JULIE S. JANSON
President

Duke Energy Ohio, Inc.
Duke Energy Kentucky, Inc.
139 E. Fourth Street
EA503
Cincinnati, OH 45202

513-419-5757
513-419-5842 fax
julie.janson@duke-energy.com

VIA OVERNIGHT DELIVERY

March 29, 2011

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

Re: In the Matter of the Joint Application of Duke Energy Corporation, Duke Energy Holding Corp., Deer Acquisition Corp., Cougar Acquisition Corp., Cinergy Corp., The Cincinnati Gas & Electric Company and The Union Light, Heat and Power Company for Approval of a Transfer and Acquisition of Control, Case No. 2005-00228.

Dear Mr. Derouen:

Duke Energy's Chief Executive Officer, James E. Rogers, met with this Commission on March 24, 2011. This meeting was in connection with Duke Energy's merger commitments, specifically number 18, relative to Case No. 2005-00228. At that time, Vice Chairman Gardner requested an update on merger commitment numbers 6, 12 and 19. Duke Energy Kentucky reports the following information regarding those merger commitments. In addition to this letter, I would ask that you please see Duke Energy Kentucky's March 4, 2011 letter to this Commission concerning merger commitment updates, attached hereto for your reference.

Commitment #6

> Duke Energy Kentucky commits to make an annual filing with the Commission that sets forth Duke Energy Kentucky's CAIDI, SAIDI and SAIFI data for the previous year to enable the Commission to monitor Duke Energy Kentucky's commitment that reliability and service quality will not materially degrade as a result of the merger. Duke Energy Kentucky commits to report this data with and without the impact of major storms, or other major impacts, and to meet with, the Commission upon request to review the data in such reports.

Duke Energy Kentucky Response:

Pursuant to Case No. 2006-00494, Duke Energy Kentucky now includes this information as part of its Annual Vegetation Management & Reliability Report filed contemporaneously with its March 31 Annual Report. Duke Energy Kentucky filed the information regarding 2010 reliability performance on March 4, 2011. A file-stamped copy of that information is attached hereto for your reference.

Commitment #12

> Applicants commit to implement and maintain cost allocation procedures that will accomplish the objective of preventing cross-subsidization, and be prepared to fully disclose all allocated costs, the portion allocated to ULH&P, complete details of the allocation methods, and justification for the amount and the method. Applicants commit to give the Commission 30 days' advance notice of any changes in cost allocation methods set forth in the Service Company Utility Service Agreement, the Operating Company/NonUtility Companies Services Agreements and the Operating Companies Service Agreement approved as part of the Duke/Cinergy merger proceeding. Applicants commit to periodic comprehensive third-party independent audits of the affiliate transactions under the affiliate agreements approved in the Duke/Cinergy merger proceeding. Such audits will be conducted no less often than every two years, and reports will be filed with the Commission and the Attorney General. ULH&P shall file the audit report, if possible, when ULH&P files its annual report. Applicants may request a change to the frequency of the audit reports in future years, subject to agreement by the Commission and the Attorney General.

Duke Energy Kentucky Response:

The initial audit was completed in 2008 and the report was filed with the Commission on May 26, 2009. The 2010 Compliance Audit is complete. The Company expects to file a final copy of the Audit with the Commission in the early part of the second quarter of 2011. The Company will file its Cost Allocation Manual and Annual Report no later than March 31, 2011, as required by this Commission. As an aside, there have been no changes to the allocation factors in the agreements contained in the Cost Allocation Manual or Annual Report. The only changes are related to adding or subtracting companies and clarifying the description of the various services permitted.

Commitment #19

> Applicants commit that, for a period of five years following the merger, Duke Energy Kentucky will advise the Commission at least annually on the adoption and implementation of best practices at Duke Energy Kentucky following the completion of the merger between Cinergy and Duke Energy.

Duke Energy Kentucky Response:

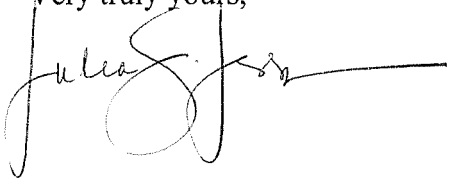
Power Delivery – Implementation of Safety and Work Methods Best Practice

Duke Energy's Power Delivery organization completed a three-year project to consolidate safety rules and work practices between Indiana, Ohio, Kentucky, North and South Carolina. Utilizing a best practice model, safety rules and work practices have been combined between the five states. For instance, all line technicians now follow the same safety rules when performing daily activities. This, in turn, has contributed to one of the best OSHA recordable injury rates ever experienced in Power Delivery.

The best practices commitment was only for 5 years and was completed in 2010.

Thank you for your consideration in this matter. Please file stamp the two copies of this letter enclosed herein and return in the enclosed return-addressed envelope.

Very truly yours,



cc: Hon. Dennis G. Howard, II
Chairman David L. Armstrong
Vice Chairman James W. Gardner
Commissioner Charles R. Borders

Duke Energy.

139 East Fourth Street
Cincinnati, Ohio 45201-0960
Tel 513-287-4320
Fax. 513-287-4385
Rocco.D'Ascenzo@duke-energy.com

Rocco O. D'Ascenzo
Associate General Counsel

VIA OVERNIGHT DELIVERY

March 4, 2011

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

Re: In the Matter of the Joint Application of Duke Energy Corporation, Duke Energy Holding Corp., Deer Acquisition Corp., Cougar Acquisition Corp., Cinergy Corp., The Cincinnati Gas & Electric Company and The Union Light, Heat and Power Company for Approval of a Transfer and Acquisition of Control, Case No. 2005-00228.

Dear Mr. Derouen:

In the Settlement Agreement in the above-referenced case, Duke Energy Kentucky, Inc. (Duke Energy Kentucky) made several merger commitments. Duke Energy Kentucky regularly monitors these commitments to ensure compliance. Duke Energy Kentucky reports the following information regarding these commitments. Please file stamp the two copies of this letter enclosed herein and return in the enclosed return-addressed envelope.

Commitment #6

> Duke Energy Kentucky] commits to make an annual filing with the Commission that sets forth Duke Energy Kentucky's CAIDI, SAIDI and SAIFI data for the previous year to enable the Commission to monitor Duke Energy Kentucky's commitment that reliability and service quality will not materially degrade as a result of the merger. Duke Energy Kentucky commits to report this data with and without the impact of major storms, or other major impacts, and to meet with, the Commission upon request to review the data in such reports.

Duke Energy Kentucky Response:

Pursuant to Case No. 2006-00494 Duke Energy Kentucky now includes this information as part of its Annual Vegetation Management & Reliability Report filed contemporaneously with its March 31 Annual Report. Duke Energy Kentucky intends to file the information regarding 2010 reliability performance on or before March 31, 2011.

Commitment #7

> Following the merger, executive level personnel will continue to be based in the Cincinnati/Northern Kentucky area with direct responsibility for gas and electric operations matters in Kentucky. Duke Energy Kentucky will file annual reports on the number of sustained outages (defined as having a duration of greater than five minutes) and the outage duration for the circuits at each substation. When Duke Energy's CEO has annual meetings with the Commission, gas and electric operations personnel will also be present to discuss service reliability issues.

Duke Energy Kentucky Response:

See above explanation regarding the number of sustained outages. Duke Energy's Chief Executive Officer, James E. Rogers, met with members of the Kentucky Public Service Commission on April 16, 2010. Also in attendance at the meeting from Duke Energy were Julia S. Janson, President of Duke Energy Kentucky and John Finnigan, Vice President, Government and Regulatory Affairs.

Commitment # 12

> Applicants commit to implement and maintain cost allocation procedures that will accomplish the objective of preventing cross-subsidization, and be prepared to fully disclose all allocated costs, the portion allocated to ULH&P, complete details of the allocation methods, and justification for the amount and the method. Applicants commit to give the Commission 30 days' advance notice of any changes in cost allocation methods set forth in the

Service Company Utility Service Agreement, the Operating Company / NonUtility Companies Services Agreements and the Operating Companies Service Agreement approved as part of the Duke / Cinergy merger proceeding. Applicants commit to periodic comprehensive third-party independent audits of the affiliate transactions under the affiliate agreements approved in the Duke / Cinergy merger proceeding. Such audits will be conducted no less often than every two years, and reports will be filed with the Commission and the Attorney General. ULH&P shall file the audit report, if possible, when ULH&P files its annual report. Applicants may request a change to the frequency of the audit reports in future years, subject to agreement by the Commission and the Attorney General.

Duke Energy Kentucky Response:

The 2010 Compliance Audit is complete. The Company expects to file a final copy of the Audit with the Commission in the early part of the second quarter of 2011.

Commitment #18

Cinergy and Duke Energy commit to take an active and ongoing role in managing and operating Duke Energy Kentucky in the interests of customers, employees, and the Commonwealth of Kentucky, and to take the lead in enhancing Duke Energy Kentucky's relationship with the Commission, with state and local governments, and with other community interests, including, but not limited to, meetings between Duke Energy's chief executive officer and the Commission at least once a year or more frequently if deemed necessary by the Commission.

Duke Energy Kentucky Response:

Duke Energy's Chief Executive Officer, James E. Rogers, met with the Commission on April 16, 2010.

Commitment #19

> Applicants commit that, for a period of five years following the merger, Duke Energy Kentucky will advise the Commission at least annually on the adoption and implementation of best practices at Duke Energy Kentucky following the completion of the merger between Cinergy and Duke Energy.

Duke Energy Kentucky Response:

Power Delivery – Implementation of Safety and Work Methods Best Practice

Duke Energy's Power Delivery organization completed a three year project to consolidated safety and work practices between Indiana, Ohio, Kentucky, North and South Carolina. Utilizing a best practice model, safety rules and work practices have been combined between the five states. For instance, all line technicians now follow the same safety rules when performing daily activities. This in turn has contributed to one of the best OSHA recordable injury rates ever experienced in Power Delivery.

Commitment # 20

> Applicants commit to provide notification to the Commission as soon as practicable of registration or issuance of new public long-term debt or equity in excess of $500 million issued by Duke Energy or Cinergy.

Duke Energy Kentucky Response:

Duke Energy Kentucky reports that, on September 29, 2010, Duke Energy Corporation filed with the Securities and Exchange Commission a Form S-3 Shelf Registration Statement to register the issuance of up to 15 million shares of its common stock through its dividend reinvestment plan, known as the InvestorDirect Choice Plan. The shelf registration became effective upon filing and has a term of three years. Duke

Energy Kentucky will provide a copy of this Form S-3 Shelf Registration Statement upon request.

Commitment # 28

> ULH&P commits to notify the Commission in writing 30 days prior to any material changes in its participation in funding for research and development. Material changes include, but are not limited to, any change in funding equal to or greater than 25% ULH&P's previous year's budget for research and development. The written notification will include an explanation and the reasons for the change in policy.

Duke Energy Kentucky Response:

In 2009, Duke Energy charged to the Kentucky assets the sum of $278,123.32 for EPRI membership and supplemental projects.

In 2010, Duke Energy charged to Kentucky assets the sum of $282,505.91, representing an increase of 1.6%.

Essentially Duke Energy was engaged in the same membership programs between the two years and any minor variation is in the selection of supplemental projects that may vary from year to year.

Duke Energy estimates the R&D expenses that will be charged to Kentucky assets for 2011 will be $492,043. This increase is due to a change in accounting where the generation assets are now included in the charges and previously they were not.

Commitment #29

> Duke Energy Kentucky's local customer service office will not be closed as a result of the proposed merger and that, if and when local customer service offices may be closed to achieve best practices, Duke Energy Kentucky will take into account the impact of the closures on customer service.

Duke Energy Kentucky Response:

Duke Energy Kentucky closed its customer service office located at 1697A Monmouth Street in Newport, Kentucky on September 10, 2009 having notified the Commission by letter on August 26, 2009. The Kentucky Administrative Regulations require that Duke Energy keep a copy of its tariffs and certain business case filings available for public viewing at its business office in Kentucky. That office is located at the Duke Energy Envision Center, 4580 Olympic Boulevard in Erlanger, Kentucky 41018. Duke Energy Kentucky continues to maintain several pay agent locations available for remitting utility bill payments in Northern Kentucky at various grocery and convenience stores in the area. Customers are further provided online and telephone payment options.

Duke Energy Kentucky will continue to provide ongoing reporting as required under the merger commitments. Thank you for your consideration in this matter.

Very truly yours,

Rocco D'Ascenzo
Associate General Counsel
Amy B. Spiller
Deputy General Counsel

cc: Hon. Dennis G. Howard, II

DUKE ENERGY CORPORATION

139 East Fourth Street
1202 Main
Cincinnati, OH 45201-0960
Telephone: (513) 287-4315
Facsimile: (513) 287-4385

Kristen Cocanougher
Sr. Paralegal
E-mail: Kristen.cocanougher@duke-energy.com

VIA OVERNIGHT MAIL

March 15, 2011

Mr. John A. Rogness III
Director of Engineering
Kentucky Public Service Commission
P.O. Box 615
211 Sower Boulevard
Frankfort, KY 40602

Re: **2010 Reliability Report and Vegetation Management Plan Update**
2010 Calendar Year

Dear Mr. Rogness:

Enclosed please find the signed copy of the Duke Energy Kentucky, Inc. 2010 Reliability Report and Vegetation Management Plan Update.

Sincerely,

Kristen Cocanougher

Kristen Cocanougher

Enclosure

401576

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

DUKE ENERGY KENTUCKY, INC.
RELIABILITY REPORT AND VEGETATION MANAGEMENT PLAN UPDATE
FOR CALENDAR YEAR 2010

March 15, 2011

TABLE OF CONTENTS

I. Introduction

On October 26, 2007, the Commission issued its Order requiring all jurisdictional utilities to file annual reliability reports and to develop vegetation management plans.[1] Pursuant to the Order, jurisdictional utilities were required to report a minimum of 5 years of reliability data. The reports are required to be based upon a calendar year (January to December) and filed by the first business day in April in the year immediately following the reporting year.

Duke Energy Kentucky, Inc. (Duke Energy Kentucky or the Company) submits its Reliability Report and Vegetation Management Plan update for Calendar year 2010 as required by the Commission's October 26, 2007 Order in Case No. 2006-00494.

II. Reliability Report Summary

Exhibit A of the reliability report includes measurements of total system performance using the System Average Interruption Duration Index (SAIDI), the System Average Interruption Frequency Index (SAIFI), and the Customer Average Interruption Duration Index (CAIDI) calculated for each of the preceding five twelve- month periods, including the reporting year.[2] Duke Energy Kentucky uses IEEE Std. 1366 to determine major event days for the purpose of weather-normalizing outage data when calculating the reliability indices SAIFI, SAIDI and CAIDI. Except where noted in the year-end Indices, major event days have been excluded from all reliability measures in this report.

---

[1] *In re An Investigation of the Reliability Measures of Kentucky's Jurisdictional Electric Utilities*, Case No 2006-00494 (Order at 8)(October 27, 2007).
[2] *Id.*

Exhibit B contains a list of customer interruptions by the ten most significant cause categories for the most recent five twelve- month periods.[3] The cause codes used in Exhibit B are IEEE cause codes.

Exhibit C of the reliability report is an analysis of Duke Energy Kentucky's ten worst performing circuits on the system for the reporting period taking into consideration all three reporting indices.[4] This section includes an analysis of the cause of the poor performance, the circuit, index value, and the major outage category contributing to the circuit's performance. The durations of the reported outages are measured by number of minutes by index for SAIDI and CAIDI. This section also describes the corrective actions planned or already taken to improve circuit performance.

Exhibits D, E, and F of the reliability report comprise a list of the ten worst performing circuits in 2010 as determined by the individual SAIFI, CAIDI, SAIFI indices, respectively. These sections also include the value index and primary cause of the circuit performance.

III. Vegetation Management Plan Update and Summary

Duke Energy Kentucky filed its initial Vegetation Management Plan with this Commission on December 18, 2007 in Case No. 2006-00494.[5] Duke Energy's Midwest Vegetation Management Group is responsible for controlling vegetation growth for 37,000 miles of transmission and distribution overhead electric lines and gas supply lines in Ohio, Indiana and Kentucky.

Exhibit G is a copy of Duke Energy Kentucky's Vegetation Management Plan. There have been no amendments or changes to the plan since it was initially filed with

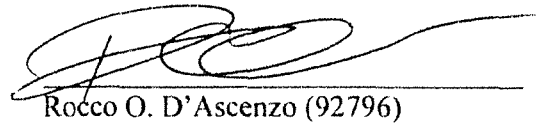
[3] *Id.* at 9, paragraph 6.
[4] *Id.* at 7.

the Commission on December 18, 2007. There are no amendments or changes planned for 2010.

As part of its 2010 scheduled maintenance, Duke Energy Kentucky trimmed trees and vegetation along 407.1 miles of its distribution system. Duke Energy has completed all scheduled trimming for 2010.

As part of its 2011 maintenance schedule, Duke Energy Kentucky will trim trees and maintain vegetation along 394.2 miles of its distribution system. In the first quarter of 2011, Duke Energy Kentucky has experienced extreme weather conditions, including snowfall that has slowed our progress. As of February 28, 2011, Duke Energy Kentucky has completed approximately 7.9 miles (2%) of its scheduled distribution system trimming and maintenance. This leaves approximately 386.3 miles to be trimmed throughout 2011. The Company does not anticipate any difficulty in completing all planned trimming for 2011. The Company will have sufficient crew's coverage throughout the year.

Respectfully submitted,



Rocco O. D'Ascenzo (92796)
Associate General Counsel
Amy B. Spiller (85309)
Deputy General Counsel
Duke Energy Kentucky, Inc.
139 East Fourth Street, 1313 Main
Cincinnati, Ohio 45201-0960
Phone: (513) 287-4320
Fax: (513) 287-4385
Email: rocco.d'asecenzo@duke-energy.com

Duke Kentucky Year-End Reliability Indices							
	Major Event Days Included				Major Event Days Excluded		
Year	SAIFI	CAIDI	SAIDI		SAIFI	CAIDI	SAIDI
2001	1.67	215.3	359.6		1.15	98.3	113.5
2002	1.66	86.0	142.5		1.55	82.5	127.7
2003	1.72	100.1	172.3		1.49	77.3	115.1
2004	1.07	74.4	79.9		1.07	74.3	79.7
2005	1.24	94.5	117.1		1.04	85.2	88.6
2006	2.05	141.0	289.7		1.43	81.3	116.5
2007	1.59	179.8	286.7		1.15	94.1	108.3
2008	2.38	741.7	1,762.1		1.28	83.1	106.4
2009	1.58	126.6	199.9		1.13	101.3	114.2
2010	1.48	92.0	136.1		1.30	87.9	114.3

CONFIDENTIAL PROPRIETARY TRADE SECRET

Sum of Cust Interrupt (CI)		IEEE Cause										
YearPowerOff	MonthPowerOff	Wildlife	Equipment Failure	Error	Other	Overload	Planned	Weather	Vegetation	Unknown	Public Accident	Month Totals
2003	1	1	124	2,098	895	92	84	19	8	686	5	4,012
	2	35	19,183		647	3,833	10	30,345	272	161	84	54,570
	3	102	799		42		37	7,691	124	35	52	8,882
	4	479	61		39		220	75	370	4	1,003	2,251
	5	772	1,581		62		680	6,738	7,838	2,358	3,523	23,552
	6	541	3,036		1,890	1	37	1,118	1,947	12,770	1,646	22,986
	7	579	4,551		1,614	12	15	27,467	7,008	2,493	5,849	49,588
	8	346	3,739		1,706	299	199	7,301	5,161	306	676	19,733
	9	497	565		238		36	1,361	2,283	2,386	491	7,857
	10	2,702	2,239		1,394		216	2	579	2,972	592	10,696
	11	538	189		481		3	125	670	405	74	2,485
	12	553	3,523		33	6	2	36	18	319	395	4,885
2004	1	3,010	1,103		1,163	5	126		62	285	617	6,371
	2	474	1,470		4,993	1	358		248	256	36	7,836
	3	518	2,242		157	7	38	420	251	139	210	3,982
	4	443	3,417		30	1	183	16	82	1,082	1,620	6,874
	5	2,511	5,787		79	34	14	4,411	3,989	750	7,751	25,326
	6	1,319	1,196		65	9	314	486	2,678	2,577	352	8,996
	7	897	1,320		364	29	101	4,627	4,423	709	3,702	16,172
	8	641	2,128		51	35	244	2,953	763	1,141	466	8,422
	9	1,244	2,806		28		52	136	1,153	3,553	81	9,053
	10	5,342	2,965		8	1	235	9	880	599	4,339	14,378
	11	671	14,648		44		37		3,543	215	558	19,716
	12	122	4,175		26	139	68	393	2,880	2,267	131	10,201
2005	1	173	2,862		1,082		117	42	347	13	2,124	6,760
	2	2,282	2,896		15	1	125		2,475	139	2,695	10,628
	3	273	28		29		353	1	3,238	94	2,369	6,385
	4	205	4,854		269	2	211	82	3,722	94	2,799	12,238
	5	563	3,524		139	1	575	156	2,214	171	90	7,433
	6	657	5,625		24	45	408	2,008	573	584	3	9,927
	7	631	6,023		324	596	634	1,154	997	9,454	323	20,136
	8	607	4,015	1	65	52	506	4,718	572	400	548	11,484
	9	280	3,688		178	16	296	549	5,336	8,531	96	18,970
	10	908	7,678	1,595	44		133	1	431	184	2,933	13,907
	11	867	3,458		158	127	1,566	1,362	7,278	279	107	15,202

CONFIDENTIAL PROPRIETARY TRADE SECRET

2010 Duke Energy Kentucky
Reliability Report and Vegetation Management Plan Update
Exhibit B

Sum of Cust Interrupt (CI)		IEEE Cause										
YearPowerOff	MonthPowerOff	Wildlife	Equipment Failure	Error	Other	Overload	Planned	Weather	Vegetation	Unknown	Public Accident	Month Totals
	12	187	654		174	1	150		24	240	483	1,913
2006	1	287	11,399		107	3	968	445	4,407	3,156	1,166	21,938
	2	49	574		10	2	19		145	16	9	824
	3	264	5,739		715	1	264	1,670	441	154	2,784	12,032
	4	1,416	2,445		58	10	1,908	2,626	16,813	4,073	2,993	32,342
	5	2,911	659		10	824	272	278	263	1,891	869	7,977
	6	3,186	5,823		7,679	11	1,196	2,749	5,900	1,769	630	28,943
	7	2,473	8,819		216	63	82	8,282	5,222	2,797	775	28,729
	8	513	1,252		274	50	359	180	5,619	1,939	1,971	12,157
	9	1,750	583		67	2	258	1,417	964	752	1,582	7,375
	10	903	208		68		1,017	393	4,362	434	16,066	23,451
	11	3,428	1,168		16	1	679		454	271	5,187	11,204
	12	1,549	1,950		7	1	233	2	57	1	444	4,244
2007	1	1,484	2,943		13	3	39	2	70	6,013	125	10,692
	2	289	2,872		23	36	402	231	4,982	5	58	8,898
	3	740	1,402		76		130	38	2,477	1	36	4,900
	4	668	265		89		118	3,895	3,569	841	2,254	11,699
	5	2,618	1,764		14		151	517	2,611	112	3,735	11,522
	6	2,408	1,703		30	2	261	3,406	6,304	3,303		17,417
	7	1,195	2,889		1,376		1,016	2,211	5,716	796	638	15,837
	8	947	3,637		59	135	544	377	4,315	51	35	10,100
	9	1,808	1,426		419	42	1,501	93	2,216	13,241	321	21,067
	10	1,478	3,643		182		117	1,066	2,234	8,860	281	17,861
	11	1,349	2,583		28		306	34	59	1	46	4,406
	12	310	6,582		85	13	29	197	7,033	5,105	8	19,362
2008	1	65	10,239		2,307	564	69	150	837	88	5,785	20,104
	2	163	2,547		17	19	243	4,584	1,115	4	747	9,439
	3	400	652		331	323	1,131	14	1,010	15	6,810	10,686
	4	563	5,568	955	1,147		377		17	4	137	8,768
	5	1,827	6,050		14		859	941	6,630	13	141	16,475
	6	1,884	1,317		75	15	108	10,081	2,957	225	779	17,441
	7	3,116	2,973		133	29	101	3,080	14,285	290	21	24,028
	8	1,033	6,817		2,036	11	184	817	444	5,772	2,206	19,320
	9	2,643	2,422		232	10	413	194	3,555	57	225	9,751
	10	5,265	877		45		256	2,539	619	327	135	10,063

CONFIDENTIAL PROPRIETARY TRADE SECRET

Sum of Cust Interrupt (CI)		IEEE Cause										
YearPowerOff	MonthPowerOff	Wildlife	Equipment Failure	Error	Other	Overload	Planned	Weather	Vegetation	Unknown	Public Accident	Month Totals
	11	1,571	1,680		49	660	109		7,759	564	1,381	13,773
	12	223	2,023		2,129	187	197	1,546	529	15	2,332	9,181
2009	1	484	749		128	115	318	4,906	1,016	2	85	7,803
	2	284	5,038		35	239	291	1,171	541	37	137	7,773
	3	889	12,051		393		372	2,095	101	23	136	16,060
	4	517	1,516		632		143	303	1,945	16	966	6,038
	5	15,956	2,674		58	6	265	262	274		2,116	21,611
	6	1,192	17,714		95	126	955	3,898	3,949	1,737	33	29,699
	7	1,722	2,930		74		307	4,026	1,141	63	2,106	12,369
	8	522	3,061		2,679	816	450	412	451	145	438	8,974
	9	1,814	618		36		641	89	1,306	10	27	4,541
	10	1,722	3,098		83	1	564	1	603	178	6	6,256
	11	2,933	2,796		57		232		137	3	1,864	8,022
	12	360	4,009		492	3,428	157	144	678	12,992	825	23,085
2010	1	369	501	5	10	6	480	26	27	14	6760	8,198
	2	315	1760	68	6	4	751	485	149	5	85	3,628
	3	505	2539		237		648	2315	36	15	2123	8,418
	4	158	4966		176		118	159	99	131	7453	13,260
	5	788	849		670		202	2005	275	162	11	4,962
	6	1605	11184		527		297	9502	4327	340	788	28,570
	7	488	1551		294	12	162	85	2610	45	665	5,912
	8	549	2782	1	5494	5	510	236	669	14046	109	24,401
	9	2623	1986	1347	653		288	279	2538	9519	12	19,245
	10	3705	13476		746		631	3	446	23	1401	20,431
	11	991	3233		239		746	31	222	7616	42	13,120
	12	53	20011		426		768	1	2466	120	475	24,320
		125,290	**364,737**	**6,070**	**52,926**	**13,120**	**34,595**	**192,291**	**226,433**	**168,849**	**140,198**	**1,324,509**

CONFIDENTIAL PROPRIETARY TRADE SECRET

2010 Duke Energy Kentucky
Reliability Report and Vegetation Management Plan Update
Exhibit C

Rank	Sum of Ranks	Circuit Number	Substation Name-Feeder	Feeder SAIDI	SAIDI Rank	Feeder SAIFI	SAIFI Rank	Feeder CAIDI	CAIDI Rank	SubCirc	Analysis and Major Contributing Outage Category	Action Taken or Planned
1	6	H9320860041	BEAVER 41	435.2	2	4.92	4	88.4	72	086-41	This circuit is on the worst-10 list because of unknown outages.	Mostly due to CS967 transmission outages. Vegetation Management and Maintenance are in presently working on physical transmission line upgrades
2	7	H9323040042	WHITE TOWER 42	374.0	5	5.15	2	72.6	90	304-42	This circuit is on the worst-10 list because of equipment and public accident outages.	Mostly due to CS967 transmission outages. Vegetation Management and Maintenance are in presently working on physical transmission line upgrades
3	7	H9320860042	BEAVER 42	360.2	6	6.05	1	59.6	107	086-42	This circuit is on the worst-10 list because of equipment and unknown outages.	Mostly due to CS967 transmission outages. Vegetation Management and Maintenance are in presently working on physical transmission line upgrades
4	8	H9323040041	WHITE TOWER 41	411.7	3	4.86	5	84.8	75	304-41	This circuit is on the worst-10 list because of unknown outages.	Mostly due to CS967 transmission outages. Vegetation Management and Maintenance are in presently working on physical transmision line upgrades
5	11	H9322990041	DECORSEY 41	283.5	8	4.95	3	57.2	108	299-41	This circuit is on the worst-10 list because of unknown outages.	Mostly due to CS967 transmission outages. Vegetation Management and Maintenance are in presently working on physical transmission line upgrades
6	13	H9323040043	WHITE TOWER 43	290.6	7	4.30	6	67.6	102	304-43	This circuit is on the worst-10 list because of unknown outages.	Mostly due to CS967 transmission outages. Vegetation Management and Maintenance are in presently working on physical transmission line upgrades
7	15	H9321990041	RICHWOOD 41	442.6	1	2.67	14	165.9	18	199-41	This circuit is on the worst-10 list because of public accident outages.	Split between CS967 transmission outages and Public accidents. Vegetation Management and Maintenance are in presently working on physical transmission line upgrades. Repairs have been made to the public accidents
8	18	H9320700044	CRESCENT 44	282.2	9	3.20	9	88.2	73	070-44	This circuit is on the worst-10 list because of unknown outages.	Entire circuit is in the progress of physical review and upgrade. Automated circuit sectionalization is being added.

9	20	H9321470041	CLARYVILLE 41	250.4	12	3.20	8	78.2	83	147-44	This circuit is on the worst-10 list because of equipment outages.	Split between C5967 transmission outages and equipment outages. Vegetation Management and Maintenance are in presently working on physical transmision line upgrades. Faulted distributiion line equipment has been replace
10	22	H9320780042	AUGUSTINE 42	264.5	11	2.91	11	90.8	70	078-42	This circuit is on the worst-10 list because of equipment outages.	Failed Jumper has been replaced

Rank	Substation Name-Feeder	Feeder SAIDI	SAIDI Rank	Feeder SAIFI	SAIFI Rank	Feeder CAIDI	CAIDI Rank	SubCirc	Major Outage Category
1	BEAVER 42	360.2	6	6.05	1	59.6	107	086-42	Equipment Failure
2	WHITE TOWER 42	374.0	5	5.15	2	72.6	90	304-42	Public Accident
3	DECORSEY 41	283.5	8	4.95	3	57.2	108	299-41	Unknown
4	BEAVER 41	435.2	2	4.92	4	88.4	72	086-41	Unknown
5	WHITE TOWER 41	411.7	3	4.86	5	84.8	75	304-41	Unknown
6	WHITE TOWER 43	290.6	7	4.30	6	67.6	102	304-43	Unknown
7	CLARYVILLE 41	250.4	12	3.20	8	78.2	83	147-44	Equipment Failure
8	CRESCENT 44	282.2	9	3.20	9	88.2	73	070-44	Unknown
9	AUGUSTINE 42	264.5	11	2.91	11	90.8	70	078-42	Equipment Failure
10	RICHWOOD 41	442.6	1	2.67	14	165.9	18	199-41	Public Accident

Rank	Substation Name-Feeder	Feeder SAIDI	SAIDI Rank	Feeder SAIFI	SAIFI Rank	Feeder CAIDI	CAIDI Rank	SubCirc	Major Outage Category
1	RICHWOOD 41	442.6	1	2.67	14	165.9	18	199-41	Vegetation
2	AUGUSTINE 42	264.5	11	2.91	11	90.8	70	078-42	Weather
3	BEAVER 41	435.2	2	4.92	4	88.4	72	086-41	Other
4	CRESCENT 44	282.2	9	3.20	9	88.2	73	070-44	Equipment Failure
5	WHITE TOWER 41	411.7	3	4.86	5	84.8	75	304-41	Weather
6	CLARYVILLE 41	250.4	12	3.20	8	78.2	83	147-44	Weather
7	WHITE TOWER 42	374.0	5	5.15	2	72.6	90	304-42	Weather
8	WHITE TOWER 43	290.6	7	4.30	6	67.6	102	304-43	Vegetation
9	BEAVER 42	360.2	6	6.05	1	59.6	107	086-42	Weather
10	DECORSEY 41	283.5	8	4.95	3	57.2	108	299-41	Weather

Rank	Substation Name-Feeder	Feeder SAIDI	SAIDI Rank	Feeder SAIFI	SAIFI Rank	Feeder CAIDI	CAIDI Rank	SubCirc	Major Outage Category
1	RICHWOOD 41	442.6	1	2.67	14	165.9	18	199-41	Public Accident
2	BEAVER 41	435.2	2	4.92	4	88.4	72	086-41	Equipment Failure
3	WHITE TOWER 41	411.7	3	4.86	5	84.8	75	304-41	Equipment Failure
4	WHITE TOWER 42	374.0	5	5.15	2	72.6	90	304-42	Equipment Failure
5	BEAVER 42	360.2	6	6.05	1	59.6	107	086-42	Equipment Failure
6	WHITE TOWER 43	290.6	7	4.30	6	67.6	102	304-43	Equipment Failure
7	DECORSEY 41	283.5	8	4.95	3	57.2	108	299-41	Unknown
8	CRESCENT 44	282.2	9	3.20	9	88.2	73	070-44	Unknown
9	AUGUSTINE 42	264.5	11	2.91	11	90.8	70	078-42	Equipment Failure
10	CLARYVILLE 41	250.4	12	3.20	8	78.2	83	147-44	Equipment Failure

Duke Energy Kentucky's Vegetation Management Plan

Goals

Duke Energy's goals for its Vegetation Management Operations are to balance the need for reliable utility service with safe and cost-effective vegetation management practices that preserve our local communities' natural surroundings, aesthetics and the environment. Targeted herbicides provide one of the most cost-effective and environmentally friendly means of controlling undesirable vegetation.

Safety

Our goals are to work safely at all times to achieve a zero injury culture and to minimize the safety risk of vegetation and conductor contacts. Serious or fatal shocks can occur when working in trees near power lines. Duke Energy strives to minimize that risk by trimming properly in accordance with industry tree trimming safety standards.

Reliability

Duke Energy's electric service reliability, as measured by SAIFI and SAIDI, has improved in recent years due in part to our more rigorous tree trimming practices. Duke Energy strives to trim its Kentucky distribution circuits every four-and-one-half years and transmission every six years.

Tree Care Standards

Duke Energy requires its employees and contractors to prune trees in accordance with American National Standards Institute ("ANSI") and National Arborist Association ("NAA") standards. The relevant standards are ANSI Z133, Safety in Tree Trimming Operations, and ANSI A300, Safety in Tree Care Operations. These ANSI standards were developed in cooperation with the NAA. Additionally, Duke Energy follows the practices in Field Guide for Qualified Line Clearance Tree Workers by Dr. Alex L. Shigo, former head of the U.S. Forest Service. In rural areas, Duke Energy may authorize its contractors to use mechanized pruning equipment.

Tree Trimming Specifications

69KV and above Transmission Lines

- 15 feet clearance to the side from all conductors.
- 15 feet clearance below the lowest conductor.
- No overhanging/encroaching branches permitted.
- Trim to the previously established widths of our right-of-way and practice established beyond the 15 feet widths.

3 Phase Primary Lines

- 10 feet clearance to the side from all conductors.
- 10 feet clearance below the conductors.
- No overhanging/encroaching branches.

Single Phase and Two Phase Primary lines

- 10 feet clearance to the side from all conductors.
- 10 feet clearance below the conductors.
- Overhang: all live branches above the conductors shall be removed to a minimum height of 15 feet, and at a 45-degree angle. All dead and structurally weak branches overhanging any primary voltage wires shall be removed.
- Underneath the primary: 10 feet clearance from the conductors to the closest limbs beneath the phases.

Secondary Lines

- 5 feet clearance to the side from the secondary line.
- 5 feet clearance above and below the secondary line.

Services Lines

- 1 foot swing clearance from all service lines.

Brush/Wood Removal

- Circuit maintenance - brush is removed, wood cut into movable pieces.
- Customer may request off-cycle maintenance in accordance with the clearance standards above - brush and wood is customer's responsibility.
- Storm Work - no brush or wood removal.

Customer Notification

- Duke Energy customers are notified of tree trimming being done on their property by door hanger cards.
- Duke Energy requires its contractors to contact local government officials prior to beginning work in the community.

Right Tree In The Right Place

- Duke Energy will cooperate in tree removal with local government officials as needed.

Determination of Need to Perform Maintenance/Evaluation of Plan Effectiveness

Duke Energy regularly monitors its SAIFI and SAIDI measures. If SAIFI or SAIDI were to significantly decline, Duke Energy would evaluate whether to modify its vegetation management practices, including its right-of-way clearing cycle, in order to improve SAIFI and SAIDI performance. Duke Energy also monitors the performance of individual circuits. In an individual circuit has a significant number of outages, Duke Energy will perform off-cycle tree trimming as needed. Duke Energy also monitors industry tree trimming standards and modifies its tree trimming practices as necessary to meet or exceed industry standards.