-services ratio K403, similar to the allocation of services' plant costs. I allocated supervision and engineering expenses based on the total distribution plant cost allocation ratio D249.

I allocated other distribution expenses based on the combination customer/ demand cost allocation factor K415.

Q. HOW DID YOU ALLOCATE CUSTOMER ACCOUNTING, UNCOLLECTIBLE ACCOUNTS, CUSTOMER SERVICE AND INFORMATION, AND SALES EXPENSES?

A. Customer Accounting includes Accounts 901, 902, 903 and 905 and was allocated to class based on allocator K405. Uncollectible expense is recorded in Account 904 and was allocated using K406. Customer Service & Information includes Account 907, 908, 909, and 910 and was allocated using K407. Sales Expense includes Accounts 911, 912, and 913. Sales expense was allocated using K408.

To create the allocators, each account was allocated to rate class based on allocator K401, total customers. Next, the account amounts needed to calculate each allocator were summed by rate class. For example, the Customer Accounting Expense Allocator K405 was derived by summing the amounts allocated to each rate in Accounts 901, 902, and 903 and then dividing these sums by the total 901-903 dollars. Allocator K405 was then applied to test period Customer Accounting Expense. A similar process was used for Customer Service and Information Expense and Sales Expense.

Q. HOW DID YOU ALLOCATE DEPRECIATION EXPENSES?

A. I allocated depreciation expenses to rate class based on the class net plant ratios.

Q. HOW DID YOU ALLOCATE REAL ESTATE AND PROPERTY TAXES?

A. I allocated real estate and property taxes to rate class based on the weighted class net plant ratio NP29.

Q. HOW DID YOU ALLOCATE PAYROLL TAXES, THE PSC ASSESSMENT AND OTHER MISCELLANEOUS TAXES?

A. I allocated these items to rate class based the class-weighted A&G expense ratio AG39.

Q. HOW DID YOU ALLOCATE FEDERAL AND STATE INCOME TAXES?

A. I reviewed each income tax component to determine the functional cause of the component then selected the appropriate allocation factor. For example, Depreciation in Excess of Book Depreciation was allocated to the rate classes based on the appropriate class depreciation expense ratio.

Q. HOW DID YOU ALLOCATE OTHER OPERATING REVENUES?

A. Miscellaneous service revenues were allocated to class based on the ratio K401, customers by class to the total.

IV. RESULTS OF COST OF SERVICE STUDY

Q. WHAT DO THE RESULTS OF THE COST OF SERVICE STUDY SHOW?

A. Schedule FR-16(7)(v)-8, page 1 of 15, is a summary of the cost of service study that shows the costs allocated to each rate class.

Q. HOW WERE THE RESULTS OF YOUR COST OF SERVICE STUDY USED IN THESE PROCEEDINGS?

A. The results of the fully allocated cost of service study by rate class were supplied to Duke Energy Kentucky witness Jeff L. Kern, who used this data to develop the proposed rate design for these proceedings.

V. DISTRIBUTION OF PROPOSED REVENUE INCREASE

Q. DID THE COST OF SERVICE STUDY SHOW THAT THE INCREASE REQUIRED FOR EACH CUSTOMER CLASS WAS PROPORTIONAL?

A. No. The cost of service study revealed that there are significant differences among the rate classes when comparing the actual return earned by each rate class to the overall return being requested in this case. Put another way, developing rates that generate the amount of revenue that equals the allocated revenue requirement for each rate class will mean much greater increases for some rate classes, in terms of percentage increases, than other classes.

In order to mitigate the rate shock that may come from completely eliminating the subsidy/excess (or rate disparities) among the rate classes, the Company is proposing to use a two-step process to distribute the proposed revenue increase. The first step eliminated 40 percent of the subsidy/excess revenues between customer classes based on present revenues. The second step allocated the rate increase to customer classes based on rate base.

Q. PLEASE EXPLAIN IN GREATER DETAIL THE FIRST STEP THAT ELIMINATES 40 PERCENT OF THE SUBSIDY/EXCESS REVENUES.

A. Again, it is a general tenet of ratemaking that each class should, to the extent practicable, pay the costs of providing service to that class. The elimination of a portion of the subsidy/excess takes into consideration that the Company is not earning the same rate of return on all customer classes. It is unlikely that equal rates of return across all rate classes are achievable; nonetheless, to the extent possible, large variances among the customer classes should be eliminated. A comparison of revenues under present rates and at the retail average rate of return is made and then 40 percent of that amount is added to, or subtracted from, the rate increase to determine the proposed revenues in this proceeding.

Admittedly, this proposal lets a subsidy/excess persist, but it will close the gap so that each class is paying rates that more closely reflect their costs of service.

Q. HOW DID THIS RATE DISPARITY ARISE?

A. Rate disparities exist mostly because over the years rates have not been set based on the cost to serve customers as determined by a cost of service study. Other factors include: (1) customer mix and usage often change between rate cases, *i.e.*, Firm Transportation-Large, for example, may make up more or less of the total today than it did the last time rates were set; (2) different asset classes depreciate at different rates and because different asset classes are allocated differently, long periods between rate cases can shift the relative costs to serve each rate class. Also, regulators may purposely allow subsidy/excesses to persist in the interest of rate gradualism.

Q. WHY DID YOU PROPOSE A FORTY PERCENT REDUCTION OF THE SUBSIDY/EXCESS REVENUES IN THESE PROCEEDINGS?

A. The present rate of returns by class shown on Work Paper FR-16(7)(v)-8, page 1, indicate that there is a significant difference in those returns. In order to ensure that each rate class pays the actual cost to serve that class and move each class to the average rate of return, 100 percent of the subsidy/excess would need to be eliminated. However, given the disparity among rate classes, particularly with Rate GS, complete elimination of the subsidy excess would cause a dramatic swing in rate impacts between and among various rate classes. By proposing to eliminate only forty percent of the subsidy/excess, the Company is choosing to invoke the rate making principle of gradualism so to mitigate the volatility of 100 percent subsidy/excess elimination.

Q. ARE THE RESULTS OF THE COST OF SERVICE STUDY REASONABLE?

A. Yes. The allocation methodologies, and the derivation of the allocation factors, are consistent with the Cost of Service Study that was used in the Company's most recent natural gas base rate case, Case No. 2018-00261. In the 2018 case, only fifteen percent of the subsidy/excess was eliminated. In the current case, the Company proposes to eliminate forty percent of the subsidy/excess, which is beneficial for future ratemaking. This proposal provides for similar percentage rate increases for the non-residential classes, while allowing for a smaller percentage rate increase for the residential class.

VI. CONCLUSION

Q. WERE SCHEDULES B-7, B-7.1, B-7.2, D-3, D-4 AND D-5, AS WELL AS, FR 16(7)(v), AND WORKPAPER FR 16(7)(v), PREPARED BY YOU OR UNDER YOUR SUPERVISION?

A. Yes.

Q. DOES THIS CONCLUDE YOUR PRE-FILED DIRECT TESTIMONY?

A. Yes.