

**DUKE ENERGY KENTUCKY  
CALCULATION OF RIDER PSM CREDIT FOR DECEMBER 2018 - FEBRUARY 2019 BILLING**

Line No.	Description	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Total
1	Off-System Sales Margin Allocated to Customers (Schedule 2, Line 17)										(+) \$ 908,936
2	Non-Fuel Related RTO Costs and Credits (Schedule 3, Line 13)										(+) 906,773
3	Net Proceeds on Capacity Transactions (Schedule 4, Line 11)										(+) 416,097
4	Net Proceeds from the Sale of Renewable Energy Credits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(+) _____ -
5	Total Amount of Credits Owed to Customers										\$ 2,231,806
6	Percentage Allocated to Customers (90% of net margin) <sup>(b)</sup>										<u>90.00%</u>
7	Total Allocated to Customers (Line 5 x Line 6)										(+) \$ 2,008,626
8	Allocated to Customers (75% of net margin) - Jan - Apr 2018 (Schedule 2a, Line 26)										(+) 1,931,320
9	Remaining PSM Credit Due to (From) Customers at 12/31/17 (Schedule 5, Line 10)										(+) <u>1,561,203</u>
10	Total Amount of Credits due to (from) Customers										(+) \$ 5,501,148
11	Actual Amount Credited to Customers	\$197,490	\$167,895	\$548,874	\$547,337	\$525,868	\$926,501	\$997,215	\$934,735	\$539,288	(-) \$ 5,385,203
12	Net Refund due to (from) Customers										\$ 115,945
13	Sales (kWh) from FAC Filing for the current quarter (FAC Schedule 3, Line C)	0	0	0	0	0	0	389,400,238	389,106,706	338,926,293	+ 1,117,433,237
14	Profit Sharing Mechanism Credit Rate (\$/kWh) <sup>(a)</sup>										<u>0.000104</u>

Note:

- (a) Rider PSM credits, reductions to bills, are shown as positive numbers without parentheses. Rider PSM charges, increases to bills, are shown in parentheses.
- (b) Per Commission Order dated April 13, 2018 in Case No. 2017-00321.

Effective Date for Billing: November 29, 2018

Submitted by: /s/ Theodore H. Czupik Jr.

Title: Rates & Regulatory Strategy Manager

Date Submitted: October 30, 2018

**DUKE ENERGY KENTUCKY**  
**OFF-SYSTEM SALES SCHEDULE <sup>(c)</sup>**  
**PERIOD: May 2018 - DECEMBER 31, 2018**

Line No.	Description	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Total	
1	<b>Off-System Sales Revenue</b>							
2	Asset Energy	(+)	\$ -	\$ 567,726	\$ 1,617,776	\$ 461,631	\$ 799,143	\$ 3,446,276
3	Non-Asset Energy	(+)	-	-	-	-	-	-
4	Bilateral Sales	(+)	-	-	-	-	-	-
5	Hedges	(+)	-	-	14,245	-	-	14,245
6	Sub-Total Revenues		\$ -	\$ 567,726	\$ 1,632,021	\$ 461,631	\$ 799,143	\$ 3,460,521
7	<b>Variable Costs Allocable to Off-System Sales</b>							
8	Bilateral Purchases	(+)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9	Non-Native Fuel Cost <sup>(a)</sup>	(+)	-	251,642	923,247	266,757	524,210	1,965,856
10	Variable O&M Cost	(+)	-	5,657	13,104	12,107	40,723	71,591
11	SO <sub>2</sub> Cost	(+)	-	-	-	-	-	-
12	NO <sub>x</sub> Cost	(+)	-	30	85	36	-	151
13	Net Fuel Related PJM Costs and Credits	(+)	-	5,993	177,957	44,630	6,009	234,589
14	Jurisdictional Rider ESM to be Recovered in Rider PSM <sup>(b)</sup>	(+)	23,802	41,954	73,482	79,069	61,091	279,398
15	(Gain)/Loss on Sale of Fuel	(+)	-	-	-	-	-	-
16	Sub-Total Expenses		\$ 23,802	\$ 305,276	\$ 1,187,875	\$ 402,599	\$ 632,033	\$ 2,551,585
17	Off-System Sales Margin (Line 6 - Line 15)		\$ (23,802)	\$ 262,450	\$ 444,146	\$ 59,032	\$ 167,110	\$ 908,936

## Note:

<sup>(a)</sup> Line 9 ties to Duke Energy Kentucky's FAC Filing, Schedule 2, Schedule 4 or Schedule 6, Line C.

<sup>(b)</sup> Per Duke Energy Kentucky's monthly Rider ESM filings, ES Form 1.10, Line 13.

<sup>(c)</sup> Per Commission Order dated April 13, 2018 in Case No. 2017-00321.

**DUKE ENERGY KENTUCKY**  
**OFF-SYSTEM SALES SCHEDULE**  
**PERIOD: JANUARY 2018 - APRIL 30, 2018**

Line No.	Description		Jan-18	Feb-18	Mar-18	Apr-18	Total
1	<b>Off-System Sales Revenue</b>						
2	Asset Energy	(+)	\$1,989,969	\$220,840	\$58,322	\$0	\$2,269,131
3	Non-Asset Energy	(+)	\$0	\$0	\$0	\$0	\$0
4	Bilateral Sales	(+)	\$0	\$0	\$0	\$0	\$0
5	Hedges	(+)	\$60,532	\$624	\$0	\$0	\$61,156
6	PJM Bal & DA Oper Reserve Credits <sup>(a)</sup>	(+)	\$121,438	\$0	\$0	\$0	\$121,438
7	Capacity	(+)	\$0	\$0	\$0	\$0	\$0
8	Ancillary Services Market (Schedule 2b, Line 14) <sup>(c)</sup>	(+)	\$198,714	\$94,075	\$57,501	\$49,662	\$399,952
9	Sub-Total Revenues		<u>\$2,370,653</u>	<u>\$315,539</u>	<u>\$115,823</u>	<u>\$49,662</u>	<u>\$2,851,677</u>
10	<b>Variable Costs Allocable to Off-System Sales</b>						
11	Bilateral Purchases	(+)	\$0	\$0	\$0	\$0	\$0
12	Non-Native Fuel Cost <sup>(a)</sup>	(+)	\$1,673,608	\$191,381	\$39,517	\$0	\$1,904,506
13	Variable O&M Cost	(+)	\$37,957	\$20,203	\$4,903	\$0	\$63,063
14	SO <sub>2</sub> Cost	(+)	\$2	\$13	\$0	\$0	\$15
15	NO <sub>x</sub> Cost	(+)	\$19	\$6	\$0	\$0	\$25
16	PJM and Other Costs	(+)	\$4,704	\$1,579	\$579	\$0	\$6,862
17	Jurisdictional Rider ESM to be Recovered in Rider PSM <sup>(e)</sup>		\$0	\$0	\$0	\$23,922	\$23,922
18	(Gain)/Loss on Sale of Fuel	(+)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
19	Sub-Total Expenses		<u>\$1,716,290</u>	<u>\$213,182</u>	<u>\$44,999</u>	<u>\$23,922</u>	<u>\$1,998,393</u>
20	Off-System Sales Margin (Line 9 - Line 19)		\$654,363	\$102,357	\$70,824	\$25,740	\$853,284
21	Allocated to Customers (up to 100% of first \$1.00 million) <sup>(b)</sup>						<u>333,333</u>
22	Sub-Total (Line 20 - Line 21, if negative = 0)						\$519,951
23	Percentage Allocated to Customers (75% of margins > \$1.00 million) <sup>(b)</sup>						<u>75.00%</u>
24	Remainder of Off-System Sales Margin Allocated to Customers (Line 22 x Line 23)						<u>\$389,963</u>
25	Off-System Sales Margin Allocated to Customers (if line 21 > 0 then Line 21 + Line 24, otherwise Line 20)						\$723,296
25	Plus 75% of Difference Between Capacity Revenue and Capacity Cost <sup>(d)</sup> (Schedule 2c, Line 5)						<u>\$1,208,024</u>
26	Net to Flow Through Rider PSM						<u>\$1,931,320</u>

## Note:

- (a) Line 12 - Line 6, ties to Duke Energy Kentucky's FAC Filing.  
(b) Per the Commission's Order dated December 22, 2010, in Case No. 2010-00203.  
(c) Per the Commission's Order in Case No. 2008-00489, revenues and costs from participation in the ASM market are netted together for a given month. Monthly net revenues are included in the PSM. Monthly net costs are not included in the PSM.  
(d) Per the Commission's Order dated December 4, 2014, in Case No. 2014-00201.  
(e) Per Duke Energy Kentucky's monthly Rider ESM filings, ES Form 1.10, Line 13.

**DUKE ENERGY KENTUCKY**  
**ANCILLARY SERVICES MARKET**  
**PERIOD: JANUARY 2018 - APRIL 30, 2018**

Line No.	Description	Jan-18	Feb-18	Mar-18	Apr-18	Total
1	PJM Regulation	(\$218,445)	(\$34,065)	(\$60,967)	(\$76,023)	(\$389,500)
2	PJM Sync Reserve	\$51,527	(\$1,951)	(\$14,046)	(\$31,851)	\$3,679
3	PJM Synchr Condens	(\$203)	\$0	\$0	\$0	(\$203)
4	PJM DA Sched Reserve	(\$25,760)	(\$55)	(\$621)	(\$1,895)	(\$28,331)
5	PJM DASR Credit	\$36,056	\$407	\$8,412	\$21,115	\$65,990
6	Blackstart Service	\$73,831	\$73,753	\$73,661	\$73,581	\$294,826
7	PJM DA Load Resp Chrg	(\$1,822)	(\$458)	(\$293)	(\$365)	(\$2,938)
8	PJM RT Load Resp Chrg	(\$1,517)	(\$821)	(\$1,075)	(\$812)	(\$4,225)
9	PJM Reactive Service	(\$161)	\$0	\$0	\$0	(\$161)
10	Reg Supply	\$210,124	\$0	\$0	\$11,557	\$221,681
11	PJM Emergency Energy	\$0	\$0	\$0	\$0	\$0
12	PJM Reactive Supply	\$59,323	\$58,781	\$58,131	\$57,571	\$233,806
13	PJM Non-Sync Reserve	<u>\$15,761</u>	<u>(\$1,516)</u>	<u>(\$5,701)</u>	<u>(\$3,216)</u>	<u>\$5,328</u>
14	Total	<u><u>\$198,714</u></u>	<u><u>\$94,075</u></u>	<u><u>\$57,501</u></u>	<u><u>\$49,662</u></u>	<u><u>\$399,952</u></u>

Note: Per the Commission's Order dated January 30, 2009, in Case No 2008-00489.

**DUKE ENERGY KENTUCKY**  
**CAPACITY TRANSACTIONS**  
**PERIOD: JANUARY 2018 - APRIL 30, 2018**

<b>Line No.</b>	<b>Description</b>	<b>Jan-18</b>	<b>Feb-18</b>	<b>Mar-18</b>	<b>Apr-18</b>	<b>Total</b>
1	Revenue Received for Capacity Sales	\$643,560	\$581,280	\$643,560	\$622,800	\$2,491,200
2	Less: Cost of Replacement Capacity	<u>\$227,463</u>	<u>\$205,450</u>	<u>\$227,463</u>	<u>\$220,125</u>	<u>\$880,501</u>
3	Total	\$416,097	\$375,830	\$416,097	\$402,675	\$1,610,699
4	Percentage Allocated to Customers					<u>75.00%</u>
5	Net Margins on Capacity Transactions Allocated to Customers - To Schedule 2a, Line 25					<u><u>\$1,208,024</u></u>

Note: Per the Commission's Order dated December 4, 2014, in Case No. 2014-00201.

**DUKE ENERGY KENTUCKY**  
**NON-FUEL RELATED RTO CHARGES AND CREDITS <sup>(a)</sup>**  
**PERIOD: May 2018 - DECEMBER 31, 2018**

Line No.	Description	PJM BLI	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Total
1	Day-Ahead Economic Load Response	1240 / 2240	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Real-Time Economic Load Response	1241 / 2241	-	-	-	-	-	-
3	Day-Ahead Load Response Charge Alloc	1242	(319)	(476)	(631)	(365)	(507)	(2,298)
4	Real-Time Load Response Charge Alloc	1243	(720)	(754)	(414)	(787)	(1,412)	(4,087)
5	Pre-Emergency and Emergency Load Response	1245 / 2245	-	-	-	-	-	-
6	PJM Reactive Supply	1330 / 2330	58,345	59,169	45,143	45,393	45,837	253,887
7	Non-Synchronized Reserve	1362 / 2362 / 1472	9,117	(5,091)	(3,475)	(5,266)	(4,160)	(8,875)
8	Day-Ahead Scheduling Reserve	1365 / 2365 / 1475	113,291	6,479	35,247	6,917	152,509	314,443
9	Day-Ahead Operating Reserve for Load	1371 / 2371	-	(2)	-	-	-	(2)
10	Balancing Operating Reserve for Load Response	1376 / 2376	(3)	(4)	(1)	1	7	-
11	Blackstart	1380 / 2380	73,687	70,027	69,960	69,989	70,042	353,705
12	Other		-	-	-	-	-	-
13	Total		<u>\$ 253,398</u>	<u>\$ 129,348</u>	<u>\$ 145,829</u>	<u>\$ 115,882</u>	<u>\$ 262,316</u>	<u>\$ 906,773</u>

Note:

<sup>(a)</sup> Per Commission Order dated April 13, 2018 in Case No. 2017-00321.

**DUKE ENERGY KENTUCKY**  
**CAPACITY TRANSACTIONS <sup>(a)</sup>**  
**PERIOD: May 2018 - DECEMBER 31, 2018**

Line No.	Description	PJM BLI	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Total
1	<b>Capacity Sales Revenues</b>							
2	Revenue Received for Capacity Sales	2600	(+) \$ 643,560	\$ -	\$ -	\$ -	\$ -	\$ 643,560
3	Bilateral Sales		(+) -	-	-	-	-	-
4	Capacity Performance Credits		(+) -	-	-	-	-	-
5	Sub-Total Revenues		\$ 643,560	\$ -	\$ -	\$ -	\$ -	\$ 643,560
6	<b>Capacity Purchase Expenses</b>							
7	Cost of Replacement Capacity	1600	(+) \$ 227,463	\$ -	\$ -	\$ -	\$ -	\$ 227,463
8	Bilateral Purchases		(+) -	-	-	-	-	-
9	Capacity Performance Assessments		(+) -	-	-	-	-	-
10	Sub-Total Expenses		\$ 227,463	\$ -	\$ -	\$ -	\$ -	\$ 227,463
11	Net Capacity Revenue (Expense) (Line 5 - Line 10)		\$ 416,097	\$ -	\$ -	\$ -	\$ -	\$ 416,097

Note:

<sup>(a)</sup> Per Commission Order dated April 13, 2018 in Case No. 2017-00321.

**DUKE ENERGY KENTUCKY**  
**RECONCILIATION OF PRIOR PERIOD <sup>(b)</sup>**  
**PERIOD: TWELVE MONTHS ENDED DECEMBER 31, 2017**

<b>Line No.</b>	<b>Description</b>	<b>Total</b>
1	Off-System Sales Margin Allocated to Customers	(+) \$ -
2	Non-Fuel Related PJM Costs and Credits	(+)
3	Net Margins on Capacity Transactions Allocated to Customers	(+)
4	Net Proceeds on the Sale of Solar RECs	(+)
5	Sub-Total	\$ -
6	Percentage Allocated to Customers (90% of net margin)	<u>90.00%</u>
7	Total Allocated to Customers (Line 5 x Line 6)	(+) \$ -
8	Prior Period Over (Under) Recovery <sup>(a)</sup>	(+) \$ 5,975,934
9	Actual Amount Credited to Customers in 2017	(-) <u>4,414,731</u>
10	Remaining PSM Credit Due to (From) Customers at 12/31/17	<u>\$ 1,561,203</u>

<sup>(a)</sup> Incremental change from prior filing is due to PJM resettlements.

<sup>(b)</sup> Per Commission Order dated April 13, 2018 in Case No. 2017-00321.