COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE JOINT APPLICATION OF DUKE ENERGY CORPORATION, CINERGY CORP., DUKE ENERGY OHIO, INC., DUKE ENERGY KENTUCKY, INC., DIAMOND ACQUISITION CORPORATION, AND PROGRESS ENERGY, INC., FOR APPROVAL OF THE INDIRECT TRANSFER OF CONTROL OF DUKE ENERGY KENTUCKY, INC. MAY 10 2011 PUBLIC SERVICE COMMISSION

RECEIVED

CASE NO. 2011-00124

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JOINT APPLICANTS' RESPONSE TO THE ATTORNEY GENERAL'S INITIAL DATA REQUESTS

Comes now Duke Energy Corporation ("Duke Energy"), Cinergy Corp. ("Cinergy"), Duke Energy Ohio, Inc. ("Duke Energy Ohio"), Duke Energy Kentucky, Inc. ("Duke Energy Kentucky"), Diamond Acquisition Corporation ("Diamond"), and Progress Energy, Inc. ("Progress Energy") (collectively, "Joint Applicants"), and tender their response to the Attorney General's Initial Data Requests, respectfully stating as follows:

1. The Joint Applicants' response consists of one original and ten copies of two volumes of non-confidential information and one copy of six volumes of confidential information.

2. In accordance with the Commission's April 28, 2011 requests for information and the requirements of 807 KAR 5:001, the verifications for the Joint Applicants' responses are attached hereto. The persons responsible for providing the Joint Applicants' Responses are:

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Richard Bates	Christopher Fallon	James E. Rogers
Elliott Batson	John Finnigan	Brian Savoy
Keith Butler	Mike Hendershott	Jim Stanley
Carl Council	Julie Janson	William Don Wathen
Andrew Cox	William Johnson	Jennifer Weber
Swati Daji	Jose Merino	Holly Wenger
Stephen DeMay	A. R. Mullinax	Danny Wiles
Tim Duff	Barry Pulskamp	Steve Young

3. The volumes containing confidential information are labeled "confidential." A petition for confidential treatment of information is attached hereto and incorporated herein by reference.

This 10th day of May, 2011.

Respectfully submitted,

Mark David Goss David S. Samford Frost Brown Todd LLC 250 West Main Street, Suite 2800 Lexington, KY 40507-1749 (859) 231-0000 – Telephone (859) 231-0011 – Facsimile

Counsel for Joint Applicants, Duke Energy Corporation Cinergy Corporation Duke Energy Ohio, Inc. Duke Energy Kentucky, Inc. Diamond Acquisition Corporation and Progress Energy, Inc.

- and -

Rocco D'Ascenzo Amy B. Spiller Duke Energy Business Services LLC 139 East Fourth Street 1301 Main P. O. Box 960 Cincinnati, Ohio 45201-0960

Counsel for Joint Applicants, Duke Energy Corporation Cinergy Corporation Duke Energy Ohio, Inc. Duke Energy Kentucky, Inc. and Diamond Acquisition Corporation

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing has been served via hand delivery to

the following party on this 10th day of May 2011:

Hon. Dennis Howard Hon. Larry Cook Office of the Attorney General Utility Intervention and Rate Division 1024 Capital Center Drive Frankfort, Kentucky 40601

Counsel for Joint Applicants, Duke Energy Corporation Cinergy Corporation Duke Energy Ohio, Inc. Duke Energy Kentucky, Inc. Diamond Acquisition Corporation and Progress Energy, Inc.

State of North Carolina) SS: **County of Mecklenburg**

The undersigned, Richard B. Bates, being duly sworn, deposes and says that he is the Vice President - Mergers & Acquisitions, that he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.

Richard B. Bates, Affiant

Subscribed and sworn to before me by Richard B. Bates on this 5th day of May 2011.

Dancy H. Saylor_____

My Commission Expires: 01/26/2012

State of North Carolina)) SS: County of Mecklenburg)

The undersigned, Elliott Batson, Jr., being duly sworn, deposes and says that he is the Vice President, Regulated Fuels, that he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.

Matt Batson,

Subscribed and sworn to before me by $\underline{Ell_{0}} + \underline{\beta_{a}} + \underline{\beta_{a}} + \underline{\beta_{a}}$ on this 5 day of May 2011.



PUBLIC

My Commission Expires: 6/17/12

State of North Carolina SS:) **County of Mecklenburg**

The undersigned, Keith Butler, being duly sworn, deposes and says that he is the Senior Vice President, Tax, that he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.

Keith Butler, Affiant

<u>G. Butler</u> on this <u>Ind</u> day of May Subscribed and sworn to before me by eith 2011.

My Commission Expires: 02/24/2012

State of North Carolina))SS:County of Mecklenburg)

The undersigned, Carl J. Council, Jr., being duly sworn, deposes and says that he is the Director Asset Accounting, Duke Energy Business Services, LLC, that he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.

Carl J. Council, Jr., Affiant

Subscribed and sworn to before me by $\underline{Carl J. Council, Jr.}$ on this \underline{q} day of May 2011.

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My Commission Expires: 10-11-2014



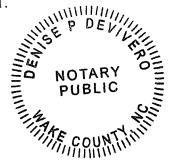
State of North Carolina)	
)	SS:
County of Wake)	

The undersigned, Andrew D. Cox, being duly sworn, deposes and says that he is employed by Progress Energy, Inc., as Director, CBE Program Office and Integration Planning; that on behalf of Progress Energy, Inc., he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.

Andrew D. Cox, Affiant

Subscribed and sworn to before me by <u>Andrew D. Cox</u> on this day of May

2011.



Denise P. devivero NOTARY PUBLIC

My Commission Expires: July 30, 2015

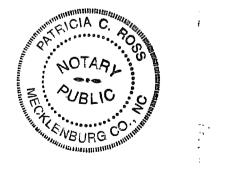
State of North Carolina))SS:County of Mecklenburg)

The undersigned, Swati V. Daji, being duly sworn, deposes and says that she is the Vice President, Global Risk Management & Insurance & CRO, that she has supervised the preparation of the responses to the foregoing information request; and that the matters set forth in the foregoing response to information request are true and accurate to the best of her knowledge, information and belief, after reasonable inquiry.

Subscribed and sworn to before me by \underline{Swati} V. \underline{Daji} on this \underline{Q} day of May 2011.

NOTARY PUBLIC

My Commission Expires: 10 - 17 - 2014



State of North Carolina) SS: **County of Mecklenburg**

The undersigned, Stephen G. De May, being duly sworn, deposes and says that he is the Senior Vice President, Investor Relations & Treasurer, that he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.

Subscribed and sworn to before me by Stephen G. De May, fifiant on this <u>4</u> day of May 2011.

My Commission Expires: 10:22.2011

State of North Carolina)		
	5:	 •
County of Mecklenburg)		

The undersigned, Tim Duff, being duly sworn, deposes and says that he is the General Manager, Retail Customer & Regulated Strategy, Duke Energy Business Services LLC, that he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.

Tim Duff, Affiant

Subscribed and sworn to before me by $\underline{Tim \ DuFF}$ on this $\underline{3}$ day of May 2011.

NOTARX

CHRISTOPHER LEE HAMRICK

My Commission Expires:

My Commission Expires October 24, 2014

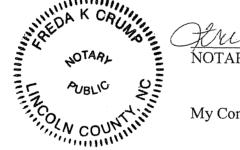
State of North Carolina) SS:) **County of Mecklenburg**)

The undersigned, Christopher M. Fallon, being duly sworn, deposes and says that he is the Vice President, Office of Nuclear Development, that he has supervised the preparation of the response to the foregoing information request; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.

Christopher M. Fallon, Affiant

Subscribed and sworn to before me by Christopher M. Fallon on this 9 day of May 2011.





<u>Xuda K. (Mump</u> NOTARY PUBLIC My Commission Expires: August 17, 2011

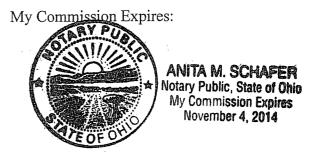
State of Ohio)	
)	SS:
County of Hamilton)	

The undersigned, John Finnigan, being duly sworn, deposes and says that he is the Vice President, Government & Regulatory Affairs, that he has supervised the preparation of the response to Attorney General-Data Request-01-106; and that the matters set forth in the foregoing response to said request are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.

John Finnigan, Affiant

Subscribed and sworn to before me by \sqrt{bhn} Finnie and on this $\frac{54}{4}$ day of May 2011.

NOTARY PUBLIC



State of North Carolina) SS:) **County of Mecklenburg**)

The undersigned, Michael S. Hendershott, being duly sworn, deposes and says that he is the Director, Service Financial Accounting & Reporting, Duke Energy Business Services LL, that he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.

Michael S. Hendershott, Affiant

Subscribed and sworn to before me by May on this day of May 2011.

Una N Weltz NOTARY PUBLIC

My Commission Expires: 11-29-2015

State of Ohio)	
)	SS:
County of Hamilton)	

The undersigned, Julia S. Janson, being duly sworn, deposes and says that she is the President, Duke Energy Ohio and Duke Energy Kentucky, that she has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of her knowledge, information and belief, after reasonable inquiry.

Julia Julia S. Janson, Aff iant

Subscribed and sworn to before me by $\int u \ln S \cdot \int AhSOh$ on this <u>9</u> day of May 2011.

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My Commission Expires:

AMV BETH OPILI SO, Advances at Low Rotary Public, State of Ohio My Commission Han No Repiretion Date Socion 147.00

State of North Carolina)) SS: County of Wake)

The undersigned, William D. Johnson, being duly sworn, deposes and says that he is employed by Progress Energy, Inc., as Chairman, President and Chief Executive Officer; that on behalf of Progress Energy, Inc., he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.

William D. Johnson, Affiant Subscribed and sworn to before me by <u>William D</u> on this <u>6</u> day of May 2011.

My Commission Expires: July 1, 2015

State of North Carolina) SS: **County of Mecklenberg**

The undersigned, Jose Merino, being duly sworn, deposes and says that he is the Director, Load Forecasting, that he has supervised the preparation of the response to the foregoing information request; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.

Jose Merino, Affiant

Subscribed and sworn to before me by Jose Merina on this 9th day of May 2011.

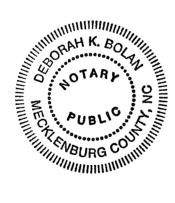
My Commission Expires: January 26, 2012

State of North Carolina) SS:) **County of Mecklenburg**)

The undersigned, AR Mullinax, being duly sworn, deposes and says that he is the Senior Vice President & Chief Information Officer, Duke Energy Business Services, LLC, that he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.

AR Mullinax, Affiant

Subscribed and sworn to before me by ARMullinay on this 2nd day of May 2011.



R.K. Bolan NOTARY PUBLIC

My Commission Expires: 10 - 29 - 12

State of Ohio)	
)	SS:
County of Hamilton)	

The undersigned, Barry E. Pulskamp, being duly sworn, deposes and says that he is the Senior Vice President, Regulated Fleet Operations, that he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.

Barry E. Pulskamp, Affiant

2011.

Subscribed and sworn to before me by $B_a \overline{F_{a}} \overline{F_{a}} \overline{F_{a}}$ on this $\underline{5^{t_a}}$ day of May $F_{a} \overline{F_{a}} \overline$

Stan mini Rome

NOTARY PUBLIC

My Commission Expires:

State of Ohro stamilton Comby

LISA MINER ROSNER, Attorney at Law NOTARY PUBLIC - STATE OF OHIO My Commission has no expiration date, Section 147.03 O.R.C.

State of North Carolina)	
)	SS:
County of Mecklenburg)	

The undersigned, James E. Rogers, Jr., being duly sworn, deposes and says that he is the Chairman, President and Chief Executive Officer of Duke Energy Corporation that he has personal knowledge of the matters set forth in the foregoing testimony, and that the answers contained therein are true and correct to the best of his information, knowledge and belief.

VA lames E. Rogers, Jr., Affiant day of April ogers on this 3' tames E. Subscribed and sworn to before me by 2011.

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NOTARY PUBLIC

My Commission Expires: 10 - 29 - 12

State of North Carolina)) SS: County of Mecklenburg)

The undersigned, Brian D. Savoy, being duly sworn, deposes and says that he is the Managing Director Corporate Financial Planning Analysis, Duke Energy Business Services, LLC, that he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.

Brian D. Savoy, Affiant on this 2nd day of May Subscribed and sworn to before me by Amy Liverey

NOTARY

My Commission Expires: 11/16/2012

2011.

State of North Carolina)) SS: County of Mecklenburg)

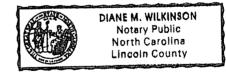
The undersigned, Jim Stanley, being duly sworn, deposes and says that he is the Senior Vice President of Power Delivery, that he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.

Jin Stanley, Affiant

Subscribed and sworn to before me by $\underline{J_{im} \ Stanley}$ on this $\underline{q^{th}}$ day of May 2011.

home M. Wilkmas

My Commission Expires:



State of Ohio) SS:) **County of Hamilton**)

The undersigned, William Don Wathen Jr., being duly sworn, deposes and says that he is the General Manager and Vice President of Rates of Duke Energy Ohio and Duke Energy Kentucky, that he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information, and belief, after reasonable inquiry.

William Don Wathen Jr., Affiant

Subscribed and sworn to before me by William Dow Warrow On this _9" day of May 2011.

My Commission Expires:



of Ohio ston Has No Expiration

State of North Carolina)) SS: County of Mecklenburg)

The undersigned, Jennifer Weber, being duly sworn, deposes and says that she is the Group Executive, Human Resources & Corporate Relations, Duke Energy Business Services, LLC, that she has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of her knowledge, information and belief, after reasonable inquiry.

Jennifer Weber, Affiant

Subscribed and sworn to before me by <u>Jennifer Weber</u> on this <u>3</u> day of May 2011.

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My Commission Expires: January 24, 2015

State of North Carolina) SS: **County of Wake**

PAMELA P. HENSLEY NOTARY PUBLIC

Johnston County North Carolina My Commission Expires

The undersigned, Holly H. Wenger, being duly sworn, deposes and says that she is employed by Progress Energy, Inc., as Assistant Secretary; that on behalf of Progress Energy, Inc., she has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of her knowledge, information and belief, after reasonable inquiry.

Holly H. Wenger, Affiant

Subscribed and sworn to before me by Holly H. Wenger on this ____ day of May 2011.

Pamela P. Hensley

My Commission Expires: 12/11/11

State of North Carolina) SS:) **County of Mecklenburg**)

The undersigned, Danny Wiles, being duly sworn, deposes and says that he is the General Manager of Duke Energy & Vice President US Franchised Electric & Gas Accounting, that he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.

Danny Wiles.

Subscribed and sworn to before me by $\underline{Danny Wiles}$ on this $\underline{2}$ day of May 2011.

Kim V. Beal TARY PUBLIC

My Commission Expires: October 24, 2014

State of North Carolina)) SS: County of Mecklenburg)

The undersigned, Steve K. Young, being duly sworn, deposes and says that he is the Senior Vice President, that he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.

Steven K Young, Affiant

Subscribed and sworn to before me by <u>Steve K. Young</u> on this <u>9</u> day of May 2011.

un C. Ross

My Commission Expires: 10-17-2014



COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE JOINT APPLICATION OF DUKE ENERGY)
CORPORATION, CINERGY CORP.,)
DUKE ENERGY OHIO, INC., DUKE ENERGY) CASE NO. 2011-00124
KENTUCKY, INC., DIAMOND ACQUISITION)
CORPORATION, AND PROGRESS ENERGY, INC.,)
FOR APPROVAL OF THE INDIRECT TRANSFER)
OF CONTROL OF DUKE ENERGY KENTUCKY, INC.)

INDEX TO THE JOINT APPLICANTS' RESPONSE TO THE ATTORNEY GENERAL'S INITIAL INFORMATION REQUESTS

Volumes Containing Non-Confidential Information	Volumes	Containing Non-Confidential Information	on
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Volume I

Tabs 1-37

Volume II

Tabs 38 - 125

Volumes Containing Confidential Information

Volume I	Tabs 12, 28, 41, 48, 52, 54, 55, 57, 64, 67
Volume II	Tab 67 (continued)
Volume III	Tab 67 (continued)
Volume IV	Tab 67 (continued)
Volume V	Tab 67 (continued)
Volume VI	Tab 67 (continued)

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AG-DR-01-001

REQUEST:

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State the amount of termination fees, and / or any and all other fees and expenses either or both party would have to pay if the contemplated transaction is not consummated.

- a. Of those fees, state the amount for which DEK ratepayers would be responsible.
- b. State in what documents this information is provided to both federal and state regulatory officials.
- c. If DEK ratepayers would be responsible for any such fees / expenses, state whether the company would have to file a rate case to recover such sums.

RESPONSE:

This information is provided in Exhibit E, Agreement and Plan of Merger, filed with the Application in this proceeding, as well as on pages 127-128 of the U.S. Securities and Exchange Commission Form S-4 filed by the Joint Applicants on April 28, 2011 (the "S-4"). It is also addressed on page fifty-three, lines 15-22, of the Direct Testimony of witness Julia Janson (Joint Application, Exhibit L) who confirms that neither the cost nor receipt of any termination payment would be allocated to Duke Energy Kentucky.

If the Merger Agreement is terminated under certain circumstances specified in the Merger Agreement, Duke Energy or Progress Energy, as applicable, would be required to (1) reimburse the other party for the other party's reasonable out-ofpocket fees and expenses in an amount not to exceed \$30 million and/or (2) pay a termination fee of \$675 million in the case of a termination fee payable by Duke Energy to Progress Energy and a termination fee of \$400 million in the case of a termination fee payable by Progress Energy to Duke Energy. These termination fees primarily relate to situations in which the Merger Agreement is terminated as a result of a superior offer for one of the parties or as a result of a change in the recommendation of the board of directors of one of the parties. Any termination fee payable would be reduced by the amount of any fees and expenses previously reimbursed.

PERSON RESPONSIBLE: James E. Rogers

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Duke Energy Kentucky Case No. 2011-124 Attorney General First Set Data Requests Date Received: April 25, 2011

AG-DR-01-002

REQUEST:

State whether DEK, its corporate parent entities, or its affiliates has or have reserved the right to adjust its regular dividend pending completion of the transaction. If so:

- a. For how long will any modification to the dividend remain in effect?
- b. Provide, in complete detail, the rationale for any such adjustment.
- c. State whether DEK intends on seeking PSC approval of same, and if not, why not.
- d. As a result of any potential increase in dividend, state:
 - (i) how much additional funding for corporate expenses of any type or sort DEK will seek from its ratepayers; and
 - (ii) whether any such adjustment will cause DEK to file a rate case, and
 - if so, when.

RESPONSE:

Information responsive to this request, as it relates to Duke Energy, is set forth on pages 111, 123 and 132 of the S-4.

Neither Duke Energy Kentucky nor its parent companies have reserved the right to adjust their dividend policy pending completion of the merger, however dividends are always at the discretion of the Board of Directors. The combined company plans to continue the current Duke Energy dividend policy, which targets a 65-70% payout based on adjusted diluted earnings per share.

The operating subsidiaries, including Duke Energy Kentucky, are expected to mirror this policy over the long term by paying dividends of approximately 65-70% of their earnings to the parent company. In any given year, Duke Energy's operating subsidiaries may vary the level of dividend payments based upon its capital needs and as needed to properly maintain its desired capital structure.

- a. Not Applicable
- b. Not Applicable
- c. Not Applicable

d. Not Applicable

PERSON RESPONSIBLE: Stephen De May

Duke Energy Kentucky Case No. 2011-124 Attorney General First Set Data Requests Date Received: April 25, 2011

AG-DR-01-003

REQUEST:

State whether as a result of the transaction, DEK, its corporate parent entities, or its affiliates plans or plan on paying any special dividends on any class of stock. Identify the class of stock, and state whether the officers, directors or majority holders of common stock are among potential recipients of any such special dividend.

RESPONSE:

There are no special dividends planned as a result of this transaction.

PERSON RESPONSIBLE: Stephen De May

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AG-DR-01-004

REQUEST:

State how much additional common stock DEK, its corporate parent entities, or its affiliates will issue as a condition of the transaction's consummation. If any, state the effect on ratepayers.

RESPONSE:

Information responsive to this request, as it relates to Duke Energy, is set forth on pages 33-37 and 121-124 of the S-4.

The merger is being financed in a stock for stock transaction, however, Duke Energy Kentucky will not issue any common stock to complete the transaction.

Each Progress Energy shareholder will receive 2.6125 shares of Duke Energy common stock per share of Progress Energy. Immediately prior to the closing of the merger, Duke Energy will execute a 1:3 reverse stock split, which will change the agreed upon exchange ratio to .870833 shares of post-split Duke Energy shares per Progress Energy share. The combination of these transactions will result in the issuance of approximately 255 million additional shares of Duke Energy.

Neither the issuance of Duke Energy common stock nor the planned reverse stock split will have an impact on Duke Energy Kentucky's ratepayers.

PERSON RESPONSIBLE: Stephen De May

AG-DR-01-005

REQUEST:

State when DEK, its corporate parent entities, or its affiliates expect to receive full approval of the contemplated transaction from FERC, SEC, NRC, FCC, the U.S. Justice Dept., and all relevant state public utility regulatory authorities.

RESPONSE:

Duke Energy and Progress Energy are targeting to close the merger by the end of 2011; accordingly the companies seek to obtain all necessary approvals in time to meet their target closing date.

PERSON RESPONSIBLE: James E. Rogers

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AG-DR-01-006

REQUEST:

Is DEK's current generation fleet sufficient to meet both its base and peak loads? Does DEK anticipate any need to enter into purchased power agreements to meet these loads?

RESPONSE:

Yes, Duke Energy Kentucky's current generation fleet is sufficient to meet its base and peak loads. Duke Energy Kentucky does not foresee the need to enter into long term purchase power agreements to serve its load at this time. Duke Energy Kentucky operates under a back-up power supply plan consisting of capacity purchases through bilateral contracts and energy purchases through the Midwest ISO daily energy markets with forward contracts purchased through Intercontinental Exchange (ICE) and Over The Counter (OTC) brokers for scheduled outages. Duke Energy Kentucky may purchase capacity during times when Duke Kentucky does not have adequate capacity to meet the Midwest ISO module E reserve margin requirement. The current back-up supply plan runs through 2012. Duke Energy Kentucky anticipates the back-up supply plan will remain structurally the same once the company's realignment to PJM Interconnection is complete.

PERSON RESPONSIBLE: Julie S. Janson

AG-DR-01-007

REQUEST:

Progress Energy maintains several nuclear energy facilities in its fleet, located in other states. Provide a description of those facilities. Additionally, provide an explanation, in complete detail, of whether as a result of the contemplated transaction DEK's ratepayers will be expected to contribute (in any manner whatsoever, directly or indirectly) toward the costs of maintaining these facilities, including but not limited to: (a) depreciation; (b) any stranded costs or potential stranded costs; (c) current or future environmental costs; and (d) decommissioning / wind-down costs and current and / or tail liability concerns. Your answer should include the costs DEK ratepayers may contribute toward any insurance policies insuring any and all risks arising or potential nuclear waste storage and transportation concerns. The term "costs" as used in this question includes but is not limited to premium, deductibles, any applicable self-insurance or co-insurance, and any and all other costs associated therewith, or such that can reasonably be expected to be associated therewith.

- a. If the company intends in any manner whatsoever to ask DEK ratepayers to contribute toward any of the costs set forth in this question, provide a complete justification for same. Additionally, state whether DEK plans on seeking approval from KY PSC prior to doing so.
- b. If the company intends in any manner whatsoever to ask DEK ratepayers to contribute toward any of the costs set forth in this question, state whether the Joint Applicants intend on recovering any such costs before or during the construction of any such facilities ("early cost recovery"), and if so, by what means. If so:
 - (i) state whether the Joint Applicants intend to pursue a guaranteed rate of return on said projects;
 - (ii) explain in detail why the ratepayers should bear all financial risks associated with the construction of said facilities, instead of the Joint Applicants' investors; and
 - (iii) confirm that shifting the financial risk to the Joint Applicants' ratepayers in this regard allows the Joint Applicants to maximize their profits.
- **c.** Provide a complete explanation of all measures DEK, its parent entities or affiliates intend(s) to take to shift any and all costs associated with maintaining existing nuclear

facilities, expansion thereof, or any potential new nuclear facilities to ratepayers in any jurisdiction, and / or to taxpayers (whether state or federal), including but not limited to Kentucky.

- d. Provide a complete discussion of whether the Joint Applicants, with regard to maintaining existing nuclear facilities, expansion thereof, or any potential new nuclear facilities will or may seek additional partners, regardless of whether any such partner may or may not be a utility. For each such partner, provide the discussion requested in subpart (b), above.
- e. Provide a complete discussion of whether either one or both of the Joint Applicants have conducted analyses of the costs of natural gas-fired generation as opposed to costs of nuclear generation. Include in your response whether any such studies have been conducted with regard to DEK's customers. Provide copies of same.

RESPONSE:

This transaction results in an indirect change of control over Duke Energy Kentucky, and thus Duke Energy Corporation will continue to own and operate Duke Energy Kentucky upon consummation of the acquisition of Progress Energy. Accordingly, although this question is directed to "Joint Applicants," it is inapplicable to Progress Energy. The question is applicable to Duke Energy Corporation and its affiliated companies, and thus the response is made on behalf of those entities.

Duke Energy Kentucky ratepayers will not be expected to contribute toward the costs of maintaining the existing Progress Energy nuclear generating fleet.

Objection to the remainder of the question and the subparts on the basis that it seeks information that is irrelevant to this proceeding and not likely to lead to the discovery of admissible evidence. Without waiving said objection, for a listing and description of Progress Energy's nuclear generating fleet, please see Exhibit D to the Application filed in this proceeding as well as:

http://www.progress-energy.com/aboutenergy/powerplants/nuclearplants/index.asp

- a. Not applicable.
- b. Not applicable.
- c. Objection. This question is overly broad and unduly burdensome in that it seeks information and analysis that is irrelevant to this proceeding and beyond the scope of the Commission's jurisdiction in light of Joint Applicant's prior response. Further, responding to this request causes the Duke Companies to engage in speculation and guesswork. Moreover, this question calls for a legal opinion regarding regulatory treatment in multiple state jurisdictions outside of the Commonwealth of Kentucky. Without waiving said objection, under the law and regulations in Kentucky, Duke Energy Kentucky could not pass through any costs

in its rates for nuclear facilities that are not owned by Duke Energy Kentucky or in which Duke Energy Kentucky does not have an interest. Duke Energy Kentucky must receive approval from the Kentucky Public Service Commission through a Certificate of Public Convenience and Necessity prior to beginning construction or acquiring ownership of any generating facility, nuclear or otherwise. The Kentucky Public Service Commission will continue to have jurisdiction over Duke Energy Kentucky's rates following the merger.

- d. Objection. This question seeks information that is irrelevant to this proceeding and beyond the scope of the Commission's jurisdiction in light of Joint Applicant's prior response. This request is further objectionable to the extent responding to this request causes the Duke Companies to engage in speculation and guesswork and seeks to discover information that is protected under the doctrines of attorney client privilege or attorney work product. Without waiving said objection, under the law and regulations in Kentucky, see response to AG-DR-01-007(c).
- e. Objection. This question is vague and ambiguous and seeks information that is irrelevant to this proceeding and beyond the jurisdiction of the Kentucky Public Service Commission. Moreover, this question calls for a legal opinion regarding regulatory treatment in multiple state jurisdictions outside of the Commonwealth of Kentucky. Without waiving said objection and to the extent discoverable see Duke Energy Kentucky's most recent Integrated Resource Plan (IRP) is publicly available in Case No. 2008-248; Duke Energy Ohio's most recent IRP is publicly available in Case No. 10-503-EL-FOR; Duke Energy Indiana's most recent IRP is publicly available in Cause No. 43643; and Duke Energy Carolinas' most recent IRPs are publicly available in the following Dockets: North Carolina Docket No. E-100, sub 128

South Carolina – Docket No. 2010-10-E

PERSON RESPONSIBLE: As to objection – Legal

James E. Rogers

(a,b)William Don Wathan Jr./Danny Wiles

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AG-DR-01-008

REQUEST:

Assuming the contemplated transaction is fully approved in every jurisdiction by every regulatory authority, provide an explanation of the combined entity's plans for expansion of nuclear facilities anywhere within its combined service territories. For any such expansion, provide the explanation requested in question no. 6, above. Your response should include the anticipated generation output for each such facility.

- a. Provide a complete explanation of the plans Progress Energy had immediately prior to the announcement of the contemplated transaction regarding any expansion and/or addition to its nuclear energy facilities anywhere within its service territories.
- b. Include in your response whether the combined entity will pursue what have been popularly termed as "package" nuclear facilities.
- c. Provide a discussion of costs expected to be incurred for the hardening of existing and any future facilities against terrorist incidents. This particular response may be confidential, if necessary.
- d. Provide a graph depicting increases in costs for construction of nuclear generation facilities from 2008 to the present. Additionally, provide the most recent forecasted construction costs for new nuclear generation facilities, including but not necessarily limited to those conducted by the U.S. Energy Information Administration.
- e. State whether the Joint Applicants will or may pursue partial funding for any potential new nuclear generation facilities from federal loan guarantee programs.
- f. Provide a discussion regarding how state public utility commissions in jurisdictions treat AFUDC and / or CWIP pertaining to nuclear facilities in those jurisdictions in which Joint Applicants currently maintain nuclear facilities.
- g. Published news reports indicate Duke Energy has expressed interest in purchasing a share of the proposed 2,200-MW expansion of the V.C. Summer nuclear plant in South Carolina. Please explain whether any decision has been made in this regard. Please also explain what, if any, ramifications this decision may have for DEK ratepayers. Please include in your discussion: (a) an analysis of the impact any such purchase would have on the ability of DEK, its parent entities and affiliates to obtain

capital, especially in the event the proposed transaction in the instant case should be approved by all relevant regulatory authorities [if none has been performed to date, state whether the Joint Applicants will agree to provide any such analyses if and when performed]; (b) copies of any and all presentations to, and correspondence to / from any rating agencies regarding any such decision or potential decision to purchase a share of this plant [if none to date, state whether the Joint Applicants will agree to provide any such presentations and correspondence when performed or conducted]; and (c) If no decision has been reached, will the Joint Applicants commit to notifying the Commission and the parties hereto when any such decision has been reached, and to provide an updated response to this request and its subparts?

RESPONSE:

- a-e Objection. The Joint Applicants object to this question on the basis that it is irrelevant to the issues in this proceeding and seeks information about companies that are not subject to the Commission's jurisdiction. Moreover the requests are objectionable to the extent they seeks to elicit information protected by the attorney-client privilege and/or attorney work product privilege.
 - f. The Joint Applicants object to this question on the basis that it is irrelevant to the issues in this proceeding and seeks information about companies that are not subject to the Commission's jurisdiction. The request is also objectionable on the basis that it seeks calls for a legal conclusion regarding the law and procedures of other jurisdictions.
 - g. This transaction results in an indirect change of control over Duke Energy Kentucky, and thus Duke Energy Corporation will continue to own and operate Duke Energy Kentucky upon consummation of the acquisition of Progress Energy. Accordingly, although this question is directed to "Joint Applicants," it is inapplicable to Progress Energy. The question is applicable to Duke Energy Corporation and its affiliated companies, and thus the response is made on behalf of those entities.

Objection. This document request seeks requiring the Joint Applicants to engage in speculation and Guesswork and is based upon inadmissible hearsay. Moreover the request is objectionable to the extent it seeks to elicit information protected by the attorney-client privilege and/or attorney work product privilege. In response to question 7, the Joint Applicants indicated that Duke Energy Kentucky will not be responsible for any of the maintenance costs of Progress Energy's nuclear generating fleet. Duke Energy Kentucky has not sought to include any such nuclear maintenance costs in its rates. Accordingly, the Joint Applicants object to this question on the basis that it is irrelevant to the issues in this proceeding and seeks information about companies that are not subject to the Commission's jurisdiction.

PERSON RESPONSIBLE: As to Objection a-f-Legal

(g) James E. Rogers

AG-DR-01-009

REQUEST:

A published report indicates that the North Carolina Eastern Municipal Power Agency ("the Agency"), comprised of 32 cities that own municipal utilities, may request that Duke Energy reduce the Agency's \$2.4 billion in debt owed to Progress Energy, comprising the municipalities' share of Progress' nuclear plants. Discuss whether DEK's parent entities will or may assume all or any portion of this \$2.4 billion debt, and if so, discuss any and all ramifications and impacts DEK's ratepayers will or may have. Provide also:

- a. an analysis of the impact any such assumption of debt will or may have on the ability of DEK, its parent entities and affiliates to obtain capital, especially in the event the proposed transaction in the instant case should be approved by all relevant regulatory authorities (if none has been performed to date, state whether the Joint Applicants will agree to provide any such analyses if and when performed);
- b. copies of any and all presentations to, and correspondence to / from any rating agencies regarding any decision or potential decision regarding any such debt assumption (if none to date, state whether the Joint Applicants will agree to provide any such presentations and correspondence when performed or conducted); and
- c. a discussion of any efforts the North Carolina Legislature is undertaking (or may undertake) to block the transaction contemplated in the instant filing unless Duke Energy agrees to such debt assumption.

RESPONSE:

Objection. The request misstates facts. The debt in question is the Agency's debt. It is not debt owed to Progress. Notwithstanding the objection, Duke Energy Kentucky ratepayers will not be adversely impacted by any future decision regarding the Agency's \$2.4 billion debt, nor will it assume any of the indebtedness. In light of this response, the Joint Applicants object to the remainder of the question on the basis that it is speculative and seeks information that is irrelevant to the issues in this proceeding and beyond the scope of the Commission's jurisdiction.

- (a) As stated above, Duke Energy Kentucky ratepayers will not be adversely impacted by the Agency's debt, nor will Duke Energy Kentucky assume any of the indebtedness. In light of this response, the Joint Applicants object to this subquestion on the basis that it is speculative and seeks information that is irrelevant to the issues in this proceeding and beyond the scope of the Commission's jurisdiction.
- (b) As stated above, Duke Energy Kentucky ratepayers will not be adversely impacted by the Agency's debt, nor will Duke Energy Kentucky assume any of the indebtedness. In light of this response, the Joint Applicants object to this subquestion on the basis that it is speculative and seeks information that is irrelevant to the issues in this proceeding and beyond the scope of the Commission's jurisdiction.
- (c) As stated above, Duke Energy Kentucky ratepayers will not be adversely impacted by the Agency's debt, nor will Duke Energy Kentucky assume any of the indebtedness. In light of this response, the Joint Applicants object to this subquestion on the basis that it is speculative and seeks information that is irrelevant to the issues in this proceeding and beyond the scope of the Commission's jurisdiction.

PERSON RESPONSIBLE: As to Objection - Legal

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AG-DR-01-010

REQUEST:

A published report indicates that Progress Energy is conducting engineering analyses to determine whether it might be more cost-effective to abandon its 860 MW Crystal River nuclear plant than to repair damage incurred to its containment facility. The plant has apparently not operated since September 2009, and the company since that time has apparently spent approximately \$290 mil. for purchased power in excess of the cost of power that the plant could have produced if it was functional. Provide:

- a. copies of all analyses of the financial impacts and risks Progress and the Joint Applicants could, or will face, regardless of which option Progress ultimately exercises to address the future of this plant and any potential long-term purchase power arrangements it may have to enter to meet its load;
- b. copies of any and all analyses regarding the impact that Progress' assumption of new debt to address the Crystal River outage and related issues could or will have on the ability of DEK, its parent entities and affiliates to obtain capital, especially in the event the proposed transaction in the instant case should be approved by all relevant regulatory authorities (if none has been performed to date, state whether the Joint Applicants will agree to provide any such analyses); and
- c. copies of any and all presentations to, and correspondence to / from any rating agencies or investment consultants of any type or sort regarding any decision or potential decision pertaining to any such debt assumption (if none have occurred to date, state whether the Joint Applicants will agree to provide any such presentations and correspondence).

RESPONSE:

In response to question 7, the Joint Applicants indicated that Duke Energy Kentucky will not be responsible for any of the maintenance costs of Progress Energy's nuclear generating fleet. Accordingly, the Joint Applicants object to this question on the basis that it is irrelevant to the issues in this proceeding and seeks information about companies that are not subject to the Commission's jurisdiction.

- a. Objection, in response to question 7, the Joint Applicants indicated that Duke Energy Kentucky will not be responsible for any of the maintenance costs of Progress Energy's nuclear generating fleet. Accordingly, the Joint Applicants object to this question on the basis that it is irrelevant to the issues in this proceeding and seeks information about companies that are not subject to the Commission's jurisdiction. This document request is also objectionable in that it seeks to elicit information protected by the attorney-client privilege and/or attorney work product privilege.
- b. Objection, in response to question 7, the Joint Applicants indicated that Duke Energy Kentucky will not be responsible for any of the maintenance costs of Progress Energy's nuclear generating fleet. Accordingly, the Joint Applicants object to this question on the basis that it is irrelevant to the issues in this proceeding and seeks information about companies that are not subject to the Commission's jurisdiction. This document request is also objectionable in that it seeks request seeks to elicit information protected by the attorney-client privilege and/or attorney work product privilege.
- c. Objection, in response to question 7, the Joint Applicants indicated that Duke Energy Kentucky will not be responsible for any of the maintenance costs of Progress Energy's nuclear generating fleet. Accordingly, the Joint Applicants object to this question on the basis that it is irrelevant to the issues in this proceeding and seeks information about companies that are not subject to the Commission's jurisdiction. This document request is also objectionable in that it seeks request seeks to elicit information protected by the attorney-client privilege and/or attorney work product privilege.

PERSON RESPONSIBLE: As to Objection - Legal

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AG-DR-01-011

REQUEST:

Duke Energy CEO Jim Rogers has been quoted in recent media reports as expressing concern regarding the approaching decommissioning of the nation's first nuclear power facilities. Duke's Form 10-K indicates that the company is facing costs for the decommissioning of some of its own nuclear facilities. Describe, in detail, how the Joint Applicants would address any potential cost overruns associated with the decommissioning of any and all of their nuclear facilities. Your description should include, at a minimum:

- a. any type or sort of insurance arrangements including self-insured retentions and stop loss policies; and
- b. at what point the Joint Applicants may call upon the reserves and / or assets of its subsidiaries and affiliates in order to prevent any potential bankruptcy.

RESPONSE:

This transaction results in an indirect change of control over Duke Energy Kentucky, and thus Duke Energy Corporation will continue to own and operate Duke Energy Kentucky upon consummation of the acquisition of Progress Energy. Accordingly, although this question is directed to "Joint Applicants," it is inapplicable to Progress Energy. The question is applicable to Duke Energy Corporation and its affiliated companies, and thus the response is made on behalf of those entities.

Objection. This question is overly broad and unduly burdensome in that it seeks information and analysis that is irrelevant to this proceeding and beyond the scope of the Commission's jurisdiction. Further, responding to this request causes the Duke Companies to engage in speculation and guesswork. Moreover, this question calls for a legal opinion regarding regulatory treatment in multiple state jurisdictions outside of the Commonwealth of Kentucky. Without waiving said objection, to the extent discoverable, decommissioning funding levels are determined through the regulatory processes in North and South Carolina and are periodically reviewed by those Commissions. Funds collected in rates are set aside in a legal trust fund that can only be used for decommissioning. Any deficits or surplus in decommissioning funds set aside in trust will be addressed through regulatory proceedings in North Carolina and South Carolina as applicable for Duke Energy Carolinas.

PERSON RESPONSIBLE: Objection- Legal

Carl Council

AG-DR-01-012-PUBLIC

REQUEST:

A published report indicates that Duke Energy CEO Jim Rogers has filed testimony with North Carolina regulators regarding Duke Energy's proposed Lee Nuclear Station in South Carolina.

- a. Provide a copy of that testimony;
- b. Provide an approximate date for when Duke plans to file a petition with the South Carolina Public Service Commission seeking permission to build the plant. Include in your response whether any potential partners in that plant will also participate in that filing;
- c. Provide the estimated MW rating of the plant, if known, together with its latest cost projection, and the projected date this plant will come on-line;
- d. State whether Duke will seek to sell one or more shares in the plant and its electrical production to other utilities. Provide complete details;
- e. Provide the status of the permitting process with all relevant federal authorities;
- f. Discuss, in detail, how Duke proposes to seek cost recovery for this plant from its customers;
- g. Discuss, in detail, whether Duke Energy Kentucky's ratepayers will be expected to contribute (in any manner whatsoever, directly or indirectly) toward the production and / or operating costs of this facility.
- h. Provide also:

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 (i) an analysis of the impact the assumption of debt associated with this project will or may have on the ability of Duke Energy Kentucky, its parent entities and affiliates to obtain capital, especially in the event the proposed transaction in the instant case should be approved by all relevant regulatory authorities (if none has been performed to date, state whether the Joint Applicants will agree to provide any such analyses);

- copies of any and all presentations to, and correspondence to / from any rating (ii) agencies regarding any decision or potential decision regarding any such debt assumption (if none have occurred to date, state whether the Joint Applicants will agree to provide any such presentations and correspondence); and
- (iii)a discussion of any efforts the North Carolina Legislature is undertaking (or may undertake) to block the transaction contemplated in the instant filing unless Duke Energy agrees to such debt assumption.

RESPONSE:

Objection. This request is irrelevant and beyond the scope of the proceeding. a Without waiving said objection, Mr. Rogers' direct, supplemental and rebuttal testimony requested is publicly available on the website of the North Carolina Utilities Commission at

http://www.ncuc.commerce.state.nc.us/, located in Docket No. E-7, Sub 819.

- Objection. This request is irrelevant and beyond the scope of the Commission's b. jurisdiction and it is also irrelevant in light of Joint Applicants' response to subpart (g) below. Without waiving said objection, a determinative decision as to when the Company would make such a filing has not been made, however the Company anticipates filing for a Certificate of Environmental Compatibility and Public Convenience and Necessity with the Public Service Commission of South Carolina close in time to its anticipated receipt of its Combined Construction and Operating License from the U.S. Nuclear Regulatory Commission. Please see the direct testimony of Dhiaa M. Jamil, filed in Docket No. E-7, Sub 819, that is publicly available on the website of the North Carolina Utilities Commission at http://www.ncuc.commerce.state.nc.us/. With respect to the question regarding partners, please see the direct, supplemental and rebuttal testimony of Jim Rogers, filed in Docket No. E-7, Sub 819, that is publicly available on the website of the North Carolina Utilities Commission at http://www.ncuc.commerce.state.nc.us/.
 - Objection. This request is irrelevant and beyond the scope of the Commission's c. jurisdiction and it is also irrelevant in light of Joint Applicants' response to subpart (g) below. Without waiving said objection, with respect to the MW rating and projected commercial operation date, please see the direct testimony Dhiaa Jamil, filed in Docket No. E-7, Sub 819, publicly available on the website of the North Carolina Utilities Commission at http://www.ncuc.commerce.state.nc.us/. The latest overnight cost projection for the proposed Lee Nuclear Station is \$11 billion.
 - Objection. This request is irrelevant and beyond the scope of the Commission's d. jurisdiction and it is also irrelevant in light of Joint Applicants' response to subpart (g) below. Without waiving said objection, please see the please see the direct, supplemental and rebuttal testimony of Jim Rogers, filed in Docket No. E-

7, Sub 819, that is publicly available on the website of the North Carolina Utilities Commission at <u>http://www.ncuc.commerce.state.nc.us/</u>.

e. Objection. This request is irrelevant and beyond the scope of the Commission's jurisdiction and it is also irrelevant in light of Joint Applicants' response to subpart (g) below. Without waiving said objection, please see the direct testimony Dhiaa Jamil, filed in Docket No. E-7, Sub 819, publicly available on the website of the North Carolina Utilities Commission at http://www.ncuc.commerce.state.nc.us/.

See also Duke Energy Carolinas' response to the NRC's Request for Additional Information No. 211 at http://adamswebsearch2.nrc.gov/idmws/DocContent.dll?library=PU_ADAMS%5 epbntad01&LogonID=27f4a9febb411eee26a1185a6561985f&id=103440111

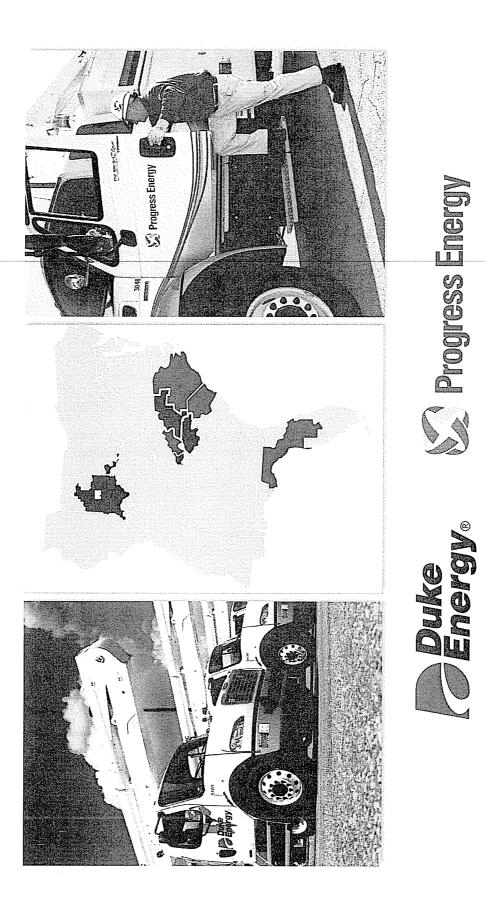
- f. Objection. This request is irrelevant and beyond the scope of the Commission's jurisdiction and it is also irrelevant in light of Joint Applicants' response to subpart (g) below. Without waiving said objection Duke Energy Kentucky will not seek to include costs for this plant from its customers.
- g. Duke Energy Kentucky will not be expected to contribute toward the production and/ or operating costs of this facility.
- h. (i)(ii) Objection. This document request seeks to elicit information protected by the attorney-client privilege and/or attorney work product privilege. This request is irrelevant and beyond the scope of the proceeding. Duke Energy Kentucky will not seek to include costs for this plant from its customers. See AG-DR-01-012 Attachment (h)(i)(2).
 - (iii.) No efforts are known at this time.

CONFIDENTIAL PROPRIETARY TRADE SECRET

h.(i)-(ii) This response has been filed with the Commission under a Petition for Confidential Treatment.

PERSON RESPONSIBLE: As to Objection – Legal (a)-(e) Christopher M. Fallon/ James E. Rogers (f)(g)(h) William Don Wathen Jr. Attachment AG-DR-01-12(h)(i)(2) James E. Rogers

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January 10, 2011

CREATING THE LEADING U.S. UTILITY

	attachment	
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Safe Harbor

SAFE HARBOR STATEMENT

any forward-looking statement is not a guarantee of future performance and that actual results could differ materially from those contained in proposed merger; the risk that the businesses will not be integrated successfully; the risk that the cost savings and any other synergies from referred to in the "Risk Factors" section of each of Duke Energy's and Progress Energy's most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission. These risks, as well as other risks associated with the merger, will be more fully discussed in the joint proxy statement/prospectus that will be included in the Registration Statement on Form S-4 that will be filed with the SEC in connection the transaction may not be fully realized or may take longer to realize than expected; disruption from the transaction making it more difficult worldwide economic conditions and related uncertainties; the effect of changes in governmental regulations; and other factors discussed or Energy's plans, objectives, expectations and intentions, the expected timing of completion of the transaction, and other statements that are merger, or required governmental and regulatory approvals may delay the merger or result in the imposition of conditions that could cause proposed merger involving Duke Energy and Progress Energy, including future financial and operating results, Progress Energy's or Duke approvals; the risk that Progress Energy or Duke Energy may be unable to obtain governmental and regulatory approvals required for the the SEC and available at the SEC's website at www.sec.gov. Each forward-looking statement speaks only as of the date of the particular with the merger. Additional risks and uncertainties are identified and discussed in Progress Energy's and Duke Energy's reports filed with expectations, projections, goals, forecasts, assumptions, risks and uncertainties. Duke Energy and Progress Energy caution readers that This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forwardlooking statements are typically identified by words or phrases such as "may," "will," "anticipate," "estimate, " "expect," "project," "intend," the parties to abandon the merger; the risk that a condition to closing of the merger may not be satisfied; the timing to consummate the to maintain relationships with customers, employees or suppliers; the diversion of management time on merger-related issues; general statement and neither Progress Energy nor Duke Energy undertakes any obligation to update or revise its forward-looking statements. statements include risks and uncertainties relating to: the ability to obtain the requisite Duke Energy and Progress Energy shareholder not historical facts. Important factors that could cause actual results to differ materially from those indicated by such forward-looking the forward-looking statement. Such forward-looking statements include, but are not limited to, statements about the benefits of the 'plan," "believe," "target," "forecast," and other words and terms of similar meaning. Forward-looking statements involve estimates, whether as a result of new information, future events or otherwise.

Buke S Progress Energy

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Safe Harbor (cont'd)

ADDITIONAL INFORMATION AND WHERE TO FIND IT

joint proxy statement/prospectus regarding the proposed merger when it becomes available, as well as other documents filed with the SEC, because they will contain important information. You may obtain copies of all documents filed with the SEC regarding this transaction, his document does not constitute an offer to sell or the solicitation of an offer to buy any securities, or a solicitation of any vote or approval, nor documents, free of charge, from Progress Energy's website (www.progress-energy.com) under the tab "Investors" and then under the heading Energy, Duke Energy will file with the SEC a Registration Statement on Form S-4 that will include a joint proxy statement of Duke Energy and statement/prospectus to their respective shareholders. Duke Energy and Progress Energy urge investors and shareholders to read the qualification under the securities laws of any such jurisdiction. In connection with the proposed merger between Duke Energy and Progress www.duke-energy.com) under the heading "Investors" and then under the heading "Financials/SEC Filings." You may also obtain these free of charge, at the SEC's website (www.sec.gov). You may also obtain these documents, free of charge, from Duke Energy's website shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawfu) prior to registration or Progress Energy that also constitutes a prospectus of Duke Energy. Duke Energy and Progress Energy will deliver the joint proxy 'SEC Filings."

PARTICIPANTS IN THE MERGER SOLICITATION

may be soliciting proxies from Duke Energy and Progress Energy shareholders in favor of the merger and related matters. Information regarding Additional information about Duke Energy's executive officers and directors and Progress Energy's executive officers and directors can be found the persons who may, under the rules of the SEC, be deemed participants in the solicitation of Duke Energy and Progress Energy shareholders information about Duke Energy's executive officers and directors in its definitive proxy statement filed with the SEC on March 22, 2010. You can find information about Progress Energy's executive officers and directors in its definitive proxy statement filed with the SEC on March 31, 2010. in the above-referenced Registration Statement on Form S-4 when it becomes available. You can obtain free copies of these documents from Duke Energy, Progress Energy, and their respective directors, executive officers and certain other members of management and employees in connection with the proposed merger will be set forth in the joint proxy statement/prospectus when it is filed with the SEC. You can find Duke Energy and Progress Energy using the contact information above.



		Case No. 2011-124 AG-DR-01-012 h(i)(2) attachment Page 4 of 41
Cafa Harbar (cont'	or (cont'd)	
REG G DISCLOSURE In addition, today's discussion incl measures to the most directly com www.progress-energy.com.	REG G DISCLOSURE In addition, today's discussion includes certain non-GAAP financial measures as defined under SEC Regulation G. A reconcliation of those measures to the most directly comparable GAAP measures is available on our Investor Relations websites at www.duke-energy.com and www.progress-energy.com.	n G. A reconciliation of those
Duke 🔬 1	Progress Energy Creating the Lear	Creating the Leading U.S. Utility – January 10, 2011

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Agenda

- Transaction Overview
- Company Highlights
 - Financial Summary
- Closing



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Transaction Overview

Buke Progress Energy

Compelling	Compelling Strategic Transaction
	Creates largest U.S. utility, supported by substantial, diversified regulated earnings and cash flows
	Unmatched financial and operational scale, scope and strength
	Principally regulated earnings base supports dividend
	Significant scale of operating cash flows
	Leverages "best-in-class" operational and customer service practices
Overall Strategic Benefits	Enhances industry leadership position to shape federal and state energy policies
	Highly-regulated business mix
	Regulated: comprises approximately 85% of combined company adjusted segment EBIT ¹
	Non-regulated: comprises approximately 15% of combined company adjusted segment EBIT ¹
	¹ Duke Energy's forecasted 2010 adjusted EBIT based upon midpoint of original 2010 adjusted diluted EPS range of \$1.25 - \$1.30; excludes operations labeled as 'Other'; Progress Energy's forecasted 2010 adjusted EBIT based upon midpoint of original 2010 ongoing EPS range of \$2.85 - \$3.05
Energy,	Progress Energy Creating the Leading U.S. Utility – January 10, 2011

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			Case No. 2011-124 AG-DR-01-012 h(i)(2) attachment Page 8 of 41
Compelling	St	Compelling Strategic Transaction (cont'd)	
		Earnings accretive in year one ¹	
Investor		Attractive total shareholder return proposition supported by strong dividend	strong dividend
Benefits		Internation Duke Energy atviaced and policy Significant rate base growth expected to drive 4-6% long-term EPS growth ¹	m EPS growth ¹
	欟	Strong balance sheet and credit profile	
		Ability to derive meaningful operational efficiencies for regulated electric customers	ated electric customers
Gustomer		over time	
Benefits		Significant benefits to Carolinas customers from fuel and joint dispatch efficiencies	nt dispatch efficiencies
		Continued commitment to delivering clean, affordable and reliable energy to our customers	liable energy to our
(Wenterstand	M	Strong, complementary management teams	
Expertise		Experience with execution of large-scale merger transactions	S
¹ Based upon adjusted diluted earni	ed sbu	¹ Based upon adjusted diluted earnings per share. Long-term EPS growth rate off a stand-alone Duke Energy base year of 2011	
Energy, R. Progress Energy	gress		Creating the Leading U.S. Utility – January 10, 2011

AG-DR-01-012 h(i)(2) attachment Case No. 2011-124 Page 9 of 41

Creating the Largest U.S. Utility

The combined company will create the largest U.S. utility, with unmatched scale and scope 钀

Diverse Service Territories	Combined Statistics				
ΡU		Duke Energy	Progress Energy	Combined	Rank
	Enterprise Value	\$40.2 B	\$25.1 B	\$65.3 B	#1
	Market Cap.	\$23.6 B	\$12.8 B	\$36.5 B	#1
	Electric Customers	4.0 M	3.1 M	7.1 M	#1
	Generation Capacity	35.4 GW1	21.8 GW	57.2 GW ¹	#1
Duke Energy	Total Assets	\$57.9 B	\$32.7 B	\$90.6 B ²	#1
	Rate Base	\$23 B	\$17 B	\$40 B	# 1
Courses: EndOd an 1001 0010	Regulated EBIT Mix ³	77%	100%	85%	N/A
Source: reacted as 12/3/12/009; rate base data estimated as of 12/3/1/2010; total assets and generation capacity as of 09/30/2010 Note: Customer data as of 12/3/1/2009; rate base data estimated as of 12/3/1/2010; total assets and generation capacity as of 09/30/2010	ssets and generation capacity as of 09/30/2011	0		And and and the use are used and the part of	

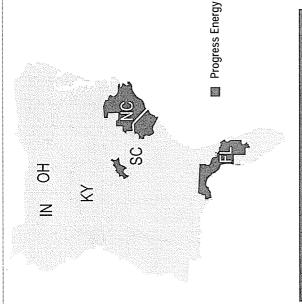
Note: Customer data as of 12/31/2009; rate base data estimated as of 12/31/2019; fortal assets and generation capacity as of 09/30/2010 Excludes purchased power and approximately 4 GW of Duke Energy International assets • Total assets are a summation of the two stand-alone compared and on not include any purchase accounting adjustments from this framsaction. • Dust assets are a summation of the two stand-alone mapping and on not include any purchase accounting adjustments from this framsaction. • Dust assets are a summation of the two stand-alone mapping and on not include any purchase accounting adjustments from this framsaction. • Dust Energys forecasted 2010 adjusted EBIT based upon midpoint of original 2010 adjusted diluted EPS range of \$1.25 - \$1.30; excludes operations labeled as 'Other'; Progress Energy's forecasted 2010 adjusted EBIT based upon midpoint of original 2010 adjusted of the two mapping adjusted tablets are a summation to forted any contraction to forted and the two adjusted of the two adjusted tablets are added as 'Other'; Progress Energy's forecasted 2010 adjusted EBIT



	Case No. 2011-124 AG-DR-01-012 h(i)(2) attachment Page 10 of 41	attachment
Key Transaction Terms	n Terms	
Company Name	Duke Energy Corporation	
Consideration	 100% stock 2.6125 shares of Duke Energy per Progress Energy share 	
Headquarters	 Corporate: Charlotte; significant presence in Raleigh Utilities: No change 	
Pro Forma Ownership	 Duke Energy shareholders: 63% Progress Energy shareholders: 37% 	
	 Executive Chairman: Jim Rogers President and CEO: Bill Johnson Board composition 	
Governance	 11 nominated by Duke Energy, including Jim Rogers 7 nominated by Progress Energy, including Bill Johnson Lead Director to be designated by Duke Energy 	
Timing/Approvals	Following shareholder vote and regulatory approvals, targeting closing transaction by end of 2011	
Energy , S Progress Energy	Energy Creating the Leading U.S. Utility – January 10, 2011	2011

	2) attachment	
11-124	AG-DR-01-012 h(i)(2)	11
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Duke Energy Transaction Rationale



Progress Energy at a Glance	21.8 GW ²	~\$17 B (estimated as of 12/31/10)	3.1 M (electric)	North Carolina, South Carolina and Florida	
Progress Er	Generation	Rate base	Customers	Jurisdictions	

Operational efficiencies through leveraging mutual "best-

in-class" customer service capabilities

Fuel and joint dispatch savings in the Carolinas

Operating in constructive regulatory environments

proportion of regulated earnings and cash flows

Significant customer benefits

Improved business risk profile due to increased

Expanded U.S. regulated earnings base and cash flows

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Poised for strong growth and economic recovery

Creates unmatched financial and operational scale,

scope and strength

EPS accretive in year one¹

Investor and strategic benefits

Transaction Rationale

¹ Based on adjusted diluted EPS ² Generation capacity as of 09/30/2010; excludes purchased power

🏹 Progress Energy

Duke Energy.

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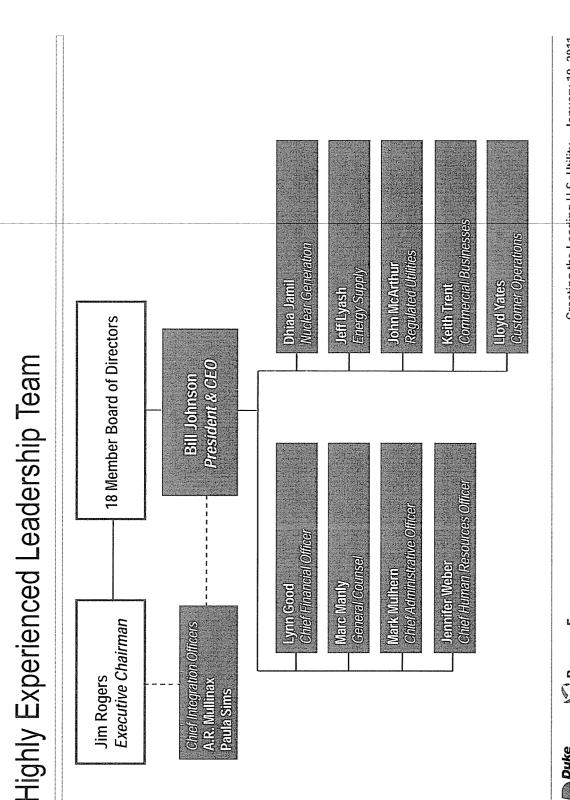
Progress Energy Transaction Rationale

	U.	Transaction Rationale	
		Investor and strategic benefits	
	KY	7.1% premium to Progress Energy shareholders ¹	ergy shareholders ¹
	NC V V	■ Dividend and EPS accretive in year one ²	year one ²
	SC	Improved EPS & dividend growth	vth
	Duke Energy	Increased regulatory and earnings diversity in six service territories	ings diversity in six
	Ë	Improved business risk profile due to stronger balance sheet and credit metrics	due to stronger balance
Dulke Entero	ke Enerov at a Glance		s and strategic optionality
Generation	35.4 GW ³		- - -
Rate base	~\$23 B (estimated as of 12/31/10)	Fuel and joint dispatch savings in the Carolinas	s in the Carolinas
Customers	4.0 M (electric); 0.5 M (gas)	Operational efficiencies through leveraging mutual	h leveraging mutual
Jurisdictions	North Carolina, South Carolina, Indiana, Ohio and Kentucky	"best-in-class" customer service capabilities	e capabilities
¹ Premium expressed relative to 1 ² Based on adjusted dituted EPS ³ Generation capacity as of 09/3(¹ Premium expressed relative to unaffected Progress Energy 1/05/2011 closing share price of \$43.39. The premium to the Progre ² Based on adjusted dituted EPS ³ Generation capacity as of 09/30/2010; excludes purchased power and approximately 4 GW of Duke Energy International assets	Premium expressed relative to unaffected Progress Energy 1/05/2011 closing share price of \$43.39. The premium to the Progress Energy 1/07/2011 closing share price of \$44.72 is 3.9%. Based on adjusted diluted EPS GO 09/30/2010, excludes purchased power and approximately 4 GW of Duke Energy International assets	: of \$44.72 is 3.9%.

Creating the Leading U.S. Utility - January 10, 2011

Duke S Progress Energy

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Creating the Leading U.S. Utility - January 10, 2011

Progress Energy

Duke Energy

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Indicative Timeline to Close and Regulatory Approvals

04 2011					Close merger (Targeted)	
02/2011 08/2011	Energy shareholder meetings	Secure appropriate state and federal regulatory approvals		Develop and initiate transition implementation plans		vith all of our state regulators
Q1 2011	Merger announcement	Make regulatory filings North Carolina, South Carolina, U.S. DOJ, FERC, and NRC	File joint proxy statement			We will work collaboratively with all of our state regulators

Progress Energy **Duke** Energy.

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Company Highlights

Buke Progress Energy

Case No. 2011-124 AG-DR-01-012 h(i)(2) attachment Page 16 of 41			#1 U.S. utility by enterprise value	\$65.3 B enterprise value	24% larger than the #2 utility	\$90.6 B in total assets ¹		#1 U.S. utility by market capitalization	\$36.5 B equity value	13% larger than the #2 utility			#1 U.S. utility by generation capacity	57.2 GW total capacity	33% larger than the #2 generator			Creating the Leading U.S. Utility – January 10, 2011
			#1 U.S. utility	■ \$65.3 B e	24% large	🖩 \$90.6 B ir		#1 U.S. utility	■ \$36.5 B e	a 13% large			#1 U.S. utilit	57.2 GW	a 33% large		31/2009 for other companies ustments from this transactio	Creating the Lea
	Utility			\$35.0 \$33.6 \$32.5 \$75.1 \$74.9 \$73.6	674.3¢	AEP FE/AYE PCG PGN PEG ETR				913-3 \$17.3 \$16.1 \$15.4 \$12.9 \$12.8	PCG AEP PEG FE/AYE ETR PGN				27.9 25.6 24.9 23.7 21.8 16.0	ETR D EXC FE/AYE PGN PEG	Source: Market data as of 12/31/2010, company filings; capacity owned as of 09/30/2010 for Duke Energy and Progress Energy; as of 12/31/2009 for other companies t Total assets are as of 9/30/2010 and are a summation of the two stand-alone companies and do not include any purchase accounting adjustments from this transaction.	16
	he Leading U.S. L	alue (\$ B)		\$41.6 \$41.5 \$40.2 \$37.8		D NEE DUK EXC	Market Capitalization (\$ B)		\$27.5 \$24.8 <u>\$23.6</u> \$21.8		EXC D DUK NEE	ned (GW)		42.7 37.0 35.4 _{26.2}		NEE AEP DUK CPN	of 12/31/2010, company filings; capacity o 3/30/2010 and are a summation of the two	Progress Energy
	The Le	Enterprise Value (\$ B)	\$65.3	\$52.7		PF DUK SO	Market Capit	536.5	\$32.4		PF DUK SO	Capacity Owned (GW	57.2	42.9		PF DUK SO	Source: Market data as (¹ Total assets are as of 5	Duke Energy

 Presence in six attractive generative generative generative service lectric customers the other service lectric customers the other service lectric customers at the other service service determined at the other service servic	attractive growth service territori stomers than any other U.S. utili titories OH	Presence in six attractive growth service territories with constructive regulatory traditions More electric customers than any other U.S. utility, serving 7.1 M domestic regulated electric customers rese Service Territories By Geography Industrial Carolinas EL Carolinas Carolinas Carolinas Carolinas Carolinas	ns lectric customers id customers By Type: 235 TWh Wholesale/Other 15% Commercial 15% Commercial
Diverse Service Territo	outes 	Customer Ditversity, 7.1 M regulated By Geography 11% Carolinas Et Carolinas	235 TW
		OH KY 10% T 2% 54%	5%
		53.0	Residential 35%
	SC NC	Wer	
	Duke Energy	16% 6% 20	54%
		FL 22% Note: Customer data as of 12/31/2009; rate base data estimated as of 12/31/2010 (see Note on slide 24); customer data only includes regulated customers	Las of 12/31/2010 (see Note on slide 24); customer data

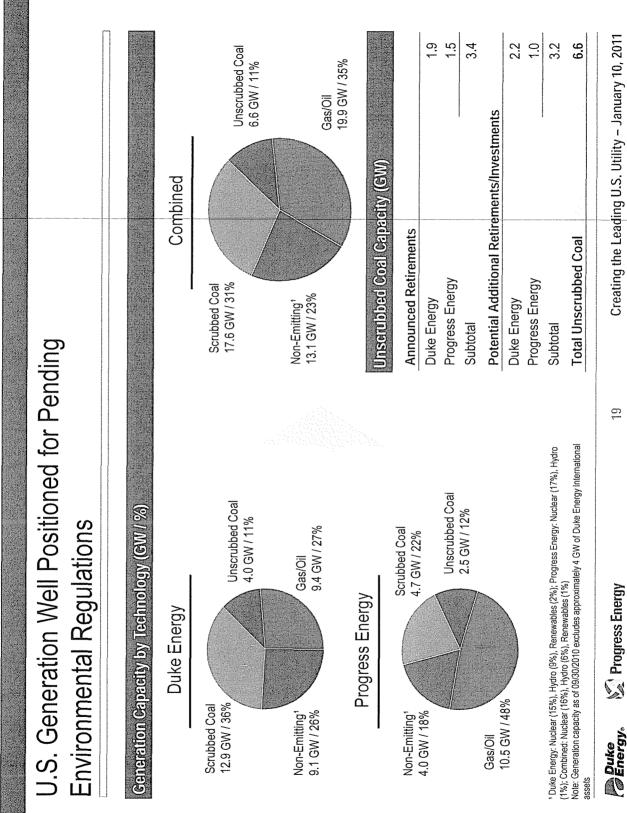
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Page 18 of 41		eater gas and less coal exposure	Combined Hydro/Wind Is% Cas/Oil Bas/Oil Bas/Oil Combined Coal Bas/Oil Combined 54% S4% S4%	Creating the Leading U.S. Utility – January 10, 2011
		fuel profile rease, migrating the combined fleet to gre BV 0Mmed Ganardtvc 57/ GMM	Progress Energy ^{Hydro, Wind} ^{Solit} ^{Ander} ^{Solit} ^{Andro} ^{Solit} ^{Andro} ^{Solit} ^{Andro} ^{Solit} ^{Andro} ^{Solit} ^{Andro} ^{Solit} ^{Andro} ^{Solit} ^{Andro} ^{Solit} ^{Andro} ^{Solit} ^{Andro} ^{Solit} ^{Andro} ^{Solit} ^{Andro} ^{Solit} ^{Andro} ^{Solit} ^{Andro} ^{Solit} ^{Andro} ^{Solit} ^{Andro} ^{Solit} ^{Andro} ^{Solit} ^{Andro} ^{Solit}	18 Creating th
	J.S. Generation Diversity	Highly diversified generation capacity and fuel profile Capacity and fuel diversity projected to increase, migrating the combined fleet to greater gas and less coal exposure	Dirke Energy Dirke Fieldy Progress Energy HydroWind HydroWind HydroWind Inse 49% HydroWind Iss Cashol 49% Iss Cashol 1% Iss	🔬 Progress Energy
	U.S. G	 Highly di Capacity 	DL Hydr 15% Gas/Oll 27% 31% 31% Source: SNL Energy, Ve * Note: Capacity owned	Duke Energy.

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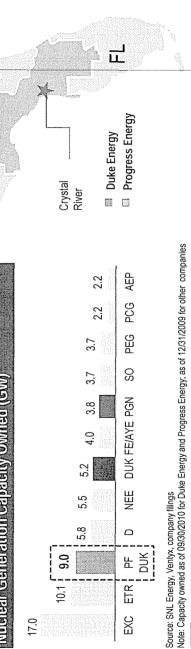
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Nuclear Generation Overview

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Brunswick Harris 1 S Robinson Catawba Combined Nuclear Generation Fleet ပ္ပ McGuire Crystal River Oconee 7 stations and 12 units with ~9 GW of owned generation Combination of nuclear fleets to drive best practices and Commitment to top quartile operational performance for nuclear COLs have been filed with the NRC for three potential New nuclear will only be pursued with the appropriate Combination creates the largest U.S. regulated nuclear fleet continued pursuit of new nuclear development opportunities Size and scale better positions combined company for the regulatory recovery mechanisms in place Nuclear Generation Capacity Owned (GW) achieve operating efficiencies 5.2 5.5 5,8 sites 9.0 2 10.1 fleet

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Progress Energy

Duke Energy

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Financial Summary

Buke. Progress Energy

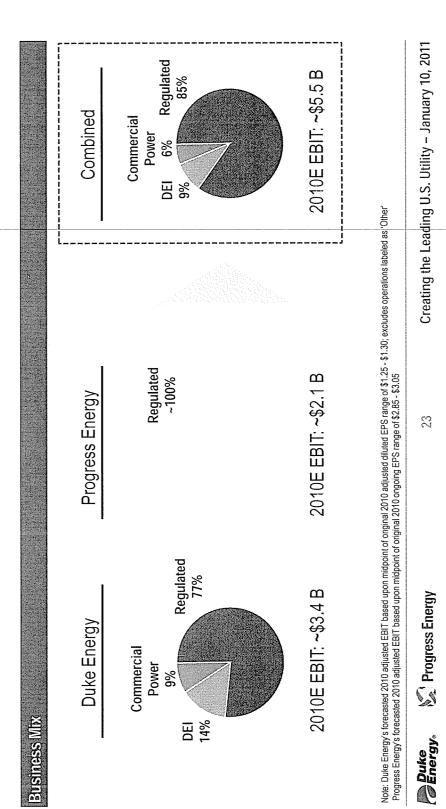
Case No. 2011-124 AG-DR-01-012 h(i)(2) attachment Page 22 of 41	tomers (\$600 - 800 M from	ities the reverse split	Creating the Leading U.S. Utility – January 10, 2011
Pro Forma Earnings Profile	 Accretive to earnings¹ in the first year after close Joint dispatch and fuel savings will immediately benefit Carolinas' customers (\$600 - 800 M from 2012 - 2016) Non-fuel merger benefits help achieve first year earnings accretion No equity issuance requirements assumed 	 Long-term adjusted diluted EPS CAGR target: 4 – 6%² Principally driven by significant regulated capital investment opportunities Duke Energy reverse stock split at transaction close Split ratio to be determined prior to closing Exchange ratio in the merger will be appropriately adjusted to reflect the reverse split 	¹ Based upon adjusted diluted earnings (excludes costs to achieve) ² Based upon base year of 2011 Mereda Seriergy Creating th

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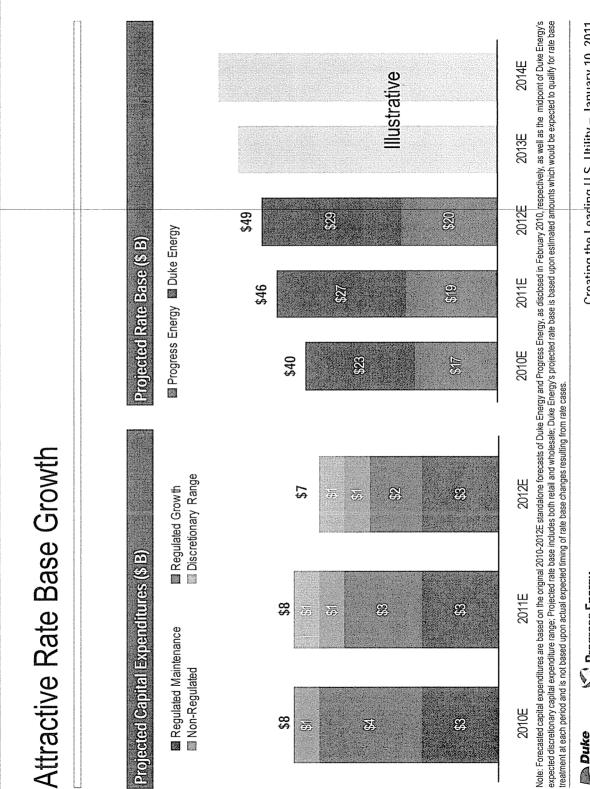
Predominantly Regulated Earnings Base

and Cash Flows

- Regulated EBIT contribution of the combined operations will be approximately 85% 袋
- Duke Energy is committed to growing its strong regulated earnings base



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Creating the Leading U.S. Utility - January 10, 2011

Buke Progress Energy

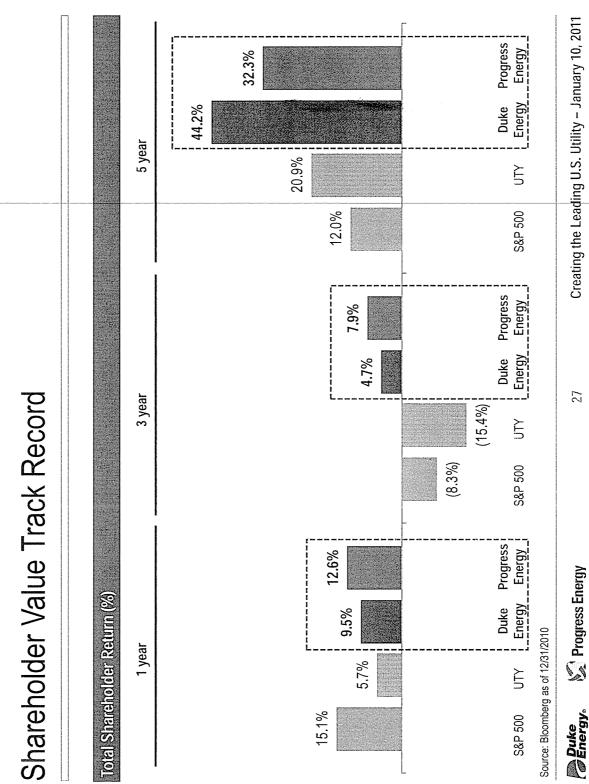
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Creating the Leading U.S. Utility – January 10, 2011

Buke Progress Energy

Case No. 2011-124 AG-DR-01-012 h(i)(2) attachment Page 26 of 41	803	Cash and Total Available Utilized Available equivalents Credit Facilities Amount Liquidity Note: Pro forma liquidity is as of 09/30/2010; Duke Energy cash and equivalents excludes certain cash and short-term investments in foreign jurisdictions of approximately \$675 M	Creating the Leading U.S. Utility – January 10, 2011
	s arnings base and cash flows - constructive regulatory jurisdi Pro Forma Liquidity (\$ B) s 5.3 \$5.3 \$1.8 \$1.8 \$1.8	Cash and Total Available equivalents Credit Facilities Note: Pro forma liquidity is as of 09/30/2010, Di cash and short-term investments in foreign juris	Creating the Lead
Strong Credit Quality and Liquidity	 Highly committed to Duke Energy's current strong credit ratings Lower overall risk profile resulting from increased regulated earnings base and cash flows Strong balance sheet strength with \$91 B in total assets¹ Increased regulatory diversity with presence in six traditionally constructive regulatory jurisdictions Broad and reliable access to capital markets and liquidity Projected Debt/Intal Capitalization 51% 50% 51% 	2011E 2012E 2013E 2013E 2013E index: Debt/Total Capitalization is unadjusted; 2011E is estimated as transaction is not targeted to close until end of 2011 ' Total assets are as of 9/30/2010 and are a summation of the two stand-alone companies and do not include any purchase accounting adjustments from this transaction.	Buke , 😥 Progress Energy

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Closing

Progress Energy

Duke Energy.

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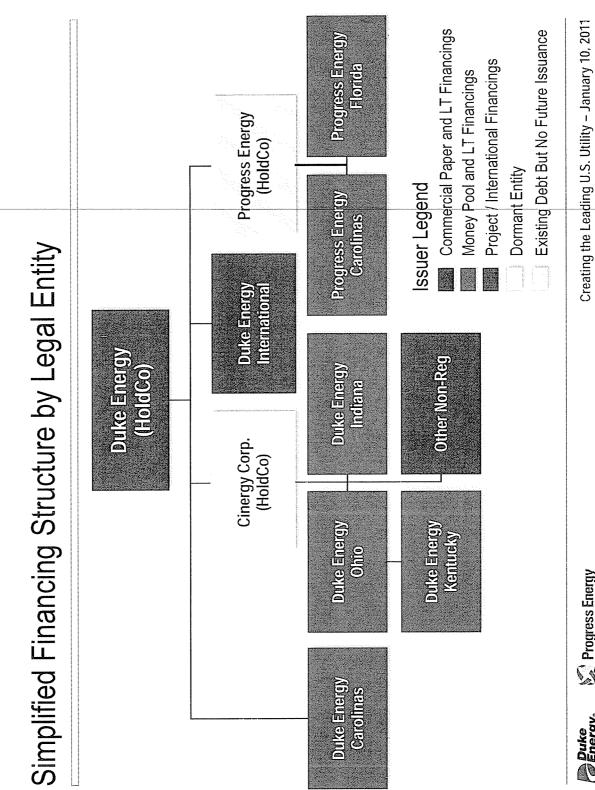
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Appendix

Progress Energy

Duke Energy

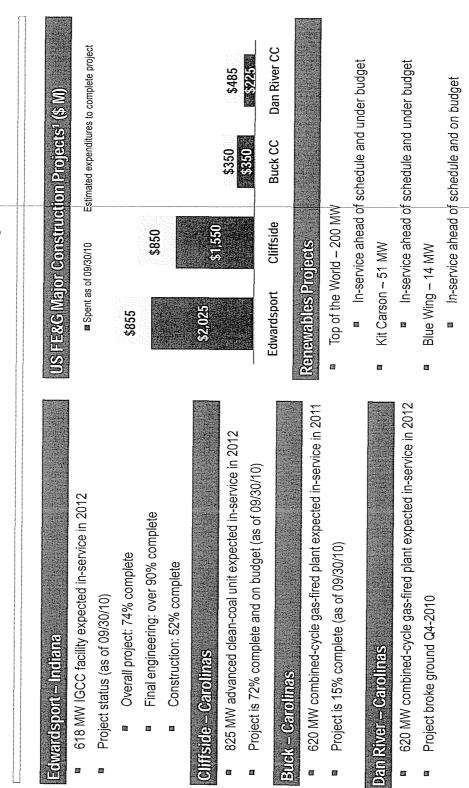
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Progress Energy **Duke** Energy.

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Duke Energy – Summary of Major Capital Projects



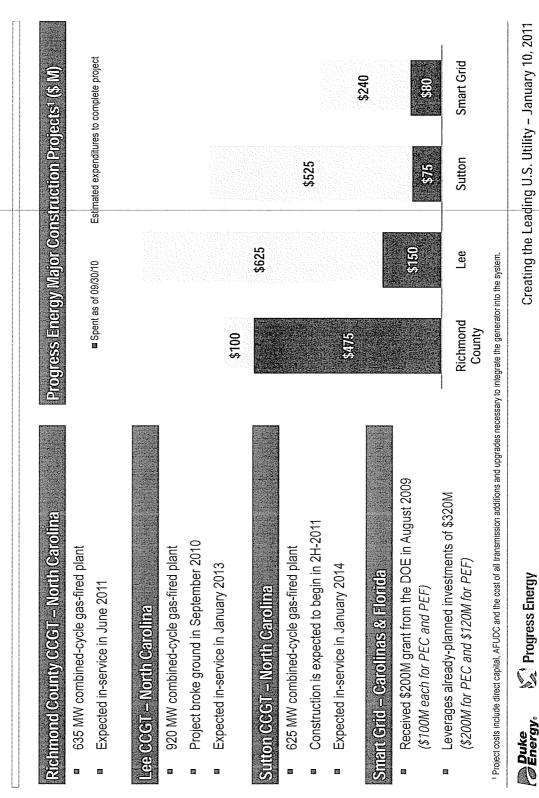
¹ Project costs include direct capital and AFUDC



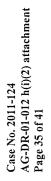
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Progress Energy – Summary of Major Capital Projects



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Dividend Accretion to Progress	Energy – Illust	to Progress Energy – Illustrative Example
Example calculation of Progress Energy	Progress Energy dividend based on Duke Energy's	ם Duke Energy's
current annual dividend per share		
		Pro Forma 1-for-2
	Current	Stock Split ¹
Duke Energy annual dividend	\$0.98	\$1.96
Multiplied by: exchange ratio	<u>2.6125x</u>	<u>1.30625x</u>
Progress Energy exchange-ratio adjusted dividend	\$2.56	\$2.56
Progress Energy current annual dividend	\$2.48	\$2.48
Progress Energy expected dividend accretion	\$0.08 or 3.2%	\$0.08 or 3.2%
Dividend accretion to Progress Energy is expected to increase over time given Duke Energy's historical dividend per share growth rate of ~2%	l to increase over time gi	ven Duke Energy's historical
¹ Slock split ratio to be determined subsequently, 1-for-2 used for illustrative purposes only		
Buke K Progress Energy	Creating the	Creating the Leading U.S. Utility – January 10, 2011







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Duke Energy Corporation Non-GAAP Financial Measures Creating the Leading U.S. Utility January 10, 2011

Adjusted Diluted EPS Outlook

The materials for the Duke Energy and Progress Energy presentation "Creating the Leading U.S. Utility" on January 10, 2011 include a discussion of Duke Energy's original forecasted 2010 adjusted diluted EPS outlook range of \$1.25-\$1.30 per share. The materials also reference the forecasted range of growth of 4%-6% in adjusted diluted EPS (on a compound annual growth rate ("CAGR") basis) for the combined company (Duke Energy and Progress Energy) from a base of Duke Energy's stand-alone adjusted diluted EPS for 2011.

Adjusted diluted EPS is a non-GAAP financial measure as it represents diluted EPS from continuing operations attributable to Duke Energy Corporation shareholders, adjusted for the per-share impact of special items and the mark-to-market impacts of economic hedges in the Commercial Power segment. Special items represent certain charges and credits, which management believes will not be recurring on a regular basis, although it is reasonably possible such charges and credits could recur. Mark-to-market adjustments reflect the mark-to-market impact of derivative contracts, which is recognized in GAAP earnings immediately as such derivative contracts do not qualify for hedge accounting or regulatory accounting treatment, used in Duke Energy's hedging of a portion of the economic value of its generation assets in the Commercial Power segment. The economic value of the generation assets is subject to fluctuations in fair value due to market price volatility of the input and output commodities (e.g., coal, power) and, as such, the economic hedging involves both purchases and sales of those input and output commodities related to the generation assets. Because the operations of the generation assets are accounted for under the accrual method, management believes that excluding the impact of mark-to-market changes of the economic hedge contracts from adjusted earnings until settlement better matches the financial impacts of the hedge contract with the portion of the economic value of the underlying hedged asset. Management believes that the presentation of adjusted diluted EPS provides useful information to investors, as it provides them an additional relevant comparison of the company's performance across periods. Adjusted diluted EPS is also used as a basis for employee incentive bonuses.

The most directly comparable GAAP measure for adjusted diluted EPS is reported diluted EPS from continuing operations attributable to Duke Energy Corporation common shareholders, which includes the impact of special items and the mark-to-market impacts of economic hedges in the Commercial Power segment. Due to the forward-looking nature of this non-GAAP financial measure for future periods, information to reconcile it to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project special items or mark-to-market adjustments for future periods.

Adjusted Earnings Per Share Accretion in Year One

The materials for the Duke Energy and Progress Energy presentation "Creating the Leading U.S. Utility" on January 10, 2011 include a discussion of Duke Energy's assumption that the merger transaction is anticipated to be accretive in the first year after closing, based upon adjusted diluted EPS.

This accretion assumption is a non-GAAP financial measure as it is based upon diluted EPS from continuing operations attributable to Duke Energy Corporation shareholders, adjusted for the per-share impact of special items and the mark-to-market impacts of economic hedges in the Commercial Power segment, as discussed above under "2010 Adjusted Diluted EPS Outlook". The most directly comparable GAAP measure for adjusted diluted EPS is reported diluted EPS from continuing operations attributable to Duke Energy Corporation common shareholders, which includes the impact of special items (including costs-to-achieve the merger) and the mark-to-market impacts of economic hedges in the Commercial Power segment. On a reported diluted EPS basis, this transaction is not anticipated to be accretive due to the level of costs-to-achieve the merger. Due to the forward-looking nature of this non-GAAP financial measure for future periods, information to reconcile it to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project special items or mark-to-market adjustments for future periods.

2010 Forecasted Adjusted Segment EBIT Business Mix

The materials for the Duke Energy and Progress Energy presentation "Creating the Leading U.S. Utility" on January 10, 2011 include a discussion of Duke Energy's 2010 forecasted business mix by segment, based upon forecasted 2010 adjusted segment EBIT. Additionally, the materials include a discussion of the proforma 2010 forecasted business mix by segment for the combined company.

The primary performance measure used by management to evaluate segment performance is segment EBIT from continuing operations, which at the segment level represents all profits from continuing operations (both operating and non-operating), including any equity in earnings of unconsolidated affiliates, before deducting interest and taxes, and is net of the income attributable to non-controlling interests. Management believes segment EBIT from continuing operations, which is the GAAP measure used to report segment results, is a good indicator of each segment's operating performance as it represents the results of Duke Energy's ownership interests in continuing operations without regard to financing methods or capital structures. Duke Energy also uses adjusted segment EBIT as a measure of historical and anticipated future segment performance. When used for future periods, adjusted segment EBIT may also include any amounts that may be reported as discontinued operations or extraordinary items.

Adjusted segment EBIT is a non-GAAP financial measure as it represents reported segment EBIT adjusted for the impact of special items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis, although it is reasonably possible such charges and credits could recur. Management believes that the presentation of adjusted segment EBIT provides useful information to investors, as it provides them an additional relevant comparison of a segment's performance across periods. The most directly comparable GAAP measure for adjusted segment EBIT is reported segment EBIT, which represents segment results from continuing operations, including any special items. Due to the forward-looking nature of this non-GAAP financial measure for 2010 and future periods, information to reconcile it to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project special items for future periods.

Dividend Payout Ratio

The materials for the Duke Energy and Progress Energy presentation "Creating the Leading U.S. Utility" on January 10, 2011 include a discussion of Duke Energy's anticipated long-term dividend payout ratio of 65-70%, based upon adjusted diluted EPS. This payout ratio is a non-GAAP financial measure as it is based upon diluted EPS from continuing operations attributable to Duke Energy Corporation shareholders, adjusted for the per-share impact of special items and the mark-to-market impacts of economic hedges in the Commercial Power segment, as discussed above under "2010 Adjusted Diluted EPS Outlook". The most directly comparable GAAP measure for adjusted diluted EPS is reported diluted EPS from continuing operations attributable to Duke Energy Corporation shareholders, which includes the impact of special items and the mark-to-market impacts of economic hedges in the Commercial Power segment. Due to the forward-looking nature of this non-GAAP financial measure for future periods, information to reconcile it to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project special items or mark-to-market adjustments for future periods.

Adjusted Operation, Maintenance and Other Expenses

The materials for the Duke Energy and Progress Energy presentation "Creating the Leading U.S. Utility" on January 10, 2011 include a discussion of Duke Energy's projected 2012 adjusted operation, maintenance and other (O&M) expenses of approximately \$6 billion, assuming the merger transaction between Duke Energy and Progress Energy is closed by the end of 2011. Adjusted O&M expenses is a non-GAAP financial measure as it represents reported O&M expenses adjusted for the impact of special items (including anticipated costs-to-achieve the Duke Energy and Progress Energy merger). Special items represent certain charges and credits, which management believes will not be recurring on a regular basis, although it is reasonably possible such charges and credits could recur.

The most directly comparable GAAP measure for adjusted O&M expenses is reported O&M expenses, which includes the impact of special items. Due to the forward-looking nature of this non-GAAP financial measure for future periods, information to reconcile it to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project special items for future periods.

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Progress Energy, Inc. Non-GAAP Financial Measures Creating the Leading U.S. Utility January 10, 2011

Ongoing Earnings Per Share

Progress Energy's management uses ongoing earnings per share to evaluate the operations of the company and to establish goals for management and employees. Management believes this non-GAAP measure is appropriate for understanding the business and assessing our potential future performance, because excluded items are limited to those that we believe are not representative of our fundamental core earnings. Ongoing earnings as presented here may not be comparable to similarly titled measures used by other companies.

Reconciling adjustments from ongoing earnings to GAAP earnings are as follows:

Contingent Value Obligation (CVO) Mark-to-Market

In connection with the acquisition of Florida Progress Corporation, Progress Energy issued 98.6 million CVOs. Each CVO represents the right of the holder to receive contingent payments based on the performance of four synthetic fuels facilities purchased by subsidiaries of Florida Progress Corporation in October 1999. The CVO liability is valued at fair value, and unrealized gains and losses from changes in fair value are recognized in earnings. Progress Energy is unable to predict the changes in the fair value of the CVOs, and management does not consider this adjustment to be representative of the company's fundamental core earnings.

Impairment

The company has recorded impairments of certain investments of its Affordable Housing portfolio. Management believes this adjustment is not representative of the company's fundamental core earnings.

Plant Retirement Charges

The company recognized charges for the impact of PEC's decision to retire certain coal-fired generating units, with resulting reduced emissions for compliance with the Clean Smokestacks Act's 2013 emission targets. Since the coal-fired generating units will be retired prior to their estimated useful lives, management does not consider these charges to be representative of the company's fundamental core earnings.

Cumulative Prior Period Adjustment Related to Certain Employee Life Insurance Benefits

In the fourth quarter of 2009, PEC recorded a cumulative prior period adjustment related to certain employee life insurance benefits. Management believes this adjustment is not representative of the company's fundamental core earnings. The prior period adjustment was not material to previously issued or current period financial statements.

Valuation Allowance and Related Net Operating Loss Carry Forward

Progress Energy previously recorded a deferred tax asset for a state net operating loss carry forward upon the sale of Progress Energy Ventures Inc.'s nonregulated generation facilities and energy marketing and trading operations. In 2008, the company recorded an additional deferred tax asset related to the state net operating loss carry forward due to a change in estimate based on 2007 tax return filings. The company also evaluated the total state net operating loss carry forward and partially impaired it by recording a valuation allowance, which more than offset the change in estimate. Management does not believe this net valuation allowance is representative of the company's fundamental core earnings.

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Discontinued Operations

The company has reduced its business risk by exiting nonregulated businesses to focus on the core operations of the utilities. Due to disposition of these assets management does not view this activity as representative of the company's fundamental core earnings

Duke Energy Corporation Available Liquidity Reconciliation As of September 30, 2010 (In millions)

Cash and Cash Equivalents	\$1,808	
Less: Amounts Held in Foreign Jurisdictions	(668)	
	\$1,140	
Plus: Remaining Availability under Master Credit Facility	2,496	
Total Available Liquidity as of September 30, 2010 (a)	\$3,636	(approximately \$3.6 billion)

(a) The available liquidity balance presented is a non-GAAP financial measure as it represents cash and cash equivalents (excluding amounts held in foreign jurisdictions) and remaining availability under the master credit facility. The most directly comparable GAAP financial measure for available liquidity is cash and cash equivalents.

Duke Energy Kentucky Case No. 2011-124 Attorney General First Set Data Requests Date Received: April 25, 2011

AG-DR-01-013

REQUEST:

In 2006, Duke's 630-MW Edwardsport, Indiana coal gasification plant was projected to cost \$1.6 billion, but the projected price has now risen to approximately \$2.88 billion. A report published in the January 29, 2011 edition of the *Indianapolis Star* states that Duke's project engineer for the plant, Bechtel Corp., wrote a letter last fall to Duke, which has allegedly now been received by the Indiana Utility Regulatory Commission, alleging that Duke was taking "significant risks" with the way it was managing the project.

- a. Discuss whether DEK ratepayers, in any manner, directly or indirectly, are currently contributing (or will be required to contribute) to the costs of the Edwardsport plant, including the cost overruns. If so, discuss in detail including a total of costs DEK ratepayers have borne to date, and projected future costs they will have to bear;
- b. Confirm that a group of large industrial customers in Indiana has demanded that Duke re-negotiate terms of an agreement over the latest cost overruns. State the results, if any, of that re-negotiation; and
- c. Provide also: (i) an analysis of the impact the cost overruns will or may have on the ability of DEK, its parent entities and affiliates to obtain capital, especially in the event the proposed transaction in the instant case should be approved by all relevant regulatory authorities [if none has been performed to date, state whether the Joint Applicants will agree to provide any such analyses]; (ii) copies of any and all presentations to, and correspondence to / from any rating agencies regarding cost overruns [if none to date, state whether the Joint Applicants will agree to provide any such analyses]; will agree to provide any such analyses]; agencies regarding cost overruns [if none to date, state whether the Joint Applicants will agree to provide any such presentations and correspondence when performed or conducted].

RESPONSE:

a. Objection. This Interrogatory is overly broad and unduly burdensome. The Joint Applicants object to the remainder of the question on the basis that it seeks information that is irrelevant to this proceeding. Without waiving said objection, cost overruns at the Edwardsport Plant will have no impact on Duke Energy Kentucky. Duke Energy Kentucky ratepayers are not paying any costs of construction for Edwardsport.

- b. Objection. The Joint Applicants object to this question as it requests information that is beyond the scope of the Commission's jurisdiction and it is also irrelevant in light of Joint Applicants' response to subpart (a) above.
- c. Objection. This document request seeks to elicit information protected by the attorney-client privilege and/or attorney work product privilege. The Joint Applicants object to the question as it is overly broad and unduly burdensome. Moreover, the question is irrelevant in light of Joint Applicants' response to subpart (a) above. Without waiving any objection, cost overruns at the Edwardsport Plant will have no impact on Duke Energy Kentucky.

PERSON RESPONSIBLE: As to Objection - Legal Barry Pulskamp

Duke Energy Kentucky Case No. 2011-124 Attorney General First Set Data Requests Date Received: April 25, 2011

AG-DR-01-014

REQUEST:

The petition, Vol. 1 at p. 8 states: "The transaction . . . will enhance and improve Duke Energy Kentucky's abilities to obtain capital in support of its business"

- a. Do the Joint Applicants thus acknowledge that the contemplated transaction, if approved, will indeed have an impact on the company's abilities to borrow capital?
- b. Do the Joint Applicants also acknowledge that if DEK's parent entities incur significant amounts of debt, this will likely have a negative impact on the DEK's ability to borrow capital at competitive rates?

RESPONSE:

a. Post-merger, Duke Energy will maintain strong investment-grade credit ratings. Both Moody's and S&P reviewed the transaction and, on that basis, affirmed the credit ratings of Duke Energy and subsidiaries (including Duke Energy Kentucky) on the date of the merger announcement.

The new Duke Energy will be the largest utility in the United States. Size, scale and financial strength are important to investors and should support the ability of Duke Energy Kentucky to attract capital on favorable terms, which is a clear benefit to customers. Even though Duke Energy Kentucky's balance sheet will not be directly impacted by the merger, it will benefit from the improved financial position of the consolidated entity.

b. Significant increases in debt at the parent company would eventually have a negative impact on the credit quality of its subsidiaries. This transaction is being completed as a 100% stock transaction and will not involve any transaction-related debt issuances.

PERSON RESPONSIBLE: Stephen De May

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Duke Energy Kentucky Case No. 2011-124 Attorney General First Set Data Requests Date Received: April 25, 2011

AG-DR-01-015

REQUEST:

The Joint Applicants in Case No. 2005-00228 stated that ULH&P would benefit from the new company's financial strength and access to capital markets. Provide documentation that establishes that statement.

RESPONSE:

ULH&P ("Duke Energy Kentucky") was upgraded by S&P in May of 2007 to A- from BBB. This upgrade resulted from several changes to the company, most significantly the spin-off of the Gas businesses into Spectra Energy. The resulting company was a more diversified regulated utility with lower business risk and a very strong balance sheet. A two-notch upgrade, such as one that results in a move from 'BBB' to 'A-', increases an issuer's ability to access capital, even in challenging market conditions.

Since the merger between Duke Energy and Cinergy, Duke Energy Kentucky has issued \$100 million in unsecured taxable 10 year debt at a coupon rate of 4.65% and approximately \$77 million in variable-rate tax-exempt pollution control bonds.

PERSON RESPONSIBLE: Stephen De May

Duke Energy Kentucky Case No. 2011-124 Attorney General First Set Data Requests Date Received: April 25, 2011

AG-DR-01-016

REQUEST:

The petition, Vol. 1 at p. 12, states: "... the financial and credit profile of the new Duke Energy . . . ensure that Duke Energy Kentucky and its customers will be benefited, and not disadvantaged, by this strategic combination."

- a. Provide copies of any all current bond ratings, credit profiles and / or any and all other credit analyses for each of the Joint Applicants, together with any projected bond ratings, credit profiles and / or any and all other credit analyses regarding the Joint Applicants' status following the closing of the contemplated transaction.
- b. In light of the fact that the petition at p. 12 states that "no substantial synergies" are expected to result from the contemplated transaction, state, in complete detail, how DEK's ratepayers will "be benefited . . . by this strategic combination." Please provide factual examples, and provide also copies of any and all analyses indicating any and all such benefits.

RESPONSE:

- a. Objection. This document request seeks to elicit information protected by the attorney-client privilege and/or attorney work product privilege. Without waiving said objection, see AG-DR-01-016 attachments from S&P and Moody's.
- b. Objection. This document request seeks to elicit information protected by the attorney-client privilege and/or attorney work product privilege. The Joint Applicants object to the question as it misquotes the Joint Application. Paragraph 25 of the Joint Application reads in relevant part: "Due to the geographical disparity of the merging Companies in relation to the operation of Duke Energy Kentucky, Duke Energy did not assume the existence of any substantial synergies relative to Duke Energy Kentucky when it made the decision to merge with Progress Energy." To the extent that the question implies that no synergies benefitting Duke Energy Kentucky's ratepayers will result from the transaction, it is incorrect. Specific examples of the potential synergies accruing to the benefit of Duke Energy Kentucky's ratepayers are set forth in the testimony of Jim Rogers (Joint Application, Exhibit J, pp. 15-28), William Johnson (Joint Application, Exhibit K, pp. 28-30), Julia S. Janson (Joint Application, Exhibit L, pp. 32-40), William Don Wathen Jr. (Joint Application, Exhibit M, pp. 6-9) and Jim Stanley (Joint Application, Exhibit O, pp. 9-18). Without

waiving said objection, assuming that the Commission approves the merger with Progress Energy and that any conditions imposed are reasonable, Duke Energy believes that the customers of Duke Energy Kentucky will benefit from the merger. Duke Energy will become the largest utility in the United States, positioning the combined company with size and scale, diversification and operational excellence that will be among the foremost in the industry. This will translate into continued financial strength and flexibility for dealing with circumstances such as changing regulatory requirements, volatility in the capital markets, economic downturns, etc.

PERSON RESPONSIBLE: Stephen De May

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MOODY'S INVESTORS SERVICE

Credit Opinion: Duke Energy Corporation

Global Credit Research - 11 Jan 2011

Charlotte, North Carolina, United States

Ratings

Category	Moody's Rating					
Outlook	Stable					
Issuer Rating	Baa2					
Sr Unsec Bank Credit Facility	Baa2					
Senior Unsecured	Baa2					
Subordinate Shelf	(P)Baa2					
Commercial Paper	P-2					
Duke Energy Carolinas, LLC						
Outlook	Stable					
Issuer Rating	A3					
First Mortgage Bonds	A1					
Senior Secured MTN	(P)A1					
Senior Unsecured	A3					
Preferred Stock	Baa2					
Duke Energy Indiana, Inc.						
Outlook	Stable					
Issuer Rating	Baa1					
First Mortgage Bonds	A2					
Senior Secured	A2					
Senior Unsecured	Baa1					
Preferred Stock	Baa3					
Contacts						
Analyst	Phone					
James Hempstead/New York	212.553.4318					
William L. Hess/New York	212.553.3837					
	LILIGOUIUU,					
Key Indicators						
[1]Duke Energy Corporation						
[I]Duke Ellergy Corporation		LTM 3Q10	2009	2008	2007	
(CFO Pre-W/C + Interest) / Interest Expense		5.6	5.4	4.9	6.9	
(CFO Pre-W/C) / Debt		22%	23%	23%	37%	
(CFO Pre-W/C - Dividends) / Debt		16%	16%	17%	28%	
Debt / Book Capitalization		41%	40%	40%	33%	
Debt / Dook Capitalization		++1 /0	40 /0	40 /0	3376	

[1] All ratios calculated in accordance with the Regulated Electric and Gas Utilities Rating Methodology using Moody's standard adjustments

Note: For definitions of Moody's most common ratio terms please see the accompanying <u>User's Guide</u>.

Opinion

Rating Drivers

Proposed merger with Progress Energy viewed as overall credit rating neutral, but merger improves longer-term strategic position

Roughly 75% of business activities represent rate-regulated operations which provide relatively stable and predictable revenues and cash flow, and merger with Progress Energy expected to increase closer to 85%

Historical financial profile strongly positioned company within ratings category but pro-forma merger with Progress Energy, financial metrics will decline to be more in-line with Baa2 rating

Utility subsidiaries are all well positioned within their respective ratings categories, net of specific risk factors, none of which are material

enough to pressure individual ratings at this time

High percentage of parent holding company debt expected to increase with Progress Energy merger, which will influence 2-notch rating differential between parent and subsidiaries

Corporate Profile

Duke Energy Corporation (Duke: Baa2 senior unsecured / stable outlook) is one of the largest electric utility holding companies in the US, with service territories across the Carolinas, Indiana and portions of Ohio and Kentucky. Duke owns approximately 35,000 MW's of electric generation facilities, a substantial amount of which are coal-fired. Duke also maintains a sizeable non-regulated investment portfolio, which includes operations in Latin America and renewable wind-powered projects. Duke is headquartered in Charlotte, North Carolina.

Recent Developments

On January 10, 2011, Duke announced a proposed acquisition of a neighboring utility company, Progress Energy Corporation. The merger is dependent on regulatory approvals from North Carolina and South Carolina, as well as the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission, the Securities and Exchange Commission and the Department of Justice. The transaction is expected to close by year-end 2011. Moody's affirmed the Baa2 senior unsecured ratings and stable rating outlooks for both Duke and Progress Energy.

SUMMARY RATING RATIONALE

Today, Duke is strongly positioned within its Baa2 senior unsecured rating category, but over the near-term and taking into consideration its proposed acquisition of Progress Energy, is more likely to be viewed as only well positioned. Duke is already one of the largest multi-state electric utility holding companies in the US, and a majority of its revenues, earnings and cash flows are derived from rate-regulated electric utility operations, a significant credit positive.

In addition, Duke's current financial profile is strong compared to a broad peer group of comparable or comparably rated companies. Nevertheless, a higher rating is not justified at this time, as we incorporate a view that Duke's financial profile will deteriorate with the merger closing of Progress Energy but not materially enough to impact the Baa2 rating. In fact, on a pro-forma combined basis, Duke will still be considered well positioned and more in-line with other Baa2 rated peers.

DETAILED RATING CONSIDERATIONS

Acquisition of Progress Energy net credit rating neutral

The credit implications associated with the proposed acquisition of Progress Energy are neutral. Both companies have Baa2 senior unsecured ratings, but Duke was viewed as being strongly positioned within the ratings category and Progress was viewed as weakly positioned. Both of those views are heavily influenced by each company's respective financial profiles. On a pro-forma combined basis, Duke is expected to be viewed as being simply well positioned. Although the percentage of Duke's rate-regulated business activities should increase to roughly 85% from 75% today, a credit positive, its key cash flow to debt metrics are expected to fall to the 15% - 16% range from today's 20%+ range. Prior to the merger announcement, we had been incorporating a view that Duke's cash flow credit metrics were indeed trending towards this mid-teen's level over time, which represented a primary rationale for its Baa2 rating.

Individual utility subsidiaries all well positioned within respective rating categories

All of Duke's utility operating subsidiaries - Duke Energy Carolinas (A3 sr. unsec.), Duke Energy Ohio (Baa1 sr. unsec.), Duke Energy Indiana (Baa1 sr. unsec.) and Duke Energy Kentucky (Baa1 sr. unsec.) - are well positioned within their respective rating categories. Each utility subsidiary is exposed to its own specific credit risk factors, but none of these factors are material enough to pressure the ratings at this time. For additional detail associated with the individual utility subsidiaries, please see their individual credit summaries.

Diversity of generally supportive regulatory environments adds to credit strength

Duke's regulated utilities serve portions of North and South Carolina, Ohio, Indiana and Kentucky and the utilities, in turn, are regulated by various regulatory commissions for each of those respective states. In general, Moody's views the regulatory authorities in North Carolina, South Carolina, Ohio, Indiana and Kentucky as a significant credit positive, in part due to the diversity of the regulatory oversight, but also due to the relative support these regulators tend to provide to long-term credit quality. Moody's notes that the only jurisdiction within Duke's service territory that attempted some form of material deregulation initiative is Ohio, where this restructuring overhang represents a primary factor behind the change in Duke Energy Ohio's rating outlook to stable from positive.

High percentage of parent holding company debt constrains ratings

Approximately 20% of Duke total consolidated debt outstanding resides at the parent holding company and Progress has approximately 35% of its total debt at the parent holding company. On a pro-forma combined basis, holding company debt as a percentage of total debt is still estimated to be around 25% for some time. At this level, we generally consider a 2-notch rating differential between the parent and its subsidiaries.

Coal generating assets vulnerable to significant environmental mandates

We observe the potential for significant environmental regulations or legislation, especially related to mercury, other hazardous pollutants, water usage, air emissions and eventually, carbon dioxide emissions. The expectation for increasingly stringent environmental mandates represents a material risk factor for Duke, partly due to its large coal-fired generating fleet. Combined with the fleet of Progress Energy, Duke should be able to improve its longer-term strategic profile with respect to environmental exposures. Both companies have announced some coal-fired plant closures, and both are expected to announce additional closures. We also see good operating synergies from a dispatch perspective associated with the combined generation fleets.

Liquidity Profile

Duke's liquidity profile appears to be relatively sufficient, primarily due to the uniquely low level of debt maturities over the next twelve months. In our opinion, incorporating an assumption that external financing will always be available represents a fundamental weakness to the liquidity

profile. The entire utility sector faces this exposure, and we continue to view Duke's liquidity profile with some caution.

As of September 30, 2010 Duke had \$2.4 billion available under its \$3.14 billion master credit facility, which expires in June 2012. In addition, in April 2010, Duke and Duke Carolinas had entered into a \$200 million four year, unsecured revolving credit facility. Duke Corp. has a sublimit of \$100 million, of which \$25 million was available at September 30, 2010. Duke Carolinas has no sublimit under the \$200 facility.

The sole financial covenant, under both the master credit facility and the \$200 facility, is the maintenance of a maximum 65% consolidated debtto-capital ratio and we understand Duke is comfortably within compliance of this test as of its latest financial statement date, September 30, 2010. New borrowings require a representation that there has been no default under the facility with respect to that specific borrower; however, there are no on-going material adverse change clauses or ratings triggers that would prevent on-going access to funds under the facility.

Duke has a borrowing sub-limit of approximately \$1.1 billion under the \$3.14 billion facility. Each subsidiary, in turn, has also been assigned a sub-limit for borrowing purposes.

As of September 30, 2010, Duke had approximately \$1.8 billion of cash and short-term investments and approximately \$450 million of Notes Payable and CP outstanding. The company's scheduled debt maturities stand at approximately \$294 million in 2011 and \$1.7 billion in 2012.

For the twelve months ended September 2010, Duke produced roughly \$5.0 billion of cash flow from operations (CFO); invested \$4.7 billion in capital expenditures and paid \$1.3 billion in common dividends which resulted in approximately \$1.1 billion of negative free cash flow (FCF). We expect similar amounts of negative FCF over the next few years. These free cash flow deficits are expected to be funded primarily through available cash balances and the issuance of incremental debt.

Rating Outlook

The stable rating outlook incorporates a view that Duke will successfully close on its proposed acquisition with Progress Energy over the next twelve months, that the regulatory restructuring in Ohio will be resolved in a constructive manner, that the Indiana situation associated with the Edwardsport coal gasification plant will be resolved without materially impacting credit quality and that on a pro-forma combined basis, will produce CFO pre-w/c to debt ratios in the mid-teen's range.

What Could Change the Rating - Up

Rating upgrades appear unlikely over the near-term, in part due to the execution uncertainty associated with the Progress Energy transaction and in part due to our expectations regarding the projected financial metrics. Nevertheless, Duke's ratings could be upgraded to Baa1 by increasing its regulated business activity mix or improving its financial profile to where it can sustainably produce CFO pre-w/c to debt ratios in the high teen's range.

What Could Change the Rating - Down

Rating downgrades appear unlikely over the near-term, in part due to the pending merger transaction, but mostly due to the solid diversity benefits associated with its rate-regulated utility subsidiaries. Ratings could become pressured if the utility subsidiaries enter into a period of heightened regulatory contentiousness, which results in subsidiary utility ratings being downgraded. In addition, on a pro-forma combined basis with Progress, the ratings could be downgraded if Duke's financial profile were to deteriorate, which includes the production of a CFO pre-w/c to debt ratio in the low-teen's range.

Rating Factors

Duke Energy Corporation

Regulated Electric and Gas Utilities	Aaa	Aa	Α	Baa	Ba	В
Factor 1: Regulatory Framework (25%)				Х		
Factor 2: Ability to Recover Costs and Earn Returns			Х			
(25%)						
Factor 3: Diversification (10%)						[
a) Market Position (5%)			Х			
b) Generation and Fuel Diversity (5%)					X	
Factor 4: Financial Strength, Liquidity and Key Financial						
Metrics (40%)						
a) Liquidity (10%)			}	X		
b) CFO pre-WC + Interest / Ineterest (7.5%) (3yr Avg)			X			
c) CFO pre-WC / Debt (7.5%) (3yr Avg)			Х			
d) CFO pre-WC - Dividends / Debt (7.5%) (3yr Avg)			Х			
e) Debt / Capitalization or Debt / RAV (7.5%) (3yr			Х			
Avg)						ļ
Rating:						1
a) Methodology Implied Senior Unsecured Rating			A3			
b) Actual Senior Unsecured Rating				Baa2		

MOODY'S INVESTORS SERVICE

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Case No. 2011-124 AG-DR-01-016 (a.1) attachment Page 4 of 5

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Case No. 2011-124 AG-DR-01-016 (a.1) attachment Page 5 of 5

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MOODY'S INVESTORS SERVICE

Credit Opinion: Duke Energy Carolinas, LLC

Global Credit Research - 13 Jan 2011

Charlotte, North Carolina, United States

Ratings

Category Outlook Issuer Rating First Mortgage Bonds	Moody's Rating Stable A3 A1						
Senior Secured MTN Senior Unsecured Preferred Stock Parent: Duke Energy Corporation	(P)A1 A3 Baa2			al-da-daraharaharaharaharaharaharaharaharahara			
Outlook Issuer Rating Sr Unsec Bank Credit Facility Senior Unsecured Subordinate Shelf Commercial Paper	Stable Baa2 Baa2 Baa2 (P)Baa2 P-2						
Contacts							
Analyst James Hempstead/New York William L. Hess/New York	Phone 212.553.4318 212.553.3837						
Key Indicators							
[1]Duke Energy Carolinas, LLC		LTM 3Q10	2009	2008	2007		
(CFO Pre-W/C + Interest) / Interest Expense (CFO Pre-W/C) / Debt (CFO Pre-W/C - Dividends) / Debt Debt / Book Capitalization		4.6 19% 15% 40%	5.0 21% 21% 42%	5.5 23% 23% 44%	6.9 33% 33% 40%		

[1] All ratios calculated in accordance with the Regulated Electric and Gas Utilities Rating Methodology using Moody's standard adjustments

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

Large, vertically integrated, rate-regulated electric utility serving portions of North and South Carolina, a material credit positive

Strong financial profile expected to remain intact over near term horizon

Good regulatory relations expected to be maintained

Risks associated with more stringent environmental legislation constrain ratings

Corporate Profile

Duke Energy Carolinas, LLC (Duke Carolinas: A3 issuer rating / stable outlook) is a rate regulated vertically integrated electric utility serving over 2 million customers in North Carolina and South Carolina. Duke Carolinas is one of the largest electric utilities in the region and owns roughly 20 GW's of generating capacity, approximately 26% of which is nuclear and 40% is coal-fired.

Recent Developments

On January 10, 2011, Duke announced a proposed acquisition of a neighboring utility company, Progress Energy Corporation. The merger is

dependent on regulatory approvals from North Carolina and South Carolina, as well as the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission, the Securities and Exchange Commission and the Department of Justice. The transaction is expected to close by year-end 2011. Moody's affirmed the Baa2 senior unsecured ratings and stable rating outlooks for both Duke and Progress Energy.

SUMMARY RATING RATIONALE

Duke Carolinas A3 senior unsecured rating reflects a relatively low business and operating risk profile and its strong financial profile. The A3 senior unsecured rating considers the expectation for more frequent regulatory proceedings in both the North and South Carolina jurisdictions, the challenges of managing a substantial capital investment program and the prospects for more stringent environmental mandates.

DETAILED RATING CONSIDERATIONS

Duke acquisition of Progress Energy net credit rating neutral

The credit implications associated with the proposed acquisition of Progress Energy are neutral. Both companies have Baa2 senior unsecured ratings, but Duke was viewed as being strongly positioned within the ratings category and Progress was viewed as weakly positioned. Both of those views are heavily influenced by each company's respective financial profiles. On a pro-forma combined basis, Duke is expected to be viewed as being simply well positioned. Although the percentage of Duke's rate-regulated business activities should increase to roughly 85% from 75% today, a credit positive, its key cash flow to debt metrics are expected to fall to the 15% - 16% range from today's 20%+ range. Prior to the merger announcement, we had been incorporating a view that Duke's cash flow credit metrics were indeed trending towards this mid-teen's level over-time, which represented a primary rationale for its Baa2 rating.

Business plan fundamentals provide modest insulation to economic challenges

Duke Carolinas' service area covers about 22, 000 square miles with approximately 2.5 million customers and an estimated population of an estimated 6 million in central and western North Carolina and western South Carolina. The utility is primarily regulated by the North Carolina Utilities Commission (NCUC) and the South Carolina Public Service Commission (SCPSC), which we view as a material credit positive. As a rate-regulated electric utility, we generally view Duke Carolinas as being somewhat insulated, but not immune, from the recessionary issues currently impacting its markets.

Supportive regulatory environment, a material credit positive

From a credit perspective, Moody's views Duke Carolinas' regulated business activities positively as these businesses tend to produce reasonably stable and predictable revenues and cash flows, on average, over time. In terms of the quality of the regulatory environment, Moody's views the support for long term credit quality of the regulatory environments in South Carolina and North Carolina as strong.

As evidence, we note that on December 7, 2009, the NCUC adopted a settlement granting Duke Carolinas a \$315 million increase to electric base rates and a 10.7% allowed ROE and 52.5% equity component of the capital structure. The rate increase became effective January 1st 2010 and the settlement prohibits any further base rate increase before January 1, 2012. Though the \$315 million rate increase is highly favorable to the company, the settlement also includes various negative rate riders, which are designed to mitigate the near-term increases on customer's bills.

The rate riders, while earnings neutral, are viewed as a modest negative from a credit perspective, as there will be negative cash flow implications over the near-term regarding Cliffside 6's Construction Work-In-Progress (CWIP) as well as returns to customers for fuel cost over-collections and nuclear insurance distributions. Most of the negative rider impacts were experienced in 2010, with only minor effects in 2011. In 2012, electric rates will include the full allowed increase of \$315 million.

On January 21, 2010, the SCPSC approved Duke Energy Carolinas' settlement agreement with the Office of Regulatory Staff and South Carolina Energy Users Committee. The settlement provides the first base rate increase in South Carolina since 1991 and includes a \$74 million increase in base rates in 2010, 2011 and 2012 and includes a recovery mechanism for energy efficiency efforts.

In a manner similar to Duke Carolinas' North Carolina rate order, the SCPSC also included additional items in the settlement, which will help lower the total impact of the rate increase to customer bills. The approved rates became effective February 1, 2010.

In aggregate, Moody's views both the North Carolina and South Carolina rate orders as credit positive for Duke Carolinas. We view the NCUC and SCPSC actions to be consistent with a recent trend observed throughout the US; that being utility commissions' reluctance to raise overall electric bills for customers during the current economic recession, while attempting to maintain the financial health of the utility.

Strong financial metrics expected to deteriorate but not at an alarming rate

Duke Carolinas' strong historical financial credit metrics are expected to decline modestly over the next few years associated with the largely debt-financed nature of its capital investment plans. Over the near-term, sizeable negative free cash flow balances are expected and total debt balances should increase. We incorporate a view that Duke Carolinas' ratio of cash flow from operations before working capital adjustments (CFO pre-w/c) to debt will remain over 20% and CFO pre-w/c interest coverage will be approximately 5x on a sustainable basis.

Coal generating assets vulnerable to significant environmental mandates

We observe the potential for significant environmental regulations or legislation, as a material long term risk affecting Duke Carolinas' approximately 7,700 MW of coal-fired generating assets. Moody's incorporates a view that the timing of compliance requirements within any potential new legislation is likely to be many years in the future and that the costs associated with any new legislation regarding emissions will generally be recovered through rates (either through existing fuel clause pass-through mechanisms or other incremental rate riders).

Liquidity Profile

Duke maintains a \$3.14 billion 5-year master credit facility, from which Duke Carolinas may borrow approximately \$840 million. Though each subsidiary is a part of the parent's master facility and forms the basis of each utility's alternate liquidity, Duke Carolinas also entered into an additional \$200 million facility with Duke in April 2010. This additional four year, unsecured revolving facility gives Duke a borrowing sublimit of \$100 million, of which \$25 million was available at September 30, 2010. Duke Carolinas has no sublimit under the \$200 facility.

Both the master and \$200 million credit facility agreements contain the usual representations and warranties, and includes a single financial covenant limiting debt to capital to no more than 65% for any borrower, including Duke Carolinas. As of September 30, 2010, we understand Duke Carolinas and Duke were in compliance with this covenant for both facilities.

As of September 30, 2010, Duke Carolinas had a cash balance of approximately \$374 million plus \$438 million of available borrowing capacity under the \$840 million sub limit of the \$3.14 billion Duke credit facility. Moody's expects 2011 cash flow from operations to approach a level of approximately \$1.6 billion, based on our projection assumptions. Duke Carolinas has no material debt maturities in 2011, but has a \$750 million maturity in January 2012. Duke Carolinas is not expected to pay an up-stream dividend to its ultimate parent Duke in 2011. However, due to a large capital expenditure program, we expect Duke Carolinas have about \$1 billion of negative free cash flow for the year, and reliant upon external financing.

Rating Outlook

The stable rating outlook incorporates a view that Duke Carolinas will maintain reasonably strong financial credit metrics for its rating category, including a ratio of CFO pre-w/c to debt in the low to mid-20% range and that its regulatory relationship will continue to support long-term credit quality timely recovery of prudently incurred costs and expenses. The stable outlook also considers the challenges associated with more stringent environmental regulations and the risks associated with constructing a new coal-fired generating facility.

What Could Change the Rating - Up

Rating upgrades could materialize if Duke Carolinas-were to successfully improve its overall financial profile to where its ratio of CEO pre w/c.to. debt improved to the high 20% range on a sustainable basis.

What Could Change the Rating - Down

Rating downgrades could occur if Duke Carolinas' financial profile were to decline more severely, for example to where its ratio of CFO pre w/c to debt fell to the high-teen's range for a sustained period of time. In addition, ratings could be downgraded if Duke Carolinas' overall business and operating risk profile were to increase, for example, in association with more stringent environmental regulations, or if adverse legal proceedings were to permanently harm the company's financial strength, for example, with respect to the litigation surrounding the Cliffside coal-fired generating facility currently under construction.

Rating Factors

Duke Energy Carolinas, LLC

Regulated Electric and Gas Utilities	Aaa	Aa	A	Baa	Ba	В
Factor 1: Regulatory Framework (25%)			X			
Factor 2: Ability to Recover Costs and Earn Returns (25%)			X			
Factor 3: Diversification (10%)						
a) Market Position (5%)				X		
b) Generation and Fuel Diversity (5%)			X			
Factor 4: Financial Strength, Liquidity and Key Financial Metrics (40%) a) Liquidity (10%)				x		
b) CFO pre-WC + Interest / Ineterest (7.5%) (3yr Avg) c) CFO pre-WC / Debt (7.5%) (3yr Avg)			X X			
d) CFO pre-WC - Dividends / Debt (7.5%) (3yr Avg) e) Debt / Capitalization or Debt / RAV (7.5%) (3yr Avg)			X X			
Rating:						
a) Methodology Implied Senior Unsecured Rating			A3			
b) Actual Senior Unsecured Rating			A3			L

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MOODY'S INVESTORS SERVICE

Credit Opinion: Duke Energy Indiana, Inc.

Global Credit Research - 13 Jan 2011

Cincinnati, Ohio, United States

Ratings

Category	Moody's Rating					
Outlook	Stable					
Issuer Rating	Baa1					
First Mortgage Bonds	A2					
Senior Secured	A2					
Senior Unsecured	Baa1					
Preferred Stock	Baa3					
Ult Parent: Duke Energy Corporation						
Outlook	Stable					
Issuer Rating	Baa2					
Sr Unsec Bank Credit Facility	Baa2					
Senior Unsecured						
	Baa2					
Subordinate Shelf	(P)Baa2					
Commercial Paper	P-2					
Parent: Cinergy Corp.	- · · ·					
Outlook	Stable					
Issuer Rating	Baa2					
Senior Unsecured Shelf	(P)Baa2					
Subordinate Shelf	(P)Baa3					
Preferred Shelf	(P)Ba1					
Contacts						
Analyst	Phone					
James Hempstead/New York	212.553.4318					
William L. Hess/New York	212.553.3837					
William L. Hessinew Tork	212.000.0007					
Key Indicators						
[1]Duke Energy Indiana, Inc.		LTM 3Q10	2009	2008	2007	
(CEO Dro W/C + Interest) / Interest Evron		6.3	5.3	2008 4.5	2007	
(CFO Pre-W/C + Interest) / Interest Expen	ise					
(CFO Pre-W/C) / Debt		21%	22%	18%	27%	
(CFO Pre-W/C - Dividends) / Debt		21%	22%	18%	27%	
Debt / Book Capitalization		47%	49%	50%	45%	

[1] All ratios calculated in accordance with the Regulated Electric and Gas Utilities Rating Methodology using Moody's standard adjustments

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

Stable, rate regulated, vertically integrated electric utility business with constructive regulatory environment

Good financial profile stability

Edwardsport project creating near-term risks but expected to be resolved without adverse impact to credit ratings

Risks associated with more stringent environmental mandates and rising construction costs

Corporate Profile

Duke Energy Indiana Inc. (Duke Indiana, Baa1 senior unsecured / stable outlook), the largest vertically integrated electric utility in the State of Indiana, owns and operates over 7,300 MW of power generating facilities and is regulated primarily by the Indiana Utility Regulatory Commission (IURC).

Recent Events

On January 10, 2011, Duke announced a proposed acquisition of a neighboring utility company, Progress Energy Corporation. The merger is dependent on regulatory approvals from North Carolina and South Carolina, as well as the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission, the Securities and Exchange Commission and the Department of Justice. The transaction is expected to close by year-end 2011. Moody's affirmed the Baa2 senior unsecured ratings and stable rating outlooks for both Duke and Progress Energy.

On December 9, 2010, Duke Indiana agreed to renegotiate a settlement with interveners regarding the recovery of cost increases associated with the construction of a 630 MW Integrated Gasification Combined Cycle (IGCC) base load generating facility (Edwardsport) in Knox County, IN. A prior settlement (but which was also never approved by the IURC) had agreed to the recovery of \$2.76 billion (current estimate of total of expected costs is \$2.88 billion), with a total recoverable cap of \$2.975 billion. The prior settlement had also agreed to a 150 basis point ROE reduction to costs above the original \$2.35 billion recoverable amount.

Today, Moody's incorporates a view that the current renegotiation process will ultimately be successful, as compared to litigation; that the expected suite of recovery mechanisms will be less favorable; that the overall Indiana regulatory and political environment will remain supportive of its large infrastructure companies, and; that the long-term credit implications are most likely to be viewed as a credit neutral event for Duke Energy Indiana.

SUMMARY RATING RATIONALE

Duke Indiana's Baa1 senior unsecured rating considers the generally stable and predictable cash flow generation from its primarily rate regulated business profile as well as an adequate liquidity position. Despite operating in a relatively supportive regulatory environment in Indiana, the company's rating is currently constrained by the potential regulations associated with a significant capital expenditure plan related to the Edwardsport IGCC facility.

DETAILED RATING CONSIDERATIONS

Duke acquisition of Progress Energy net credit rating neutral

The credit implications associated with the proposed acquisition of Progress Energy are neutral. Both companies have Baa2 senior unsecured ratings, but Duke was viewed as being strongly positioned within the ratings category and Progress was viewed as weakly positioned. Both of those views are heavily influenced by each company's respective financial profiles. On a pro-forma combined basis, Duke is expected to be viewed as being simply well positioned. Although the percentage of Duke's rate-regulated business activities should increase to roughly 85% from 75% today, a credit positive, its key cash flow to debt metrics are expected to fall to the 15% - 16% range from today's 20%+ range. Prior to the merger announcement, we had been incorporating a view that Duke's cash flow credit metrics were indeed trending towards this midten's level over time, which represented a primary rationale for its Baa2 rating.

IURC's supportive cost recovery mechanisms underpin stable cash flow generation

Indiana remains a fully regulated state which utilizes fair-value rate bases, and tends to settle, rather than litigate their regulatory cases. Moody's views Duke Indiana's (roughly \$5.3 billion rate base) regulatory environment and suite of cost recovery mechanisms as a material credit positive. The IURC authorizes an allowed return on equity of approximately 10.50% on a roughly 45% equity capitalization. In addition, Duke Indiana is permitted to retain a portion of its margins associated with off-system sales, adjust its fuel costs on a quarterly basis and recover CWIP on its Edwardsport IGCC plant; all of which contribute to reasonably stable and predictable recovery mechanisms.

Recent regulatory headlines regarding Edwardsport

Moody's believes that Duke Indiana's regulatory and political environment and suite of recovery mechanisms are still viewed as a net credit benefit, despite the current and ongoing investigations regarding alleged improper contacts between the company and the IURC and the current settlement renegotiations which are underway.

A recent internal Duke investigation has resulted in several high ranking executive terminations or resignations, including most recently, the resignation by Jim Turner, Group Executive, President and Chief Operating Officer of the U.S. Franchised Electric and Gas business. Moody's views both the events leading up to the investigation, as well as the investigation itself, as a serious matter. But from a credit perspective, this matter is largely viewed as a material embarrassment to Duke and its Board of Directors. At this time, it is not considered to be a significant credit negative.

Management states that the Edwardsport project is over 70% complete (over 90% with engineering and roughly 50% complete with construction). The project was originally expected to be operational in August 2012, but we believe delays are likely.

Should the settlement provisions be accepted and approved by the IURC, Duke Indiana's near-term regulatory stability will be benefitted, at least until March 2012, when the company can file for a base rate proceeding.

Strong financial profile expected to persist over intermediate-term, despite capital spending

Duke Indiana's key financial credit metrics have historically been strong for its rating category and have historically averaged around 5.0x cash flow from operations adjusted for changes in working capital (CFO pre-w/c) to interest and 20% CFO pre-w/c to debt. For the latest twelve months ended September 2010, these ratios were calculated at 6.3x and 21%, respectively. Prospectively, Moody's expects a modest deterioration in cash flow, where the ratio of CFO pre-w/c to debt is expected to fall into the high-teen's range over the next few years, within our guidelines for Baa1-ratings.

Forthcoming environmental mandates temper financial benefit of coal-fired assets

We observe the potential for significant environmental regulations or legislation, especially related to carbon dioxide emissions, as a material risk affecting Duke Indiana's approximately 5,200 MW of coal-fired generating assets.

La en ar suite

Liquidity

The liquidity profile for Duke Indiana appears to be adequate at this time assuming that there will only be a modest amount of up-stream dividend payments and no material debt maturities in 2011. We believe the over-all liquidity profile for Duke Indiana's parent, Duke, is more appropriately viewed as sufficient, due to a relatively low level of maturities over the next twelve months. Each subsidiary is a part of the parent's master facility and forms the basis of each utility's alternate liquidity. Duke maintains a \$3.14 billion 5-year master credit facility, from which Duke Indiana may borrow up to \$450 million. The credit facility agreement contains the usual representations and warranties, and includes a single financial covenant limiting debt to capital to no more than 65% for any borrower, including Duke Indiana. As of September 30, 2010, we understand Duke Indiana and Duke were in compliance with this covenant.

As of September 30, 2010, Duke Indiana had \$121 million in cash or cash equivalents, and \$190 million in receivables loaned to the utility money pool. Duke Indiana had around \$219 million of available borrowing capacity under the \$450 million sub-limit of the \$3.14 billion Duke credit facility. Moody's expects 2011 cash flow from operations to approach a level of approximately \$700 million, based on our projection assumptions.

Rating Outlook

The stable rating outlook for Duke Indiana is based on the vertically integrated, rate regulated nature of the company's operations which translates into relatively stable and predictable cash flows that are in-line with its current rating level. Moody's incorporates a view that Duke Indiana will be reasonably successful in maintaining-key-financial-credit metrics of almost 5x CEO_pre-w/c interest coverage and roughly 20%. CFO pre-w/c to debt over the near to intermediate term horizon, down from previous levels, but still in-line with its Baa1 unsecured rating.

What Could Change the Rating - Up

A steady improvement to the key financial credit metrics could lead to ratings upgrade. This would include the ratio of CFO-w/c to debt of approximately 25% and CFO-w/c interest coverage of over 5x, on a sustainable basis.

What Could Change the Rating - Down

The rating for Duke Indiana could be pressured down if the cost recovery supportiveness of the IURC were to decline in a meaningful way, or if future carbon legislation was to be especially punitive to the company's operations and financial profile. A sustained reduction of CFO-w/c to debt to the low teen's or CFO-w/c to interest coverage closer to 3.0x would be negative for the credit, as well.

Rating Factors

Duke Energy Indiana, Inc.

Regulated Electric and Gas Utilities	Aaa	Aa	A	Baa	Ba	В
Factor 1: Regulatory Framework (25%)				X		
Factor 2: Ability to Recover Costs and Earn Returns (25%)				X		
Factor 3: Diversification (10%)						
a) Market Position (5%)				X		
b) Generation and Fuel Diversity (5%)				[Х	
Factor 4: Financial Strength, Liquidity and Key Financial Metrics (40%)						
a) Liquidity (10%)				X		
b) CFO pre-WC + Interest / Ineterest (7.5%) (3yr Avg)			X			
c) CFO pre-WC / Debt (7.5%) (3yr Avg)	1 1		X			
d) CFO pre-WC - Dividends / Debt (7.5%) (3yr Avg)			X			
e) Debt / Capitalization or Debt / RAV (7.5%) (3yr Avg)				X		
Rating:						
a) Methodology Implied Senior Unsecured Rating				Baa1		
b) Actual Senior Unsecured Rating				Baa1		

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MOODY'S INVESTORS SERVICE

Credit Opinion: Duke Energy Kentucky, Inc.

Global Credit Research - 13 Jan 2011

Kentucky, United States

Ratings

Category	Moody's Rating						
Outlook	Stable						
Senior Secured Shelf	(P)A3						
Senior Unsecured	Baa1						
Jr-Subordinate-Shelf	(P)Baa2					 	
Ult Parent: Duke Energy Corporation							
Outlook	Stable						
Issuer Rating	Baa2						
Sr Unsec Bank Credit Facility	Baa2						
Senior Unsecured	Baa2						
Subordinate Shelf	(P)Baa2						
Commercial Paper	P-2						
Parent: Cinergy Corp.							
Outlook	Stable						
Issuer Rating	Baa2						
Senior Unsecured Shelf	(P)Baa2						
Subordinate Shelf	(P)Baa3						
Preferred Shelf)(Ρ́)Ba1						
Parent: Duke Energy Ohio, Inc.							
Outlook	Stable						
Issuer Rating	Baa 1						
First Mortgage Bonds	A2						
Senior Unsecured	Baa1						
Contacts							
Contacts							
Analyst	Phone						
James Hempstead/New York	212.553.4318						
William L. Hess/New York	212.553.3837						
William L. Hessinew lork	212.000.0007						
KeyIndicators							
KeyIndicators							
[1]Duke Energy Kentucky, Inc.							
[]]Duke Energy Kendoky, inc.		LTM 3Q10	2009	2008	2007		
(CFO Pre-W/C + Interest) / Interest Expense		7.1	7.1	4.6	5.7		
(CFO Pre-W/C) / Debt		30%	30%	20%	27%		
(CFO Pre-W/C - Dividends) / Debt		30%	30%	14%	27%		
Debt / Book Capitalization		38%	39%	45%	41%		
		30 %	JJ /0	mJ /0	-7170		

[1] All ratios calculated in accordance with the Regulated Electric and Gas Utilities Rating Methodology using Moody's standard adjustments

Note: For definitions of Moody's most common ratio terms please see the accompanying <u>User's Guide</u>.

Opinion

Rating Drivers

Relationship to Duke Energy and Duke Ohio a credit positive

Historically supportive regulatory and legislative environment

Stable financial profile and relatively strong credit metrics

Corporate Profile

Duke Energy Kentucky, Inc. (Duke Kentucky, Baa1 / stable outlook), is a wholly owned subsidiary of Duke Energy Ohio (Duke Ohio, Baa1 / positive outlook) and ultimate parent, Duke Energy Corp. (Duke Corp, Baa2 / stable outlook). Duke Kentucky is a vertically integrated electric and gas utility company that owns and operates approximately 1,100 megawatts (MWs) of regulated generation facilities and delivers electricity to around 130,000 electric customers in northern Kentucky. Duke Kentucky is regulated primarily by the Kentucky Public Service Commission (KYPSC).

Recent Events

On January 10, 2011, Duke announced a proposed acquisition of a neighboring utility company, Progress Energy Corporation. The merger is dependent on regulatory approvals from North Carolina and South Carolina, as well as the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission, the Securities and Exchange Commission and the Department of Justice. The transaction is expected to close by year-end 2011. Moody's affirmed the Baa2 senior unsecured ratings and stable rating outlooks for both Duke and Progress Energy.

Rating Rationale

The Baa1 senior unsecured rating for Duke Kentucky reflects the low business risk profile of the company's rate regulated operations in a generally supportive regulatory environment. Duke Kentucky's rating also incorporates a reasonably strong financial profile which Moody's expects to remain over the near-term, despite its capital expenditure program and prospects for more stringent environmental mandates.

DETAILED RATING CONSIDERATIONS

Duke acquisition of Progress Energy net credit rating neutral

The credit implications associated with the proposed acquisition of Progress Energy are neutral. Both companies have Baa2 senior unsecured ratings, but Duke was viewed as being strongly positioned within the ratings category and Progress was viewed as weakly positioned. Both of those views are heavily influenced by each company's respective financial profiles. On a pro-forma combined basis, Duke is expected to be viewed as being simply well positioned. Although the percentage of Duke's rate-regulated business activities should increase to roughly 85% from 75% today, a credit positive, its key cash flow to debt metrics are expected to fall to the 15% - 16% range from today's 20%+ range. Prior to the merger announcement, we had been incorporating a view that Duke's cash flow credit metrics were indeed trending towards this midten's level over time, which represented a primary rationale for its Baa2 rating.

Relatively low business risk profile in a generally supportive regulatory environment

We view the business profile of Duke Kentucky to be relatively low and somewhat insulated, but not immune from recessionary issues currently impacting its markets given the company's rate-regulated operations. As a regulated utility, Duke Kentucky has traditionally enjoyed a reasonably supportive relationship with the KYPSC, in our opinion, which includes recovery mechanisms that are supportive to credit as they allow relatively consistent and timely recovery of prudently incurred costs and investments.

On December 29, 2009, Duke Kentucky received approval for a \$13 million increase in natural gas revenues from the KYPSC. The \$13 million amount represents a 10.4% rate increase, roughly 75% of what the company had proposed. The settlement approval also prevents Duke Kentucky from filing another gas rate case until July 2011. We view the approved settlement to be positive for Duke Kentucky's financial profile and find it to be consistent with our view of the relatively supportive nature of the Kentucky regulatory environment.

Financial performance expected to decline somewhat over the near-term amidst industry challenges

For the latest twelve months ended September 2010, Duke Kentucky's metrics are strongly positioned in the Baa1 rating category. With cash flow from operations before working capital adjustments (CFO pre-w/c) to debt at roughly 30% and CFO pre-w/c to interest coverage approximately 5.5x, the company compares favorably to its Baa1 peers.

Prospectively, we expect these metrics to decline modestly in light of additional debt being used to finance the majority of the company's capital investments, as is the case for the industry in general, due to the significant expansion initiative being implemented by the sector. We expect Duke Kentucky's ratios to remain in the high teen's for CFO pre-w/c to debt and over 4.0x CFO pre-w/c to interest over the intermediate-term.

Increasingly stringent environmental mandates constrain the rating

Although not heavily invested in generating assets, the implementation of carbon legislation will most likely have a negative effect on the profitability of Duke Kentucky and its 1,100 MWs of coal-fired generation assets. However, Moody's takes the view that such legislation will be many years in the future and that the costs associated with any new legislation regarding emissions will generally be recovered through rates (either through existing fuel clause pass-through mechanisms or other incremental rate riders), and as such, is not incorporated in the Baa1 rating or stable outlook at this time.

Liquidity

The liquidity profile for Duke Kentucky appears to be adequate at this time. We believe the over-all liquidity profile for Duke Kentucky's ultimate parent, Duke, is sufficient, due to the uniquely immaterial maturity profile of the family for 2011. Each subsidiary is a part of the parent's master facility and forms the basis of each utility's alternate liquidity. Duke maintains a \$3.14 billion 5-year master credit facility, from which Duke Kentucky may borrow up to \$100 million. The credit facility agreement contains the usual representations and warranties, and includes a single financial covenant limiting debt to capital to no more than 65% for any borrower, including Duke Kentucky.

As of September 30, 2010, Duke Kentucky had a cash balance of approximately \$57 million plus the full amount of its \$100 million sub limit of the \$3.14 billion Duke credit facility. Duke Kentucky has been a net lender into the Duke money pool over the past couple years; the amount of money pool receivables, due to Duke Kentucky for September 30, 2010 is \$44 million.

Rating Outlook

The stable rating outlook for Duke Kentucky incorporates the expected credit metrics in the high-teens range for CFO-w/c to debt and 4.0x - 5.0x CFO-w/c to interest coverage, as it faces challenges associated with its, primarily debt financed, capital spending program. The outlook also incorporates a view that the company will continue to receive timely and sufficient rate relief from the KPSC.

What Could Change the Rating - Up

An upgrade to Duke Kentucky's parent, Duke Ohio, combined with a sustained improvement of credit metrics, to over 20% CFO pre-w/c to debt and 5.0x CFO pre-w/c to Interest coverage, could help position the company for a ratings upgrade.

What Could Change the Rating - Down

A significant increase to the capital expenditure plans of the company, difficulty in the company's ability to recover regulated costs on a timely basis and/or the sustained reduction of CFO pre-w/c to debt to the low-to mid-teen's or a reduction to CFO pre-w/c interest coverage to below 4.0x could pressure the ratings downward.

Rating Factors

Duke Energy Kentucky, Inc.

Regulated Electric and Gas Utilities	Aaa	Aa	Α	Baa	Ba	B
Factor 1: Regulatory Framework (25%)				X		
Factor 2: Ability to Recover Costs and Earn Returns				Х		
(25%)						L
Factor 3: Diversification (10%)						
a) Market Position (5%)				X		
b) Generation and Fuel Diversity (5%)					X	
Factor 4: Financial Strength, Liquidity and Key Financial						
Metrics (40%)						
a) Liquidity (10%)				Х		
b) CFO pre-WC + Interest / Ineterest (7.5%) (3yr Avg)			X	()		
c) CFO pre-WC / Debt (7.5%) (3yr Avg)			X			
d) CFO pre-WC - Dividends / Debt (7.5%) (3yr Avg)			X			
e) Debt / Capitalization or Debt / RAV (7.5%) (3yr			X			
Avg)						ļ
Rating:						
a) Methodology Implied Senior Unsecured Rating				Baa1		
b) Actual Senior Unsecured Rating			1	Baa1		



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MOODY'S INVESTORS SERVICE

Credit Opinion: Duke Energy Ohio, Inc.

Global Credit Research - 18 Jan 2011

Cincinnati, Ohio, United States

Ratings

Category	Moody's Rating							
Outlook	Stable							
Issuer Rating	Baa1							
First Mortgage Bonds	A2							
-Senior-Unsecured	Baa1		······			 	······································	
Ult Parent: Duke Energy Corporation								
Outlook	Stable							
Issuer Rating	Baa2							
Sr Unsec Bank Credit Facility	Baa2							
Senior Unsecured	Baa2							
Subordinate Shelf	(P)Baa2							
Commercial Paper	P-2							
Parent: Cinergy Corp.								
Outlook	Stable							
Issuer Rating	Baa2							
Senior Unsecured Shelf	(P)Baa2							
Subordinate Shelf	(P)Baa3							
Preferred Shelf	(P)Ba1							
Duke Energy Kentucky, Inc.								
Outlook	Stable							
Senior Secured Shelf	(P)A3							
Senior Unsecured	Baa1							
Jr Subordinate Shelf	(P)Baa2							
Contacts								
U OT RUDE								
Analyst	Dhawa							
,	Phone 040 FF2 4040							
James Hempstead/New York	212.553.4318							
William L. Hess/New York	212.553.3837							
Key Indicators								
[1]Duke Energy Ohio, Inc.								
		LTM 3Q10	2009	2008	2007			
(CFO Pre-W/C + Interest) / Interest Expense		7.5	7.2	5.5	6.5			
(CFO Pre-W/C) / Debt		29%	30%	25%	33%			
(CFO Pre-W/C - Dividends) / Debt		29%	18%	18%	27%			
Debt / Book Capitalization		30%	29%	27%	24%			

[1] All ratios calculated in accordance with the Regulated Electric and Gas Utilities Rating Methodology using Moody's standard adjustments

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

Energy Security Plan provides regulatory clarity, but only through 2011 - the negotiations regarding the next Standard Service Offer structure has already commenced

Recessionary climate in Ohio remains a concern, and low power prices depresses margins and encourages customer switching

Traditional transmission and distribution system viewed as a material credit positive

Strong near-term financial metrics and adequate liquidity profile

Managing up-stream dividend policy and financing of negative free cash flow balances

Corporate Profile

Duke Energy Ohio, Inc. (Duke Ohio, Baa1 senior unsecured / stable outlook) is a vertically integrated electric and gas utility providing service to over 2 million people in southwestern Ohio. A subsidiary, Duke Energy Kentucky, Inc. (Duke Kentucky, Baa1 sr. unsecured / stable outlook), serves an adjacent area in Kentucky. Duke Ohio is one of two principal utility subsidiaries of Cinergy Corp. (Cinergy, Baa2 senior unsecured / stable outlook), an intermediate subsidiary holding company of parent Duke Energy (Duke, Baa2 issuer rating /stable outlook). Duke Ohio is regulated by the Public Utility Commission of Ohio (PUCO) and owns approximately 5,100 MW's of regulated generating capacity and 3,600 MW of unregulated generation capacity.

Recent Developments

On January 10, 2011, Duke announced a proposed acquisition of a neighboring utility company, Progress Energy Corporation. The merger is dependent on regulatory approvals from North Carolina and South Carolina, as well as the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission, the Securities and Exchange Commission and the Department of Justice. The transaction is expected to close by year-end 2011. Moody's affirmed the Baa2 senior unsecured ratings and stable rating outlooks for both Duke and Progress Energy.

In preparation for the 2011 year end expiration of Duke Ohio's three year Energy Security Plan (ESP), the company filed a Market Rate Offer (MRO) plan with PUCO in mid November 2010. The plan envisions a transition of generation revenues to market-based pricing. Feedback from the PUCO staff, given on December 8, 2010 recommended the continuation of some form of ESP, which follows a more tradional method of regulating customer electric charges, revenues and cash flow.

While Moody's incorporates a view that an MRO, an ESP, or some modification of either plan will ultimately be beneficial to the financial profile of the company, there is currently a lack of clarity to determine what effects such plan will have on Duke Ohio's overall credit profile at this time. As a result, Moody's has stabilized the outlook of Duke Energy Ohio's credit rating and will monitor further developments as they take place throughout 2011.

SUMMARY RATING RATIONALE

The Baa1 senior unsecured rating considers the intermediate-term regulatory stability and certainty associated with cost and investment recovery through 2011 and beyond. These regulated recoveries are expected to produce robust financial credit metrics that will continue to position Duke Ohio well within its Baa1 rating category. Duke Ohio's liquidity profile appears adequate with only modest near-term debt maturities; however, the liquidity profile begins to weaken when incorporating expected up-stream dividends to its parent. The rating considers the material recessionary pressures currently being experienced in Ohio and the prospects for increasingly stringent environmental mandates. Duke Ohio's near-term financing plans associated with its projected negative free cash flow balances and up-stream dividend policies are modest rating constraints at this time.

DETAILED RATING CONSIDERATIONS

Duke acquisition of Progress Energy net credit rating neutral

The credit implications associated with the proposed acquisition of Progress Energy are neutral. Both companies have Baa2 senior unsecured ratings, but Duke was viewed as being strongly positioned within the ratings category and Progress was viewed as weakly positioned. Both of those views are heavily influenced by each company's respective financial profiles. On a pro-forma combined basis, Duke is expected to be viewed as being simply well positioned. Although the percentage of Duke's rate-regulated business activities should increase to roughly 85% from 75% today, a credit positive, its key cash flow to debt metrics are expected to fall to the 15% - 16% range from today's 20%+ range. Prior to the merger announcement, we had been incorporating a view that Duke's cash flow credit metrics were indeed trending towards this midteen's level over time, which represented a primary rationale for its Baa2 rating.

Duke Ohio's ESP provides good regulatory clarity, for now, but next round of refinements underway

At the time, the December 2008 approval of Duke Ohio's Energy Security Plan (ESP) was viewed positively by Moody's, as it provided significant insight into revenue and cash flow generation through 2011. From a credit perspective, we expect a similar resolution for the next edition of restructuring going into 2012, but we also acknowledge a higher level of uncertainty as the negotiations get underway.

The current ESP provided some clarity over the recovery of generation related rates and other cost recovery items such as for fuel and purchased power, environmental expenditures, capacity purchases, SmartGrid investments, Save-a-Watt and economic development costs. These various cost recovery riders are examples of specific recovery mechanisms beyond base rates that allow the company to maintain its relatively strong financial performance over the next few years.

Retail choice introducing some headwinds

The Ohio market structure allows for retail choice among generation suppliers. While 100% of Duke Ohio's customers remain as customers of the T&D operations, approximately 30% has elected to switch generation providers, as of September 2010. Roughly two-thirds of these switched customers elected to receive generation services from Duke's marketing company, an affiliate of Duke Ohio and a subsidiary of Cinergy. The margins associated with these services are lower than the margins Duke Ohio enjoys from its non-switched customers. From a credit perspective, the loss of these customers negatively impacts Duke Ohio but does not appear sufficient enough at this time to have any implication on our positive rating outlook. We will continue to monitor the evolving market development and restructuring plans in Ohio.

Strong financial performance should continue

Duke Ohio continues to exhibit financial metrics commensurate with the Moody's A3 rated integrated utility peer group, and maps to the Arating category according to the Regulated Electric and Gas Utilities rating methodology published in August 2009. Over LTM 3Q10, Duke Ohio has reported very strong cash flow metrics of nearly 30% CFO pre-WC / Debt.

Prospectively, Moody's expects Duke Ohio to continue producing CFO based metrics in the Arating category, albeit somewhat lower than the robust levels shown during LTM 3Q 10. Given the economic conditions in Ohio, switching implications and lower customer demand (and pricing), we expect to see CFO pre-WC + Interest / Interest of about 5.0x and CFO pre-WC / Debt nearing 25% over the intermediate term.

Modest negative free cash flows will need to be addressed

Duke Ohio may experience some relatively sizeable negative free cash flows over the next few years which will need to be carefully addressed. Assuming Duke Ohio is successful in producing cash flows of roughly \$750 million, and capital investments averaging roughly \$600 million -\$700 million annually, the negative free cash flow position will be directly impacted by the amount of any up-stream dividends. With the current ESP, the company should continue to recover system reliability and transmission costs as they have in the past, while implementing new riders for specific distribution investments that will cause capital investments to increase over the next several years, a credit positive. Duke Ohio's annual up-stream dividends averaged approximately \$190 million over the past 5 years, approximately \$150 million over the past 3 years but totaled \$200 million in 2008. For the twelve months ended September 2010, Duke Ohio made no up-stream dividend payments. Based on the customer switching impacts on Duke Ohio's financials, the up-stream dividend policy could be reviewed.

Potential divestiture of non-regulated natural gas generation

Duke Ohio has authority to evaluate various strategic alternatives with respect to its 3,600 MW's of non-regulated natural gas generation - the DENA assets that were transferred (at book value) to Duke Ohio commensurate with the Cinergy merger. Any potential monetization proceeds could help fund a portion of the negative free cash flow the company may experience in the near future or fund additional capital improvements or provide a special up-stream dividend to the parent (or a combination of all three). We view the potential sale of some, or all, of Duke Ohio's 3,600 MW gas units as a credit positive, assuming that a material portion of the proceeds would be utilized to support a continuation of the strong financial metrics of the company. We do not consider goodwill impairments as a material credit event.

Coal generating assets vulnerable to significant environmental mandates

We observe the potential for significant environmental regulations or legislation, especially related to carbon dioxide emissions, as a material risk affecting Duke Ohio's coal-fired generating assets. Moody's incorporates a view that the timing of compliance requirements within any potential new regulation or legislation may be many years in the future and that the costs associated with any new mandates will generally be recovered through rates (either through existing fuel clause pass-through mechanisms or other incremental rate riders).

Liquidity

The liquidity profile for Duke Ohio appears to be adequate at this time assuming that there will only be a modest amount of up-stream dividend payments. We believe the over-all liquidity profile for Duke Ohio's parent, Duke, is sufficient given the modest amount of maturities over the near-term. Each subsidiary is a part of the parent's master facility and forms the basis of each utility's alternate liquidity. Duke maintains a \$3.14 billion 5-year master credit facility, from which Duke Ohio may borrow up to \$650 million. The credit facility agreement contains the usual representations and warranties, and includes a single financial covenant limiting debt to capital to no more than 65% for any borrower, including Duke Ohio. As of September 30, 2010, we understand Duke Ohio and Duke were in compliance with this covenant.

As of September 30, 2010, Duke Ohio had a cash balance of approximately \$285 million (excluding Duke Kentucky's approximate \$57 million of cash) plus \$566 million of available borrowing capacity under the \$650 million sub limit of the \$3.14 billion Duke credit facility. Moody's expects 2011 cash flow from operations to approach a level of approximately \$700 million, based on our projection assumptions. Duke Ohio has no material debt maturities over the next twelve months, and is only expected to pay a modest, if any, up-stream dividend to its ultimate parent Duke.

Rating Outlook

The stable rating outlook reflects a relative stability with respect to the regulatory environment in Ohio, following the approval of the company's ESP by the PUCO and considering the prospects for the next round of restructuring. The outlook also reflects our expectation that Duke Ohio will continue to generate strong financial credit metrics over the near to intermediate term horizon and have continued access to capital markets to fund its negative free cash flow position.

What Could Change the Rating - Up

Duke Ohio could be upgraded if the company were to sustain its strong financial profile during its long regulatory transition. This includes producing credit metrics of CFO pre-w/c to debt of over 25% and CFO pre-w/c interest coverage of approximately 5.5x over the next few years, while successfully managing its relatively heavy capital investment program, potentially more stringent environmental mandates and the economic pressures of their service territory and concluding its next round of regulatory restructuring.

What Could Change the Rating - Down

A combination of one or more the following developments could lead to a downgrade: sustained declines in cash flow coverage measures, including CFO pre-w/c interest coverage below the 4x range, CFO pre-w/c to debt ratio in the mid to high teen's range, a significant increase in debt levels to fund the capital expenditure program, severe environmental legislation and mandates, or a more contentious legislative / regulatory environment associated with recovery of its costs and investments.

Rating Factors

Duke Energy Ohio, Inc.

Regulated Electric and Gas Utilities	Aaa	Aa	A	Baa	Ba	В
Factor 1: Regulatory Framework (25%)				X		
Factor 2: Ability to Recover Costs and Earn Returns				Х		

(25%)					
Factor 3: Diversification (10%)					
a) Market Position (5%)			Х		
b) Generation and Fuel Diversity (5%)				Х	
Factor 4: Financial Strength, Liquidity and Key Financial					
Metrics (40%)					
a) Liquidity (10%)			X		
b) CFO pre-WC + Interest / Ineterest (7.5%) (3yr Avg)	Х				
c) CFO pre-WC / Debt (7.5%) (3yr Avg)		Х			
d) CFO pre-WC - Dividends / Debt (7.5%) (3yr Avg)		Х			
e) Debt / Capitalization or Debt / RAV (7.5%) (3yr	X				
Avg)	 				
Rating:					
a) Methodology Implied Senior Unsecured Rating			Baa1		1
b) Actual Senior Unsecured Rating			Baa1		

Moody's

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MOODY'S INVESTORS SERVICE

Rating Action: Moody's affirms Duke Energy and Progress Energy's Baa2 senior unsecured ratings following merger announcement; rating outlooks stable

Global Credit Research - 10 Jan 2011

Approximately \$30 billion of debt securities affected

New York, January 10, 2011 – Moody's Investors Service affirmed the ratings and stable outlooks of Duke Energy Corporation (Duke: Baa2 senior unsecured) and its subsidiaries (listed below) as well as the ratings and stable outlooks of Progress Energy Corporation (Progress: Baa2 senior unsecured) and its subsidiaries (listed below) following today's announcement that the boards of Duke and Progress have agreed to combine in a stock-for-stock transaction. Duke will be the surviving parent company upon consummation of the transaction. In addition, Moody's changed the rating outlook for Duke Energy Ohio to stable from positive.

Ratings affirmed include:

Duke Energy's Baa2-senior unsecured and Issuer Rating and Prime-2 short-term-rating for commercial paper;-

Progress Energy's Baa2 senior unsecured and Issuer Rating and Prime-2 short-term rating for commercial paper;

Duke Energy Carolinas A1 senior secured, A3 senior unsecured;

Carolina Power & Light Company d/b/a Progress Energy Carolinas A1 senior secured, A3 senior unsecured and Issuer Rating, and Prime-2 short-term rating for commercial paper;

Florida Power Corporation d/b/a Progress Energy Florida's A2 senior secured, Baa1 senior unsecured and Issuer Rating; Baa3 preferred stock, and Prime-2 short-term rating for commercial paper;

Cinergy Corporation's Baa2 Long Term Issuer Rating;

Duke Energy Ohio's A2 senior secured and Baa1 senior unsecured,

Duke Energy Indiana's A2 senior secured, Baa1 senior unsecured and Baa3 preferred stock;

Duke Energy Kentucky's (p)A3 senior secured and Baa1 senior unsecured;

Florida Progress Funding Corporation's Baa2 junior subordinated debt;

FPC Capital 1's Baa2 preferred stock.

RATINGS RATIONALE

"The rating affirmations of Duke and Progress reflect their strong financial positions, sizeable regulated utility business operations and diversity among regulatory jurisdictions. The merger announcement is viewed as a credit neutral event for both companies, although our qualitative view regarding their relative positions within the Baa2 rating category has changed" said Mike Haggarty, Senior Vice President.

Pro-forma consolidated credit metrics for the combined Duke-Progress entity are expected to result in cash flow (CFO-pre WC) to debt of around 15% - 16%. These pro-forma credit metrics and business risk factors position the merged Duke more appropriately within its Baa2 rating category. Previously, we viewed Duke to be strongly positioned, and Progress to be weakly positioned within the Baa2 ratings category.

"We believe the merger transaction has several positive attributes" said Jim Hempstead, Senior Vice President. "The inherent logic behind the merger is the consolidation of two homogenous, capital intensive companies, to spread fixed costs across a larger asset platform. We also see good incremental diversification benefits with the proposed merger, including the addition of a Florida service territory, generation dispatch efficiencies in the Carolinas, and the ability to wring out other operating cost efficiencies across both organizations" Hempstead added. The merger creates one of the largest utility systems in the country, including the largest regulated nuclear generating fleet, operating in generally supportive regulatory environments. A larger Duke/Progress organization will also be better positioned to undertake the construction of new nuclear generation in either the Carolinas or Florida in the event the new company decides to move forward in this direction.

In addition to shareholder approval, we believe the merger will likely require the approval of two state regulatory commissions (North Carolina and South Carolina), the Federal Energy Regulatory Commission (FERC) and the Nuclear Regulatory Commission (NRC). While it is premature to predict the outcome of any of these proceedings, it remains possible that additional merger conditions could be imposed by one or more of the state regulatory proceedings currently underway or planned over the near-term by both companies in various states, particularly given the current economic challenges that execution their respective service territories.

Notwithstanding the clear fit that exists by merging the two companies, these regulatory issues make the consummation of the merger under the current terms less certain at this juncture. As there is greater clarity concerning the regulatory and shareholder approvals, including the impact, if any, on pending regulatory filings, Moody's will comment accordingly. Also, as the companies provide more transparency around legal structure, integration plans and synergy benefits, rating refinements, if needed, may follow. Today, we incorporate a view that the merger will close by year-end 2011.

Moody's affirmed the ratings for several Duke subsidiaries, including: Duke Energy Carolinas (Duke Carolinas: A3 senior unsecured); Duke Energy Ohio (Duke Ohio: Baa1 senior unsecured); Duke Energy Indiana (Duke Indiana: Baa1 senior unsecured) and Duke Energy Kentucky (Duke Kentucky: Baa1 senior unsecured).

Moody's also affirmed the ratings for all of Progress' subsidiaries, including: Progress Energy Carolinas, Inc. (A3 senior unsecured, Prime-2 commercial paper rating) and Progress Energy Florida, Inc. (Baa1 senior unsecured, Prime-2 commercial paper rating).

The prime-2 commercial paper ratings for both Duke and Progress are also affirmed.

For Duke Ohio, the change in the rating outlook to stable from positive reflects our modest concerns regarding the regulatory restructuring process in Ohio, lingering uncertainties associated with potential generation divestiture plans and the longer-term implications associated with the utility's ultimate capital structure and cash flow generation possibilities. Although we continue to view Ohio as a supportive regulatory and political jurisdiction, the chronic overhang of intermediate-term regulatory restructuring plans present increased uncertainties for Duke Ohio over the near-term. In addition, while we continue to view the Duke Ohio utility as strongly positioned within its Baa1 senior unsecured rating category, a rating upgrade is no longer likely over the near to intermediate term horizon. We are only modestly concerned with the implications associated with customer choice, and prefer to focus on the longer-term fundamentals of the Duke Ohio transmission and distribution utility activities.

The rating affirmations of Duke Indiana and Duke Kentucky reflect the good regulatory and political relationships that those entities have in their respective jurisdictions; the supportive suite of cost and investment recovery mechanisms, including numerous trackers; the diversity of load, customers and generation fuel supplies; and adequate sources of liquidity through the Duke Master Credit Facility. We continue to monitor the regulatory situation at Duke Indiana related to its Edwardsport Coal Gasification project, but incorporate a view that the matter will be resolved without adversely impacting credit quality.

The ratings affirmation of Duke Carolinas and Progress Energy Carolinas reflects the above average regulatory environments in both North and South Carolina, the credit supportive cost recovery provisions in place, strong financial metrics, and service territories that should experience limited growth over the near term. The merger is not expected to immediately alter the utilities' respective capital expenditure programs or planned generation retirements.

However, joint dispatch arrangements should benefit both utilities over the longer-term and could eventually slow the timing of some new generation. Because of the relatively early enactment of North Carolina's 2002 Clean Smokestacks Act, both Duke Carolinas and Progress Energy Carolinas are fairly well positioned in meeting currently mandated environmental requirements.

The ratings affirmation of Progress Energy Florida reflects the stabilization of the political and regulatory environment in Florida, including the utility's recent rate settlement with the Florida Public Service Commission that should preclude the need for additional base rate proceedings through 2012. The utility continues to be negatively affected by the long-term outage of its Crystal River 3 nuclear plant, which has been undergoing repairs since September 2009, although the company expects to recover replacement power costs, which have been relatively manageable due to low gas prices, through its fuel cost recovery clause. The plant is currently expected to be back in service in March 2011. Although the merger will result in no direct benefits to Progress Energy Florida, such as the expected joint dispatch benefits in the Carolinas, the utility will be part of a much larger and more diverse organization in the event it decides to accelerate its currently postponed new Levy County nuclear construction project.

The rating outlooks of Duke, Progress and their respective subsidiaries are all stable and, barring unexpected new developments, Moody's does not anticipate any change in ratings or rating outlooks while the merger integration is underway and regulatory approvals are being obtained over the next year.

Rating upgrades are unlikely given last year's adverse regulatory development in Florida, lingering regulatory uncertainties in Indiana and Ohio, our expectations regarding pro-forma combined key financial credit metrics and high levels of debt at the parent holding companies.

Rating downgrades appear equally unlikely at this time, but could occur if there is a sustained decline in parent company cash flow coverage metrics below current levels, including a ratio of CFO before working capital plus interest to interest below 3.5x, a ratio of CFO before working capital to debt below 15%, a sustained decline in the supportiveness of the regulatory environments in North Carolina, South Carolina, Florida, Indiana or Ohio or a substantial increase in leverage at the parent or utilities.

The principal methodology used in this rating was Regulated Electric and Gas Utilities published in August 2009.

Duke Energy Corporation is a holding company for regulated utilities Duke Energy Carolinas, Duke Energy Ohio, Duke Energy Indiana and Duke Energy Kentucky, as well as international business activities in Central and South America. Duke Energy is headquartered in Charlotte, North Carolina.

Progress Energy, Inc. is a holding company for regulated utilities Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc. and Florida Power Corporation d/b/a Progress Energy Florida, Inc., and is headquartered in Raleigh, North Carolina.

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MOODY'S INVESTORS SERVICE

Credit Opinion: Progress Energy Carolinas, Inc.

Global Credit Research - 11 Apr 2011

North Carolina, United States

Ratings

Category Outlook Issuer Rating First Mortgage Bonds Senior Secured Shelf Sr-Unsec-Bank-Credit-Facility Senior Unsecured Subordinate Shelf Preferred Stock Commercial Paper Parent: Progress Energy, Inc. Outlook Senior Unsecured Jr Subordinate Shelf Preferred Shelf Commercial Paper	Moody's Rating Stable A3 A1 (P)A2 A3 (P)Baa1 Baa2 P-2 Stable Baa2 (P)Baa3 (P)Baa3 (P)Baa1 P-2					 	 	
Contacts Analyst Michael G. Haggarty/New York William L. Hess/New York Key Indicators [1]Progress Energy Carolinas, Inc.	Phone 212.553.7172 212.553.3837	2010	2009	2008	2007			
(CFO Pre-W/C + Interest) / Interest Expense (CFO Pre-W/C) / Debt (CFO Pre-W/C - Dividends) / Debt Debt / Book Capitalization		7.7x 35% 33% 39%	6.9x 32% 27% 43%	6.2x 28% 28% 45%	6.1x 30% 26% 46%			

[1] All ratios calculated in accordance with the Global Regulated Electric Utilities Rating Methodology using Moody's standard adjustments.

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

- Constructive regulatory environments in both North and South Carolina
- Strong cash flow coverage metrics
- Continued weak economic conditions in its service territory
- Large capital expenditure program
- High parent company debt

Corporate Profile

Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc. (PEC, A3 senior unsecured, stable outlook) is a vertically integrated public utility with approximately 1.5 million customers in North Carolina and South Carolina and 12,554 MW of generation capacity. It is a subsidiary of Progress Energy, Inc. (Progress, Baa2 senior unsecured, stable outlook), which is also the parent of Florida Power Corporation

d/b/a Progress Energy Florida, Inc. (PEF, Baa1 senior unsecured, stable outlook). Progress recently announced a merger with Duke Energy (see below).

Recent Events

On January 10, 2011, Progress announced it would merge with neighboring Duke Energy Corporation in a stock-for-stock transaction. The merger requires the approval of regulators in North Carolina, South Carolina, and Kentucky, as well as the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission, the Federal Communications Commission, and the Department of Justice. The transaction is expected to close by year-end 2011. Moody's affirmed the ratings of Progress, PEC, and PEF at the time of the merger announcement.

SUMMARY RATING RATIONALE

PEC's A3 senior unsecured rating reflects above average regulatory environments in both North and South Carolina with credit supportive cost recovery mechanisms, strong financial metrics, and a service territory that is expected to experience limited growth over the near-term. PEC's ratings also reflect the high leverage at the parent company, Progress Energy, totaling 28% of consolidated organization debt, resulting in a two-notch differential between the ratings of the parent and its utility subsidiary.

DETAILED RATING CONSIDERATIONS

- Above average regulatory environments in both North and South Carolina

PEC has service territories in both North and South Carolina, two fully regulated states with generally supportive utility regulation. PEC has an authorized allowed ROE of 12.75% in both states with adjustments for fuel, purchased power, and environmental costs. PEC's base rates were frozen in North Carolina through the end of 2007 and PEC has not filed a rate case since 1988, although Moody's expects the company to file one over the next couple of years.

On November 17, 2010, the North Carolina Utilities Commission (NCUC) approved three separate cost-recovery filings, including a \$170 million fuel rate decrease, a \$31 million increase in its demand side management (DSM) and energy efficiency (EE) rate, and a \$2 million decrease for the North Carolina Renewable Energy and Energy Efficiency Portfolio Standard (NC REPS). The net impact of these filings reduced residential electric bills by 3.9%. At December 31, 2010, PEC's North Carolina deferred fuel and DSM / EE balances were \$56 million and \$49 million, respectively.

Over the last two years, the NCUC has issued Certificates of Public Convenience and Necessity for the company to construct three combined cycle natural gas or dual fuel generating facilities in North Carolina largely to replace the planned retirement of several of the company's unscrubbed coal-fired generating facilities.

On June 23, 2010, the South Carolina Public Service Commission approved PEC's request for a \$17 million fuel rate decrease, as well as an increase in its demand side management and energy efficiency rate, which was approved on a provisional basis. At December 31, 2010, PEC's South Carolina deferred fuel and DSM / EE balances were \$15 million and \$8 million, respectively. South Carolina has also passed legislation allowing PEC to recover financing costs for pre-construction and construction capital and to earn a return on capital spent for new nuclear generation.

North Carolina law authorizes the NCUC to allow annual prudence reviews of baseload generating plant construction costs and the inclusion of construction work in progress (CWIP) in rate base, with corresponding rate adjustments in a general rate case while a baseload generating plant is under construction. In the event the company decides to move forward with new nuclear generation in North Carolina following its merger with Duke Energy, Moody's would expect some type of specific nuclear cost recovery provisions to be put in place in North Carolina as well.

- Cash flow coverage measures and financial metrics are strong for its rating

The ratings of PEC reflect financial performance and cash flow coverage ratios that are strong for its A3 rating in accordance with Moody's rating methodology for regulated electric and gas utilities. These metrics include a ratio of CFO before working capital plus interest to interest averaging in the 6.0x to 7.0x range and a ratio of CFO before working capital to debt of around 30% over the last several years. Due to declining fuel costs, PEC recovered a significant amount of deferred fuel without significantly impacting customer rates and deferrals may remain modest over the near term assuming low growth rates and stable fuel prices. Ongoing debt issuance to finance rising capital expenditures could modestly pressure metrics going forward as PEC continues to operate under fixed retail rates. Coverage metrics may weaken somewhat but are expected to remain strong for the rating, especially if the company receives rate relief over the next couple of years.

- Large capital expenditure program for new gas fired generation, transmission, and distribution, as well as DSM, energy-efficiency, and conservation programs

PEC estimates its capital requirements for the years 2011, 2012, and 2013 to be approximately \$1.5 billion, \$1.3 billion and \$1.2 billion, respectively. Although capital expenditures were a high \$1.2 billion in 2010, these levels are higher than the approximately \$800 million that was spent in each of the previous two years. Much of this incremental spending reflects construction expenditures to add almost 2,200 MW of natural-gas fired generating capacity as PEC retires 1,500 MW of coal-fired capacity by 2014. In addition, they include base capital expenditures to support customer growth and nuclear fuel purchases, as well as for demand side management, energy efficiency, and conservation programs. The merger with Duke Energy is not expected to immediately alter PEC's capital expenditure program or planned generation retirements, although joint dispatch arrangements with Duke Carolinas following the merger should benefit both utilities over the longer-term and could eventually slow the timing of additional new generation.

PEC has also completed most investments required to meet mandates in North Carolina's Clean Smokestacks Act, passed in 2002 and one of the earliest state mandated environmental spending programs. Because of the relatively early enactment of this Act, PEC has been ahead of some other companies in meeting environmental spending requirements.

In February 2008, PEC filed a COL with the Nuclear Regulatory Commission to add two additional units at its Shearon Harris nuclear plant. The company has not made a final determination on whether to pursue new nuclear construction at the site, but is taking steps to keep the option open. Alarger and more diverse Duke/Progress organization following the merger will be in a stronger position to undertake the construction of new nuclear generation in the Carolinas in the event the new company decides to move forward in this direction.

Case No. 2011-124 AG-DR-01-016 (a.7) attachment Page 3 of 5

- High parent company debt

PEC's overall risk profile has benefited from lower business risk at the parent company following its divestiture of its unregulated businesses and the pay down of some parent company debt several years ago. However, debt at the parent company has increased again more recently from \$2.7 billion at FYE 2008, or 20% of consolidated organization debt, to \$4.2 billion at FYE 2009, or approximately 30% of total debt, to \$4.0 billion (28% of total debt) currently following the redemption of some debt due in March, 2011. This relatively high level of debt at the parent company results in a two notch differential between the rating of Progress and PEC. The parent is reliant on dividends from its utility subsidiaries to meet its interest payments and a relatively high common dividend payout, which acts as an additional constraint on PEC's rating.

Liquidity Profile

PEC maintains a strong liquidity profile, which is supported by a three year \$750 million bank revolving credit facility expiring on October 15, 2013 which had no outstandings as of December 31, 2010. The credit facility is used to back up PEC's commercial paper program, but has also occasionally been used for direct borrowings over the last several years. The facility does not contain a material adverse change clause that could preclude new borrowings and has one financial covenant, a maximum debt-to-capital covenant of 65%. At December 31, 2010, the company was in compliance with this financial covenant with a calculation of 42%.

PEC has no material long-term debt maturities until July 2012, when \$500 million of long-term debt is due. The company expects to finance higher capital expenditures with a combination of internally generated funds, long-term debt issuances, and/or equity contributions from the parent company. The utility-can supplement these sources with access to Progress Energy's money pool, which allows the parent to more-efficiently allocate cash among its two regulated utility subsidiaries

PEC had \$230 million of cash on hand as of December 31, 2010 and was in a small lending position with the money pool with \$2 million of notes receivable from affiliated companies. The utility generated operating cash flow of \$1.52 billion in 2010, up from \$1.28 billion of operating cash flow generated in 2009.

Parent company Progress Energy maintains a \$500 million revolving credit facility expiring May 3, 2012 (except for \$22 million expiring May 3, 2011) that supports its commercial paper program. This facility was reduced from \$1.13 billion on October 15, 2010 when PEC and PEF each increased their credit facilities to \$750 million from \$450 million. The parent company facility includes a covenant that limits the company's debt to capital ratio to 68%, and does not include a material adverse change representation for new borrowings. The company was in compliance with this covenant at December 31, 2010 with a debt to capital ratio of 56%.

Rating Outlook

The stable outlook on the ratings of PEC reflects coverage measures and financial metrics that should remain strong for its rating, Moody's expectation that its large capital expenditure program will remain manageable and financed with a balanced mix of debt and equity, and that credit supportive fuel and environmental cost recovery mechanisms will remain in place. It also considers the supportive regulatory environment for utilities in both North and South Carolina and our expectation that the pending merger with Duke Energy, if consummated, will be initially be credit neutral for PEC.

What Could Change the Rating - Up

An upgrade is unlikely while the merger with Duke Energy is pending. An upgrade could be considered following the merger, however, if economic conditions in PEC's service territory begin to recover, if there is a further improvement in PEC's already strong cash flow coverage metrics, if there is a reduction of parent company debt; or there are significant benefits derived from planned joint dispatch arrangements or other operating efficiencies with Duke Energy Carolinas following the merger.

What Could Change the Rating - Down

A downgrade could be considered if there are adverse regulatory developments in either North or South Carolina that would impair the timely recovery of prudently incurred costs, or a there is a sustained decline in financial performance measures, including a ratio of CFO before working capital plus interest to interest below 4.0x or CFO before working capital to debt below 20%.

Rating Factors

Progress Energy Carolinas, Inc.

Regulated Electric and Gas Utilities Industry [1][2]	Current 12/31/2010		Moody's 12-18 month Forward View* As of April 2011		
Factor 1: Regulatory Framework (25%)	Measure	Score	Measure	Score	
a) Regulatory Framework		A		A	
Factor 2: Ability To Recover Costs And Earn Returns (25%)					
a) Ability To Recover Costs And Earn Returns		A		A	
Factor 3: Diversification (10%)					
a) Market Position (5%)		Baa		Baa	
b) Generation and Fuel Diversity (5%)		A		A	
Factor 4: Financial Strength, Liquidity And Key Financial Metrics (40%)					
a) Liquidity (10%)		Baa		Baa	

b) CFO pre-WC + Interest/ Interest (3 Year Avg) (7.5%) c) CFO pre-WC / Debt (3 Year Avg) (7.5%) d) CFO pre-WC - Dividends / Debt (3 Year Avg) (7.5%) e) Debt/Capitalization (3 Year Avg) (7.5%)	6.9x 31.8% 29.5% 42.4%	Aa Aa Aa A	5.0 - 6.0x 22 - 27% 20 - 25% 40 - 45%	Aa Aa Aa A
Rating:				
a) Indicated Rating from Grid		A2		A2
b) Actual Rating Assigned		A3		A3

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[1] All ratios are calculated using Moody's Standard Adjustments. [2] As of 12/31/2010(L); Source: Moody's Financial Metrics

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MOODY'S INVESTORS SERVICE

Credit Opinion: Progress Energy Florida, Inc.

Global Credit Research - 11 Apr 2011

Florida, United States

Ratings

Category Outlook Issuer Rating First Mortgage Bonds Senior Secured Shelf Sr Unsec Bank Credit Facility Senior Unsecured Subordinate Shelf Preferred Stock	Moody's Rating Stable Baa1 A2 (P)A2 Baa1 Baa1 (P)Baa2 Baa3 P-2		
Commercial Paper Ult Parent: Progress Energy, Inc.	P-2		
Out Parent, Progress Energy, Inc. Outlook Senior Unsecured Jr Subordinate Shelf Preferred Shelf Commercial Paper	Stable Baa2 (P)Baa3 (P)Ba1 P-2		
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KeyIndicators			
[1]Progress Energy Florida, Inc.		2010	2009

	2010	2003	2000	2007
(CFO Pre-W/C + Interest) / Interest Expense	5.4x	5.0x	3.1x	4.7x
(CFO Pre-W/C) / Debt	23%	22%	10%	19%
(CFO Pre-W/C - Dividends) / Debt	22%	21%	10%	19%
Debt / Book Capitalization	47%	49%	57%	52%

[1] All ratios calculated in accordance with the Global Regulated Electric Utilities Rating Methodology using Moody's standard adjustments.

2008

2007

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

- Stabilized Florida political and regulatory environment with two year rate settlement
- Credit metrics have been variable but generally adequate for high Baa rating
- Weak sales volumes and challenging economic conditions in service territory
- Capital expenditures begin increasing again in 2012 and 2013 after falling in 2011
- High parent company debt
- Crystal River nuclear plant April 2011 restart delayed and lengthy outage continues

Corporate Profile

Florida Power Corporation d/b/a Progress Energy Florida, Inc. (PEF, Baa1 senior unsecured, stable outlook) is a vertically integrated public

utility with approximately 1.6 million customers in the north central part of Florida and approximately 10,025 MW of generation capacity. It is a subsidiary of Progress Energy, Inc. (Progress, Baa2 senior unsecured, stable outlook), which is also the parent of Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc. (PEC, A3 senior unsecured, stable outlook). Progress recently announced a merger agreement with Duke Energy (see below).

Recent Events

On March 15, 2011, PEF announced a delay in the April 2011 planned restart of its Crystal River Nuclear Plant due to indications of additional delamination or separation of concrete resulting from repair work being done on the plant. On April 4, 2011, the company indicated that it would conduct a thorough engineering analysis and review of the new delamination and that it could not estimate a return to service date for the plant. The plant has been shut down since September of 2009 to repair damage that occurred while creating an opening in the structure to remove and replace the steam generator.

On January 10, 2011, Progress announced it would merge with neighboring Duke Energy Corporation in a stock-for-stock transaction. The merger requires the approval of regulators in North Carolina, South Carolina, and Kentucky, as well as the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission, the Federal Communications Commission, and the Department of Justice. The transaction is expected to close by year-end 2011. Moody's affirmed the ratings of Progress, PEC, and PEF at the time of the merger announcement.

SUMMARY RATING RATIONALE

PEE's Baa1_senior_unsecured rating reflects_the stabilization of the political and regulatory environment in Florida, cash flow coverage metrics that have been variable but generally adequate for a high Baa rating, and weak sales volumes and challenging economic conditions in its central Florida service territory. The company has responded to slow economic growth by lowering and postponing capital expenditures, including the construction of its greenfield Levy County nuclear generating plant. The utility continues to be negatively affected by the long-term outage of its Crystal River nuclear plant, which has been undergoing repairs since September 2009.

DETAILED RATING CONSIDERATIONS

- Stabilization of the utility's political and regulatory environment with new Florida commissioners in place and the execution of a two year rate settlement

The political and regulatory environment for investor-owned utilities in the state of Florida has stabilized since highly politicized rate proceedings in 2009 and early 2010 resulted in a rate outcome for PEF that included no base rate increase, except for \$132 million that had been approved earlier to recover costs related to a Florida Public Service Commission (FPSC) approved plant repowering. Since these rate proceedings, there has been an almost complete change in the composition of the FPSC, with the turnover of four of the five commissioner seats. There is also a new governor in place in the state. Because of the political and regulatory developments that unfolded during the 2009 and 2010 rate proceedings, Moody's lowered PEF's score on Factor 1 in our rating methodology grid, Regulatory Framework, to the "Baa" or average category. For more details on this and other factors in our methodology, please see Moody's Rating Methodology for Regulated Electric and Gas Utilities, published in August 2009.

Despite the adverse rate case decision, PEF continues to operate under traditional rate of return regulation with strong cost recovery provisions in place. These include fuel and capacity clauses that are adjusted annually based on expected fuel and power prices and for prior period differences between projected and actual costs. PEF may also recover pre-construction and construction work in progress for nuclear capital expenditures. Additionally, PEF has an environmental cost recovery clause that is adjusted annually for capital spending and operating expenses related to emissions.

On June 1, 2010, shortly after the conclusion of the company's rate proceedings, the FPSC approved a settlement agreement between PEF and most interveners that freezes base rates through 2012 and permits PEF to reduce its depreciation reserve by up to \$150 million in 2010, \$250 million in 2011, with the remaining to be used in 2012. The rate freeze does not apply to the company's cost recovery clauses and the company's midpoint for return on equity is the same as in its rate case outcome, 10.5%. If the company's ROE falls below 9.5% before December 31, 2012, the company can seek a rate adjustment. Although the settlement freezes base rates and reduces the company's depreciation reserve to \$0, both potential negatives from a credit standpoint, it does provide regulatory clarity through 2012 and should avoid the need for additional base rate proceedings until the newly constituted FPSC has been in place for a period of time and has exhibited a meaningful track record.

- Credit metrics have been variable but generally adequate for a high Baa rating

PEF's credit metrics improved slightly in 2010 compared to the prior year and are now strongly positioned for the Baa rating range. These ratios include CFO pre-working capital interest coverage of 5.4x and CFO pre-working capital to debt of 23%, up from 5.0x and 21.5%, respectively, in 2009. Over the medium term, the utility's coverage metrics are expected to remain at levels appropriate for the mid to high Baa rating level, including CFO pre-working capital interest coverage of around 5.0x and CFO pre-working capital to debt in the 20% range. Significant improvement in these financial metrics is unlikely to occur until after the utility's current base rate freeze expires and the Florida economy begins to exhibit significant improvement.

- Continued weak sales volumes and challenging economic conditions in its service territory, especially related to the Florida housing market

After years of strong growth, PEF's service territory has experienced a significant economic slowdown beginning 2007, resulting in lower growth rates, lower customer usage, and lower wholesale sales. The impact of the depressed housing market has been particularly severe in peninsular Florida, where most of PEF's service territory is located. Moody's does not expect retail growth rates to increase significantly in 2011, although trends may slowly improve over the next few years. The challenging Florida economy was a contributing factor in the company's rate case decision last year, with the FPSC exhibiting sensitivity to economic conditions in the state during the rate hearings and throughout the rate proceedings. Until the Florida economy improves, Moody's believes it could continue to remain a potential issue in the company's future rate proceedings.

- Capital expenditures to begin increasing again in 2012 and 2013 after falling this year

PEF's estimated capital expenditures are projected to be between \$720 million and \$765 million in 2011 (down from \$1.0 billion in 2010), before increasing to between \$785 million and \$830 million in 2012 and more significantly to \$1.0 to \$1.1 billion in 2013. These capital expenditures

reflect construction expenditures to support expected customer growth, add regulated generation, and to upgrade existing facilities. The utility has completed much of its currently mandated environmental spending and expects little to no environmental capex over the next three years, although this could change with new Environmental Protection Agency mandates. PEF anticipates construction spending will be financed by a combination of internal cash flow, long-term debt, and capital contributions from the parent. PEF's total debt to capitalization is expected remain in the low to mid-50% range going forward, including Moody's standard adjustments.

The utility's overall level of capital spending over the next few years is dependent to a significant degree on whether it continues to pursue new nuclear generation in Florida. PEF has slowed pre-construction development of its greenfield Levy County nuclear plant significantly over the last two years, contributing to the moderation of the utility's previously estimated capital expenditures. Because of these delays, PEF could incur fees and charges related to the disposition of long lead time equipment purchase orders for the plant, which the company has indicated could be material. In its April 30, 2010 nuclear cost recovery filing, PEF included potential disposition charges of \$50 million, although the final figure will not be known until negotiations are completed, which is expected by the time the company's first quarter financial statements are released.

PEF's 2010 nuclear cost-recovery filing also included an updated analysis that demonstrated continued feasibility of the Levy project. However, PEF's current estimated cost range, including transmission, of \$17.2 billion to \$22.5 billion represents a substantial potential increase over the \$17 billion estimated when the company filed its Determination of Need several years ago, and primarily reflects cost escalation resulting from the schedule delays. In the event the merger with Duke is consummated, a larger and more diverse Duke/Progress organization will be in a stronger position to undertake the construction of new nuclear generation in either the Carolinas or Florida in the event the new company decides to move forward in this direction.

- High parent company debt

PEF's overall risk profile has benefited from lower business risk at parent company Progress Energy following its divestiture of several unregulated businesses and some pay down of parent company debt several years ago. However, debt at the parent company has increased again more recently from \$2.7 billion at FYE 2008, or 20% of consolidated organization debt, to \$4.2 billion at FYE 2009, or approximately 30% of total debt, before falling slightly to \$4.0 billion currently (28% of total debt) following the redemption some debt due in March, 2011. The parent is reliant on dividends from its utility subsidiaries to meet its interest payments and a relatively high common dividend payout, which acts as an additional constraint on PEF's rating.

- Crystal River nuclear plant April 2011 restart delayed and lengthy outage continues

PEF's Crystal River nuclear generating plant has been out of service since September 2009 when the company discovered a delamination or separation within the concrete of the outer wall of the containment structure. Repairs have been ongoing since that time with startup expected in April 2011, before the company announced on March 15, 2011 that there were indications of additional delamination resulting from the repair work and that repairs had been temporarily suspended, delaying the restart. On April 4, 2011, the company indicated that it would conduct a through engineering analysis and review of the new delamination and that it could not estimate a return to service date. The impact of the loss of such an important baseload plant thus far has been muted by a combination of low natural gas prices and the slow economy in Florida. PEF maintains insurance coverage for the incremental cost of replacement power and considers replacement power and capital costs to be recoverable through its fuel cost recovery clause or base rates. As of December 31, 2010, the company has spent \$288 million for replacement power and \$150 million on repair costs, of which it has recovered or expects to recover \$171 million and \$111 million, respectively, from insurance.

Liquidity Profile

PEF exhibits a strong liquidity profile, supported by a three year, \$750 million bank revolving credit facility expiring on October 15, 2013, which had no outstandings as of December 31, 2010. The credit facility is used to back up PEF's commercial paper program. The facility does not contain a material adverse change clause that could preclude new borrowings and has one financial covenant, a maximum debt-to-capital covenant of 65%. At December 31, 2010, the company was in compliance with this financial covenant with a calculation of 49%.

PEF's most immediate long-term debt maturity is \$300 million due on July 15, 2011, which the company intends to refinance, with the next longterm debt maturity of \$425 million not until 2013. The company expects its construction spending over the next year to be financed by a combination of internal cash flow, long-term debt issuances, and /or equity contributions from the parent. The utility could supplement these sources with access to Progress Energy's money pool, which allows the parent to more efficiently allocate cash among its two regulated utility subsidiaries.

PEF had \$249 million of cash on hand as of December 31, 2010 and was in a small borrowing position with the money pool with \$9 million of notes payable to affiliated companies. The utility generated operating cash flow of \$1.2 billion in 2010, up slightly from the \$1.1 billion generated in 2009.

Parent company Progress Energy maintains a \$500 million revolving credit facility expiring May 3, 2012 that supports its commercial paper program. This facility was reduced from \$1.13 billion on October 15, 2010 when PEC and PEF each increased their credit facilities to \$750 million from \$450 million. The parent company facility includes a covenant that limits the company's debt to capital ratio to 68%, and does not include a material adverse change representation for new borrowings. The company was in compliance with this covenant at December 31, 2010 with a debt to capital ratio of 56%.

Rating Outlook

The stable outlook on the ratings of PEF reflects Moody's view that the political and regulatory environment in Florida will not deteriorate further and may improve once the newly constituted FPSC has established a track record; our expectation that credit metrics will remain at levels sufficient to support its current rating, and that the company's capital expenditure program will remain close to currently estimated levels and not incorporate significant new nuclear construction spending over the near term.

What Could Change the Rating - Up

An upgrade is unlikely while the merger with Duke Energy is pending and its Crystal River plant remains shut down. An upgrade could be considered, however, if there is an improvement in the political and regulatory environment for investor-owned utilities in Florida, which may not be evident until the utility files its next rate case following the expiration of its current two year rate freeze at the end of 2012. An upgrade could

also be considered if cash flow coverage metrics remain strong for a sustained period, including a ratio of CFO before working capital plus interest to interest above 5.0x and CFO before working capital to debt above 22%, or if there is a significant reduction in parent company debt.

What Could Change the Rating - Down

A downgrade could be considered if the political and regulatory environment for investor owned utilities in Florida declines further, if there are significant cost disallowances or other changes to Florida's currently strong cost recovery provisions, if the company is unable to recover a substantial portion of the costs of its Crystal River nuclear plant outage, or if credit metrics weaken from current levels including CFO before working capital plus interest to interest below 4.0x; and CFO before working capital to debt below 16% for a sustained period.

Rating Factors

Progress Energy Florida, Inc.

Regulated Electric and Gas Utilities Industry [1][2]	Current 12/31/2010		m	loody's 12-18 onth Forward ew* As of Apr 2011	i
Factor 1: Regulatory Framework (25%)	Measure	Score		Measure	Score
a) Regulatory Framework		Baa			Baa
Factor 2: Ability To Recover Costs And Earn Returns (25%)					
a) Ability To Recover Costs And Earn Returns		A			A
Factor 3: Diversification (10%)					
a) Market Position (5%)		Baa			Baa
b) Generation and Fuel Diversity (5%)		Baa			Baa
Factor 4: Financial Strength, Liquidity And Key Financial Metrics (40%)					
a) Liquidity (10%)		Ba	ľ		Ba
b) CFO pre-WC + Interest/ Interest (3 Year Avg) (7.5%)	4.5x	Baa		4.0 - 4.5x	Baa
c) CFO pre-WC / Debt (3 Year Avg) (7.5%)	18.1%	Baa		17 - 22%	Baa
d) CFO pre-WC - Dividends / Debt (3 Year Avg) (7.5%)	17.7%	A		11 - 16%	A
e) Debt/Capitalization (3 Year Avg) (7.5%)	51.0%	Baa		48 - 52%	Baa
Rating:					1
a) Indicated Rating from Grid		Baa2			Baa2
b) Actual Rating Assigned		Baa2			Baa2

* THIS REPRESENTS MOODY'S FORWARD VIEW; NOT THE VIEW

OF THE ISSUER; AND UNLESS NOTED IN THE TEXT DOES NOT INCORPORATE SIGNIFICANT ACQUISITIONS OR DIVESTITURES

[1] All ratios are calculated using Moody's Standard Adjustments. [2] As of 12/31/2010(L); Source: Moody's Financial Metrics

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MOODY'S INVESTORS SERVICE

Credit Opinion: Progress Energy, Inc.

Global Credit Research - 11 Apr 2011

Raleigh, North Carolina, United States

Ratings

Category Outlook Senior Unsecured Jr Subordinate Shelf Preferred Shelf Commercial Paper Progress Energy Florida, Inc. Outlook Issuer Rating First Mortgage Bonds Senior Secured Shelf	Moody's Rating Stable Baa2 (P)Baa3 (P)Ba1 <u>P-2</u> Stable Baa1 A2 (P)A2					 	
Senior Secured Sneif Sr Unsec Bank Credit Facility Senior Unsecured Subordinate Shelf Preferred Slock Commercial Paper	(P)A2 Baa1 Baa1 (P)Baa2 Baa3 P-2						
Analyst Michael G. Haggarty/New York William L. Hess/New York Key Indicators	Phone 212.553.7172 212.553.3837						
[1] Progress Energy, Inc. (CFO Pre-W/C + Interest) / Interest Expense (CFO Pre-W/C) / Debt (CFO Pre-W/C - Dividends) / Debt Debt / Book Capitalization		2010 4.2x 18% 13% 54%	2009 4.0x 17% 12% 57%	2008 3.4x 13% 8% 58%	2007 3.7x 15% 9% 54%		

[1] All ratios calculated in accordance with the Global Regulated Electric Utilities Rating Methodology using Moody's standard adjustments.

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

- Completely regulated business mix with an above average regulatory environment in the Carolinas
- Stabilized Florida political and regulatory environment with two year rate settlement
- Large capital expenditure program
- Consolidated credit metrics have been variable and generally at the low end of Baa rating range
- High parent company debt
- Crystal River nuclear plant April 2011 restart delayed and lengthy outage continues

Corporate Profile

Progress Energy, Inc. (Progress Energy, Baa2 senior unsecured, stable outlook) is the parent holding company of two vertically integrated utility

subsidiaries, Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc. (PEC, A3 senior unsecured, stable outlook) and Florida Power Corporation d/b/a Progress Energy Florida, Inc. (PEF, Baa1 senior unsecured, stable outlook). Progress owns and operates approximately 22,000 MW of regulated generation capacity and serves approximately 3.1 million customers in Florida, North Carolina, and South Carolina. Progress recently announced a merger agreement with Duke Energy (see below).

Recent Events

On January 10, 2011, Progress announced it would merge with neighboring Duke Energy Corporation in a stock-for-stock transaction. The merger requires the approval of regulators in North Carolina, South Carolina, and Kentucky as well as the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission, the Federal Communications Commission, and the Department of Justice. The transaction is expected to close by year-end 2011. Moody's affirmed the ratings of Progress, PEC, and PEF at the time of the merger announcement.

SUMMARY RATING RATIONALE

Progress Energy's Baa2 senior unsecured rating reflects the company's relatively low risk profile and completely regulated business mix, above average regulatory environments in North and South Carolina, and the stabilization of its political and regulatory environment in Florida. The rating also reflects a significant capital expenditure program and service territories that have been negatively affected by slow economic growth in recent years. Progress Energy's cash flow coverage metrics are comparatively weak for its Baa2 rating and are expected to remain at the low end of the Baa rating range, although this is offset by the low business risk profile. The rating also reflects a high level of parent company debt which was increased significantly in late 2009.

DETAILED RATING CONSIDERATIONS

- Completely regulated business mix with above average regulation in the Carolinas

Progress utility subsidiary PEC has service territories in both North and South Carolina, two fully regulated states with generally credit supportive utility regulation. PEC has an authorized allowed ROE of 12.75% in both states with adjustments for fuel, purchased power, and environmental costs. PEC's base rates were frozen in North Carolina through the end of 2007 and PEC has not filed a rate case since 1988, although Moody's expects the company to file one over the next couple of years.

Over the last two years, the North Carolina Utilities Commission has issued Certificates of Public Convenience and Necessity for the company to construct three combined cycle natural gas or dual fuel generating facilities in North Carolina largely to replace the planned retirement of several of the company's unscrubbed coal-fired generating facilities.

South Carolina has also passed legislation allowing PEC to recover financing costs for pre-construction and construction capital and to earn a return on capital spent for new nuclear generation. North Carolina law authorizes the NCUC to allow annual prudence reviews of baseload generating plant construction costs and the inclusion of construction work in progress (CWIP) in rate base with corresponding rate adjustments in a general rate case while a baseload generating plant is under construction. In the event the company moves forward with new nuclear generation in North Carolina as part of Duke Energy, Moody's would expect some type of specific nuclear cost recovery provisions to be in place in North Carolina as well.

- Stabilization of utility subsidiary PEF's political and regulatory environment in Florida with new commissioners in place and the execution of a two year rate settlement

The political and regulatory environment for investor-owned utilities in the state of Florida has stabilized since highly politicized rate proceedings in 2009 and early 2010 resulted in a rate outcome for PEF that included no base rate increase, except for \$132 million that had been approved earlier to recover costs related to a Florida Public Service Commission (FPSC) approved plant repowering. Since these rate proceedings, there has been an almost complete change in the composition of the FPSC, with the turnover of four of the five commissioner seats. There is also a new governor in place in the state. Because of the political and regulatory developments that unfolded during the 2009 and 2010 rate proceedings, Moody's lowered PEF's score on Factor 1 in our rating methodology grid, Regulatory Framework, to the "Baa" or average category. For more details on this and other factors in our methodology, please see Moody's Rating Methodology for Regulated Electric and Gas Utilities, published in August 2009.

Despite the adverse rate case decision, PEF continues to operate under traditional rate of return regulation with strong cost recovery provisions in place. These include fuel and capacity clauses which are adjusted annually based on expected fuel and power prices and for prior period differences between projected and actual costs. PEF may also recover pre-construction and construction work in progress for nuclear capital expenditures. Additionally, PEF has an environmental cost recovery clause that is adjusted annually for capital spending and operating expenses related to environmental emissions.

On June 1, 2010, shortly after the conclusion of the company's rate proceedings, the FPSC approved a settlement agreement between PEF and most interveners that freezes base rates through 2012 and permits PEF to reduce its depreciation reserve by up to \$150 million in 2010, \$250 million in 2011, with the remaining to be used in 2012. The rate freeze does not apply to the company's cost recovery clauses and the company's midpoint for return on equity is the same as in its rate case outcome, 10.5%. If the company's ROE falls below 9.5% before December 31, 2012, the company can seek a rate adjustment. Although the settlement freezes base rates and reduces the company's depreciation reserve to \$0, both potential negatives from a credit standpoint, it does provide regulatory clarity through 2012 and should avoid the need for additional base rate proceedings until the newly constituted FPSC has been in place for a period of time and has exhibited a meaningful track record.

- Large capital expenditure program

Progress Energy has a substantial capital expenditure program, with spending expected to increase over the next few years at both utilities. PEC estimates that it will spend approximately \$1.2 to \$1.5 billion annually through 2013, significantly higher than some previous years. Much of this higher spending reflects the construction of approximately 2,200 MW of natural gas-fired generating capacity following the anticipated retirement of 1,500 MW of coal-fired capacity by 2014. In addition, spending includes capital expenditures to support customer growth and nuclear fuel additions, as well as for demand side management, energy efficiency, and conservation programs. PEC has completed most investments to meet mandates in North Carolina's Clean Smokestacks Act, passed in 2002 and one of the earliest state mandated environmental spending programs. Because of the relatively early enactment of this Act, PEC has been well ahead of some other companies in meeting environmental spending requirements. PEF's estimated capital expenditures are projected to be between \$720 million and \$765 million in 2011 (down from \$1.0 billion in 2010), before increasing to between \$785 million and \$830 million in 2012, and more significantly to \$1.0 to \$1.1 billion in 2013. These capital expenditures reflect construction expenditures to support customer growth, add regulated generation, and to upgrade existing facilities. The utility has completed much of its currently mandated environmental spending and expects little to no environmental capex over the next three years, although this could change if the Environmental Protection Agency institutes new requirements. PEF anticipates construction spending to be financed by a combination of internal cash flow, long-term debt, and capital contributions from the parent. PEF's total debt to capitalization is expected remain in the low to mid-50% range going forward, including Moody's standard adjustments.

PEF's overall level of capital spending over the next few years is dependent to a significant degree on whether it continues to pursue new nuclear generation in Florida. PEF has slowed construction of its greenfield Levy County nuclear plant significantly over the last two years, contributing to the moderation of the utility's estimated capital expenditures. Because of these delays, PEF could incur fees and charges related to the disposition of long lead time equipment purchase orders for the plant, which the company has indicated could be material. In its April 30, 2010 nuclear cost recovery filing, PEF included potential disposition charges of \$50 million, although the final figure will not be known until negotiations are completed, which is expected by the time the company's first quarter financial statements are released.

PEF's 2010 nuclear cost-recovery filing also included an updated analysis that demonstrated continued feasibility of the Levy project. However, PEF's current estimated cost range, including transmission, of \$17.2 billion to \$22.5 billion represents a substantial potential increase over the \$17 billion estimated when the company filed its Determination of Need several years ago, and primarily reflects cost escalation resulting from the schedule delays. In the event the merger with Duke is consummated, a larger and more diverse Duke/Progress organization will be in a stronger position to undertake the construction of new nuclear generation in either the Carolinas or Florida in the event the new company decides to move forward in this direction.

- Consolidated coverage metrics have been variable and are likely to remain at the low end of the Baa rating range

Consolidated coverage metrics have remained fairly stable over the last several years and at the low end of the Baa rating range. These ratios include CFO pre-working capital to debt of 18.1% in 2010, up from 16.9% in 2009; and CFO pre-working capital minus dividends to debt of 13%, up slightly from 11.9% in 2009. Consolidated metrics at Progress are unlikely to improve significantly from these levels due to the company's substantial parent company leverage, high dividend payout ratio, limited rate relief in Florida, and continued slow growth in the service territories. Progress is also unlikely to issue significant equity while its merger with Duke is pending. As a result, Moody's expects Progress Energy's coverage metrics to remain at low end of the Baa ratio range guidelines in Moody's rating methodology for electric utilities, including CFO pre-working capital to debt in the 15% range going forward. These comparatively weak ratios by themselves are not supportive of the company's Baa2 rating, although this is mitigated by the relatively low business risk of its fully regulated utility businesses.

- High parent company debt

Progress maintains a relatively large amount of debt at the parent company, which has increased again in recent years after falling through 2008. Debt at the parent company rose from \$2.7 billion at FYE 2008, or 20% of consolidated organization debt, to \$4.2 billion at FYE 2009, or approximately 30% of total debt, to \$4.0 billion currently (28% of total debt) following the redemption of some debt due in March 2011. The parent is reliant on dividends from its utility subsidiaries to meet its interest payments and a relatively high common dividend payout, which acts as an additional constraint on the ratings of the utilities. Overall leverage is likely to remain high; however, as Progress is unlikely to issue significant equity or redeem additional parent company debt while the merger with Duke is pending.

- Crystal River nuclear plant April 2011 restart delayed and lengthy outage continues

PEF's Crystal River nuclear generating plant has been out of service since September 2009 when the company discovered a delamination or separation within the concrete of the outer wall of the containment structure. Repairs have been ongoing since that time with startup expected in April 2011, before the company announced on March 15, 2011 that there were indications of additional delamination resulting from the repair work and that repairs had been temporarily suspended, delaying the restart. On April 4, 2011, the company indicated that it would conduct a thorough engineering analysis and review of the new delamination and that it could not estimate a return to service date for the plant. The impact of the loss of such an important baseload plant has been muted thus far by a combination of low natural gas prices and the slow economy in Florida. PEF maintains insurance coverage for the incremental cost of replacement power and considers replacement power and capital costs to be recoverable through its fuel cost recovery clause or base rates. As of December 31, 2010, the company has spent \$290 million for replacement power and \$150 million on repair costs, of which it has recovered \$171 million and \$111 million, respectively, from insurance.

Progress Energy maintains an adequate liquidity profile with a \$500 million revolving credit facility at the parent company that expires on May 3, 2012 and two recently executed three year \$750 million credit facilities at each of its utilities that expire on October 15, 2013. The parent company facility was reduced from \$1.13 billion on October 15, 2010 when PEC and PEF each increased their credit facilities to \$750 million from \$450 million.

The parent company facility includes a covenant that limits the company's debt to a maximum debt to capital ratio of 68%, and does not include a material adverse change representation for new borrowings. The company was in compliance with this covenant at December 31, 2010 with a debt to capital ratio of 56%, with historically strong cash flows upstreamed from the two utilities. The parent company had \$110 million of cash on hand and \$469 million available under its credit facility as of December 31, 2010. The credit facility backs its commercial paper program and Progress had no commercial paper and \$31 million of letters of credit outstanding at December 31, 2010.

Progress raised approximately \$434 million of equity in 2010 through its DRIP and equity incentive plans to further help finance utility capital expenditures, although additional equity issuances above this amount is unlikely while the merger with Duke is pending.

PEC and PEF each maintain \$750 million revolving credit facilities expiring in October 2013 with rates based on their long-term unsecured credit ratings and each has a maximum debt to capitalization covenant of 65%. As of December 31, 2010, PEC and PEF were in compliance with their covenants with a debt to capitalization calculations of 42% and 49%, respectively. Progress Energy's three major credit facilities provide total liquidity of \$2.0 billion.

In addition to its expiring credit facility in May 2012, long-term debt due over the next twelve months ending June 30, 2012 is manageable and includes \$300 million of first mortgage bonds at PEF due June 15, 2011 and \$450 million of parent company debt due April 15, 2012. An additional \$500 million of first mortgage bonds due at PEC in July 2012. A parent company bond maturity of \$700 million due on March 1, 2011

was redeemed partly with cash on hand and partly from the proceeds of \$500 million parent company bonds issued in January to prefund most of this maturity.

Rating Outlook

The rating outlook of Progress Energy is stable, reflecting the relatively low business risk of its two regulated utility subsidiaries; supportive utility regulation in its two Carolina jurisdictions; strong cost recovery provisions in all of its jurisdictions; and consolidated financial metrics that are expected to remain at the low end of the Baa rating range going forward. The stable outlook also reflects reduced capital expenditure plans at PEF, including the delay in its new nuclear construction plans.

What Could Change the Rating - Up

An upgrade is unlikely while the merger with Duke Energy is pending, and considering the high level of debt at the parent company and consolidated coverage metrics that are expected to remain at the low end of the Baa rating range. An upgrade could be considered, however, if there is a material reduction in parent company debt or sustained improvement in consolidated cash flow coverage metrics, including a ratio of CFO before working capital plus interest to interest of 4.5x and a ratio of CFO before working capital to debt of 20% or higher.

What Could Change the Rating - Down

A sustained decline in consolidated cash flow coverage measures below current levels, including a ratio of CFO before working capital plus interest to interest below 3.5x; a ratio of CFO before working capital to debt below 15%; a sustained decline in the supportiveness of the regulatory environments in Florida, North Carolina, or South Carolina; a substantial increase in leverage at the parent or utilities that is not offset by equity issuances.

Rating Factors

Progress Energy, Inc.

Regulated Electric and Gas Utilities Industry [1][2]	Current 12/31/2010)	Moody's 12-18 month Forward View* As of April 2011	
Factor 1: Regulatory Framework (25%)	Measure	Score	Measure	Score
a) Regulatory Framework		Baa		Baa
Factor 2: Ability To Recover Costs And Earn Returns (25%)				
a) Ability To Recover Costs And Earn Returns		A		A
Factor 3: Diversification (10%)				
a) Market Position (5%)		A		A
b) Generation and Fuel Diversity (5%)		Baa		Baa
Factor 4: Financial Strength, Liquidity And Key Financial Metrics (40%)				
a) Liquidity (10%)		Baa		Baa
b) CFO pre-WC + Interest/ Interest (3 Year Avg) (7.5%)	3.9x	Baa	3.0 - 3.5x	Baa
c) CFO pre-WC / Debt (3 Year Avg) (7.5%)	16.0%	Baa	13 -18%	Baa
d) CFO pre-WC - Dividends / Debt (3 Year Avg) (7.5%)	10.8%	Baa	8 -12%	Baa
e) Debt/Capitalization (3 Year Avg) (7.5%)	56.5%	Ba	53 - 57%	Ba
Rating:				
a) Indicated Rating from Grid		Baa1		Baa1
b) Actual Rating Assigned		Baa2		Baa2

* THIS REPRESENTS MOODY'S FORWARD VIEW; NOT THE VIEW

OF THE ISSUER; AND UNLESS NOTED IN THE TEXT DOES NOT INCORPORATE SIGNIFICANT ACQUISITIONS OR DIVESTITURES

[1] All ratios are calculated using Moody's Standard Adjustments. [2] As of 12/31/2010(L); Source: Moody's Financial Metrics



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Corporate Gredit Rating

A-/Stable/A-2

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Duke Energy Corp.

Major Rating Factors

Strengths:

- Proposed merger with Progress Energy Inc. (BBB+/Watch-Positive/A-2) would bolster the business risk profile.
- Regulated electric and gas operations account for over three-quarters of the credit profile, which would increase after the proposed merger,
- Regulatory risk is managed relatively well, aided in part by jurisdictions with creditsupportive regulatory environments,
- a Service territories are large and diverse, with largely attractive markets, regulatory environments, and growth prospects, and
- A large and efficient regulated power generation fleet, with well-managed nuclear and coal plants, some fuel diversity, and competitive rates.

Weaknesses:

- Significant capital spending to address environmental and growth needs will pressure the financial profile and necessitate complete and timely recovery of expenses to support credit quality,
- Unsettled regulatory issues in Indiana and Ohio that will dampen credit quality until resolved, and
- International and wind power development activities that increase business risk.

Rationale

RatingsDirect Publication Date Jan. 31, 2011 The ratings on Duke Energy Corp. reflect the consolidated credit profiles of its operating subsidiaries, Duke Energy Carolinas LLC, Duke Energy Ohio Inc., Duke Energy Indiana Inc., Duke Energy Kentucky Inc., as well as the contribution of the company's Latin American

operations and existing and planned renewable generation investments. Incorporating the operations and anticipated financial profile of Progress would not affect Duke's ratings and could strengthen the credit profile over time as the combination produces a utility holding company that is bigger, more diverse, and capable of improving its financial performance and balance sheet.

Duke Energy's 'excellent' business risk profile is characterized by stable regulated utility operations in the Carolinas, Ohio, Kentucky, and Indiana. Progress's 'excellent business risk profile reflects stable regulated electric utility operations in North and South Carolina and Florida through wholly owned subsidiaries, Carolina Power & Light Co (dba Progress Energy Carolinas, Inc, PEC) and Florida Power Corp. (dba Progress Energy Florida. Inc. PEF). Duke's operations in Latin America consist of about 4,000 megawatts (MW) of generation capacity. Duke is planning to expand its portfolio of wind and solar generation investments, currently at almost 1,000 MW, which are viewed as having higher business risk compared with the regulated utility operations. However, the entire segment (Commercial Power) is not expected to grow to an extent that it would appreciably influence the credit profile of the post-merger Duke.

Duke Energy's large and diverse U.S. regulated utility operations serve customers in the Carolinas and the Midwest. The utilities operate under generally credit-supportive regulatory environments that provide for slightly below-average returns and timely recovery of fuel and other variable costs. The utility operations benefit from operating diversity in five different states, and demographic and economic diversity in service territories that range from average to attractive. The utilities have strong generation operations with high availability and capacity utilization factors. Rates are competitive for the regions of operations and provide some cushion for future rate increases and fuel cost recoveries. These strengths are offset by a significant capital spending program that will total up to \$5 billion per year through 2012, with about 80% of that targeted for regulated utility projects. The capital spending program is large, will necessitate additional debt issuance to fund, and will require regular base rate increases to incorporate the new generation assets into rate base. As a result, ongoing effective management of regulatory risk that produces improving regulatory returns will be very important to support credit quality.

Duke Energy Ohio's electric security plan (ESP) went into effect in January 2009 and succeeded the earlier rate stabilization plan. The ESP plan, which expires at the end of 2011, provides for staggered base generation rate increases of \$36 million in 2009, \$74 million in 2010, and \$98 million 2011 to compensate the company for dedicating about 4,000 MW of generation assets to serve native load. The ESP plan also includes trackers for fuel, purchased power and capacity costs, as well as environmental expenditures, avoiding the need for any deferrals, as well as recovery of non-bypassable charges related to new generation, if such projects are approved by the regulator. Since the ESP was implemented, customer and margin losses due to greater competitive forces and low market prices for generation in Ohio have eroded financial results and indicate that business risk has risen in the state. Duke has proposed to move to a "market rate offer" (MRO) plan to replace the ESP. The existing plan was designed to closely replicate a regulated, integrated utility type of risk profile that is inconsistent with the manner in which the retail market has developed in Ohio. The MRO proposal contains a phase in period that would perpetuate the poor risk characteristics of the Ohio operations through mid-2014, but it does address the long-term issue of how the generation assets now committed to the ESP will be treated. The company's ability to manage the competitive environment for the next few years and its strategic decisions surrounding the terms of the regulatory compact in Ohio in the post-2011 period

Standard & Poor's | ANALYSIS

could affect our overall view of Duke's risk appetite and thus ratings, even though the direct impact on post-merger Duke of the essentially market-based generation in Ohio is minor.

Cost increases in Indiana related to the construction of the 630 MW Edwardsport coal plant could also have credit quality implications as Duke attempts to buttress its ability to eventually reflect the higher costs in rates through the regulatory process. The integrated gasification combined cycle (IGCC) generating station offers potential environmental and efficiency advantages over conventional coal-fired plant technology, but it has not been constructed on this scale and has proven to be an engineering and financial challenge. Projected costs to complete the project have risen significantly (almost 50%), and only a portion of the overruns have been reviewed and effectively deemed prudent. If Duke is compelled to accept more risk in order to complete the project, its proficiency in managing that risk will be an important element in assessing its creditworthiness. A recent decision by the parties to renegotiate a settlement on Edwardsport construction and cost recovery could yet have credit implications. Public perception of the settlement, which requires approval by Indiana regulators, may have been affected by recent revelations of interactions between regulators and the utility that have led to dismissals or resignations of several utility executives and regulators. Credit quality would only be Impaired if a new settlement or a regulatory decision resulted in a large disallowance or shifted significant risks to Duke as a condition to completing the plant, and Duke decides to proceed with construction on that basis.

Standard & Poor's ascribes higher business risk to Duke's international operations due to the uncertainty of the local political and regulatory environments in the countries where it operates, especially Brazil, Peru, and Argentina. The Latin American assets have been self-funding, and no cash flow from overseas is factored into our analysis of Duke's ability to service the U.S. rated debt. Any substantial capital spending at the international operations could have ratings implications, depending on the risk profile of the spending. Duke is also pursuing the growth of its wind generation business that is expected to be financed in a credit-neutral manner and under a model that minimizes market risk through long-term contracts with suitable counterparties. Any acceleration in the growth of this segment could also affect ratings.

Duke's consolidated financial risk profile is in the significant category and is expected to remain in that category after the merger. While recent historical credit metrics have been strong, in part reflecting low debt leverage, the financial profile is expected to weaken modestly over the intermediate term given the company's large capital spending program and the proposed merger. Because the associated cash flow generation will lag capital spending until several generation projects currently under construction are included in rate base, credit protection measures will weaken from 2010 levels, albeit at levels that should still support the current ratings. Adjusted debt leverage is expected to be at or below 50% and adjusted FFO to total debt to be between 15% and 20% to support current ratings.

Short-term credit factors

The short-term rating on Duke Energy is 'A-2' and largely reflects the company's long-term corporate credit rating and the stable regulated utility operations that generate the bulk of cash flows. Liquidity is adequate under Standard & Poor's corporate liquidity methodology, which categorizes liquidity in five standard descriptors. Adequate liquidity supports Duke's 'A-' credit rating. Projected sources of liquidity, mainly operating cash flow and available bank lines, exceed projected uses, mainly necessary capital expenditures, debt maturities, and common dividends, by more than 1.2x. Duke's ability to

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absorb high-impact, low-probability events with limited need for refinancing, its flexibility to lower capital spending or sell assets, its sound bank relationships, its solid standing in credit markets, and generally prudent risk management further support our description of liquidity as adequate.

Duke Energy's debt maturities total about \$600 million in 2011. The company has a \$3.14 billion master revolving credit facility maturing in 2012 with approximately \$2.5 billion currently available. The master credit facility contains a sub-limit of \$1.1 billion for Duke Energy, \$840 million for Duke Energy Carolinas, \$650 million for Duke Energy Ohio, \$450 million for Duke Energy Indiana, and \$100 million for Duke Energy Kentucky.

Outlook

The outlook on Duke Energy is stable and reflects Standard & Poor's projection of steady financial performance while the company successfully completes the merger with Progress Energy and its considerable construction projects without further delays or cost increases. We could lower ratings or institute a negative outlook if credit protection measures unduly weaken or if adverse developments in Indiana or Ohio lead to a conclusion that business risk has worsened. A decision to proceed with the merger even if conditions enacted by regulators in the approval process undermine the financial basis for the transaction would also lead to lower ratings. The outlook could be revised to positive if the merger is completed with financial parameters intact, and if the large capital program is successfully completed and is not extended by new spending, especially on nuclear generation.

Accounting

Duke Energy's financial statements are prepared under generally accepted accounting principles in the U.S. (GAAP). The company applies "regulatory accounting" to a majority of its operations, which permits some incurred costs or benefits that are expected to be recovered or refunded through future rates to be deferred and recorded as regulatory assets or liabilities. As of Dec. 31, 2009, regulatory assets of \$3,886 billion exceeded regulatory liabilities of \$3,108 billion.

Standard & Poor's makes adjustments for certain off-balance-sheet items: receivables sales, capitalizing operating leases, and the shortfall in pension funding. As of Dec. 31, 2009, Standard & Poor's adjusted debt for \$279 million of receivables sold, \$419 million of capitalized operating leases, and \$782 million for the short-fall in pension funding. These items represent 9% of Duke Energy's reported debt. As of Dec. 31, 2009, Duke Energy had \$4.4 billion of goodwill, about 8% of total assets.

Duke Energy Corp.	Southern Co.	Xcel Energy Inc.	American Electric Power Co. Inc.
A-/Stable/A-2	A/Stable/A-1	A-/Stable/A-2	BBB/Stable/A-2
	—Averag	e of past three fis	cal yoars—
12,886.0	14,996.9	10.293 3	13,565.2
1,288,0	1,562 4	635.7	1,291.3
4,105.3	3,552.5	1,893.7	3 051 8
	A-/Stable/A-2 12,886.0 1,288.0	A-/Stable/A-2 A/Stable/A-1 —Avarag 12,886.0 14,996.9 1,288.0 1,562.4	Average of past three fis 12,886.0 14,996.9 10.293 3 1,288.0 1.562 4 635.7

Table 1

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Standard & Poor's | ANALYSIS

Duke Energy Corp. — Peer Comparison*

Tabie 1				
Duke Energy Corp. —Peer Comparison	' (cont.'d)			
Capital expenditures	4.024.6	3.902 7	1,932 2	3.609.5
Cash and short-term investments	1,231.3	421.0	1360	711 3
Debt	16,429.5	19,610.3	10,265 3	19,403 3
Preferred stock	0.0	746.7	185.8	135.5
Equity	21,472.3	14,259 7	7,035 2	11,439.5
Debt and equity	37,901.8	33.B70.0	17,300.4	30,842.8
Adjusted ratios				
EBIT interest coverage (x)	3.3	3.3	2.5	2.4
FFO int. cov (X)	5.7	4.3	3.9	3.4
FFO/debt (%)	25 0	18 1	18.4	15.7
Discretionary cash flow/debt (%)	(9 8)	(9 8)	(4.8)	(9.2)
Net cash flow / capex (%)	73.1	58 0	77.3	65.4
Total debt/debt plus equity (%)	43 3	57.9	59 3	62.9
Return on common equity (%)	49	10.9	8.1	10.9
Common dividend payout ratio (un-adj.) (%)	89.4	85.5	65.6	52.8
*Fully adjusted (includion postret/rement obligations)			······	

Fully adjusted (including postret/rement obligations)

Table 2

Duke Energy Corp. — Financial Summary

Industry Sector: Energy

	-Fiscal year ended Dec. 31						
	2009	2008	2007	2008	2005		
Rating history	A /Positive/A 2	A /Positive/A 2	A /Stable/	BBB/Positive/	BBB/Stable/A-2		
(Mii. S)							
Revenues	12,731 0	13,207.0	12,720 0	16,724 8	16,746.0		
Net income from continuing operations	1.063.0	1,279.0	1,522.0	2,089.1	2,533.0		
Funds from operations (FFO)	3.950.2	3 985 9	4 379 9	4,081.5	3,062.7		
Capital expenditures	4 367 7	4,478 2	3.227 8	3.928 3	2.270.9		
Cash and short-term investments	1 542 0	1,037.0	1,115.0	2.404 B	1,143.0		
Debt	18,841 0	16.971 7	13.475.7	21,490.8	16,770.5		
Preferred stock	00	0.0	0.0	0.0	0.0		
Equity	21 886 0	21,151.0	21,380.0	26,804.3	16,360.6		
Debt and equity	40.727 0	38.122.7	34.855 7	48,295,1	33,131,1		
Adjusted ratios							
EBIT interest coverage (x)	3.3	30	37	29	4.2		
FFO int. cov. (x)	52	53	6.5	3.8	3,7		
FFO/debt (%)	21.0	23 5	32 5	19 0	18.3		
Discretionary cash flow/debt (%)	(9.0)	(13.5)	(6.4)	(7 1)	(2.2)		
Net Cash Flow / Capex (%)	61.6	63 4	102.0	62.8	86.2		

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Table 2

Duke Energy Corp. — Financial Summary	° (cont.'d)				
Debt/debt and equity (%)	46.3	44.5	38.7	44.5	50.6
Return on common equity (%)	3.8	5.0	5.9	9.3	15.0
Common dividend payout ratio (un-adj.) (%)	115.0	89.4	71.6	77,3	43.4

*Fulty adjusted (including postretirement obligations)

Table 3.

			F	iscal year ende	d Dec. 31,	2009		
Duke Energy Corp. repo	nted amou	nts						
	Debt	Operating income (before D&A)	Operating income (before D&A)	income (after	Interest expense	Cash flow from operations	Cash flow from e operations	Capital expenditures
Reported	17,015.0	4,289.0	4,289.0	2,633.0	751.0	3,463.0	3,463 0	4,433.0
Standard & Poor's adju	stments							
Trade receivables sold or securitized	279.0			anga ang sa	14.0			
Operating leases	419.3	104.5	23.9	23.9	23.9	80.6	80.6	36.7
Postretirement benefit obligations	782 0	(41.0)	(41.0)	(41.0)		533.7	533.7	
Accrued Interest not included in reported debt	222.0					Alleford and an and a second	анций (((, , , , , , , , , , , , , , , ,	
Capitalized interest		روابا ^{ن ر} ین وراب ^ر این وراب را با این وراب بین این			102.0	(102.0)	(102.0)	(102.0)
Share-based compensation expense			40,0					
Reclassification of nonoperating income (expenses)				310.0		******		
Reclassification of working-capital cash flow changes							13.0	
Other	123.7				6.1	(38 0)	(38.0)	
Total adjustments	1,826.0	63.5	22.9	292 9	146 0	474.2	487.2	(65 3)

	Debt	Operating income (before D&A)	EBITDA	EBIT	Interest expense	Cash flow from operations	Funds from operations ex	Capital panditures
Adjusted	18,841.0	4,352.5	4,311.9	2.925.9	897.0	3,937.2	3,950,2	4,367 7

*Duke Energy Corp reported amounts shown are taken from the company's financial statements but might include adjustments made by data providers or reclassifications made by Standard & Poor's analysts Please note that two reported amounts (operating income before D&A and cash flow from operations) are used to derive more than one Standard & Poor's-adjusted amount (operating income before D&A and cash flow from operations and funds from operations, respectively) Consequently, the first section in some tables may feature duplicate descriptions and amounts

Related Criteria And Research

Criteria Methodology: Business Risk/Financial Risk Matrix Expanded, RatingsDirect May 27, 2009

* Standard & Poor's Updates Its U.S. Utility Regulatory Assessments, RatingsDirect, March 12, 2010.

Retrogs DataBl(Ast 01/61-Jan-2010)* Duke Energy Corp. Corporate Credit Rating A/Stable/A 2 Commercial Paper A.2 Local Currency A.2 Senior Unsecured (6 issues) BBB- Corporate Credit Ratings History
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Senior Secured (1 Issue) A/A 2
Senior Secured (3 Issues) A/NR
Senior Unsecured (6 issues) A-
Senior Unsecured (3 issues) A /A-2
Duke Energy Kentucky Inc.
Issuer Credit Rating A-/Stable/
Senior Unsecured (4 Issues) A-
Duke Energy Ohio Inc
Issuer Credit Rating A /Stable/A-2

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Duke Energy Corp.

Ratings Detail (As 0/31-Jan-2011)* (cont.'d)	
Senlor Secured (1 Issue)	AA+/Stable
Senior Unsecured (12 Issues)	A٠
Senior Unsecured (2 Issues)	A-/A-2
*Unless otherwise noted, all ratings in this report are globa comparable across countries. Standard & Poor's credit ratin country	l scale ratings. Standard & Poor's credit ratings on the global scale are gs on a national scale are relative to obilgors or obligations within that specific

Standard & Poor's | ANALYSIS

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The McGrow Hill companies

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STANDARD &POOR'S

SUMMARY ANALYSIS

Duke Energy Carolinas LLC

Rationale

The ratings on Duke Energy Carolinas LLC (DEC) are based on the consolidated credit profile of its parent, Duke Energy, reflecting the consolidated credit profiles of its operating subsidiaries DEC, Duke Energy Ohio Inc., Duke Energy Indiana Inc., Duke Energy Kentucky Inc., as well as the contribution of the company's Latin American operations and existing and planned renewable generation investments. Incorporating the operations and anticipated financial profile of Progress would not affect Duke's ratings and could strengthen the credit profile over time as the combination produces a utility holding company that is bigger, more diverse, and capable of improving its financial performance and balance sheet.

DEC is Duke Energy's largest subsidiary, serving 2.4 million customers and providing about half of consolidated operating income. It generates, transmits, distributes, and sells electricity to customers in central and western North Carolina and western South Carolina. Substantially all of its operations are regulated at the state and federal level.

Duke Energy's excellent business risk profile is characterized by stable regulated utility operations in the Carolinas, Ohio, Kentucky, and Indiana. Progress's 'excellent business risk profile reflects stable regulated electric utility operations in North and South Carolina and Florida through wholly owned subsidiaries, Carolina Power & Light Co. (dba Progress Energy Carolinas, Inc, PEC) and Florida Power Corp. (dba Progress Energy Florida, Inc. PEF). Duke's operations in Latin America consist of about 4,000 megawatts (MW) of generation capacity. Duke is planning to expand its portfolio of wind and solar generation investments, currently at almost 1,000 MW, which are viewed as having higher business risk compared with the regulated utility operations. However, the entire segment (Commercial Power) is not expected to grow to an extent that it would appreciably influence the credit profile of the post-merger Duke.

Gredit/Rating A-/Stable/A-2

Primary Credit Analysts. Todd A Shipman CFA New York (1) 212-438-7676 todd_shipman@ standardandpoors.com

RatingsDirect Publication Date Jan. 31, 2011

Duke Energy Carolinas LLC

Duke Energy's large and diverse U.S. regulated utility operations serve customers in the Carolinas and the Midwest. The utilities operate under generally credit-supportive regulatory environments that provide for slightly below-average returns and timely recovery of fuel and other variable costs. The utility operations benefit from operating diversity in five different states, and demographic and economic diversity in service territories that range from average to attractive. The utilities have strong generation operations with high availability and capacity utilization factors. Rates are competitive for the regions of operations and provide some cushion for future rate increases and fuel cost recoveries. These strengths are offset by a significant capital spending program that will total up to \$5 billion per year through 2012, with about 80% of that targeted for regulated utility projects. The capital spending program is large, will necessitate additional debt issuance to fund, and will require regular base rate increases to incorporate the new generation assets into rate base. As a result, ongoing effective management of regulatory risk that produces improving regulatory returns will be very important to support credit quality.

Duke Energy Ohio's electric security plan (ESP) went into effect in January 2009 and succeeded the earlier rate stabilization plan. The ESP plan, which expires at the end of 2011, provides for staggered base generation rate increases of \$36 million in 2009, \$74 million in 2010, and \$98 million 2011 to compensate the company for dedicating about 4,000 MW of generation assets to serve native load. The ESP plan also includes trackers for fuel, purchased power and capacity costs, as well as environmental expenditures, avoiding the need for any deferrals, as well as recovery of non-bypassable charges related to new generation, if such projects are approved by the regulator. Since the ESP was implemented, customer and margin losses due to greater competitive forces and low market prices for generation in Ohio have eroded financial results and indicate that business risk has risen in the state. Duke has proposed to move to a "market rate offer" (MRO) plan to replace the ESP. The existing plan was designed to closely replicate a regulated, integrated utility type of risk profile that is inconsistent with the manner in which the retail market has developed in Ohio. The MRO proposal contains a phase-in period that would perpetuate the poor risk characteristics of the Ohio operations through mid-2014, but it does address the long-term issue of how the generation assets now committed to the ESP will be treated. The company's ability to manage the competitive environment for the next few years and its strategic decisions surrounding the terms of the regulatory compact in Ohio in the post-2011 period could affect our overall view of Duke's risk appetite and thus ratings, even though the direct impact on post-merger Duke of the essentially market-based generation in Ohio is minor.

Cost increases in Indiana related to the construction of the 630 MW Edwardsport coal plant could also have credit quality implications as Duke attempts to buttress its ability to eventually reflect the higher costs in rates through the regulatory process. The integrated gasification combined cycle (IGCC) generating station offers potential environmental and efficiency advantages over conventional coal-fired plant technology, but it has not been constructed on this scale and has proven to be an engineering and financial challenge. Projected costs to complete the project have risen significantly (almost 50%), and only a portion of the overruns have been reviewed and effectively deemed prudent. If Duke is compelled to accept more risk in order to complete the project, its proficiency in managing that risk will be an important element in assessing its creditworthiness. A recent decision by the parties to

Standard & Poor's | SUMMARY ANALYSIS

Duke Energy Carolinas LLC

renegotiate a settlement on Edwardsport construction and cost recovery could yet have credit implications. Public perception of the settlement, which requires approval by Indiana regulators, may have been affected by recent revelations of interactions between regulators and the utility that have led to dismissals or resignations of several utility executives and regulators. Credit quality would only be impaired if a new settlement or a regulatory decision resulted in a large disallowance or shifted significant risks to Duke as a condition to completing the plant, and Duke decides to proceed with construction on that basis.

Standard & Poor's ascribes higher business risk to Duke's international operations due to the uncertainty of the local political and regulatory environments in the countries where it operates, especially Brazil, Peru, and Argentina. The Latin American assets have been self-funding, and no cash flow from overseas is factored into our analysis of Duke's ability to service the U.S. rated debt. Any substantial capital spending at the international operations could have ratings implications, depending on the risk profile of the spending. Duke is also pursuing the growth of its wind generation business that is expected to be financed in a credit-neutral manner and under a model that minimizes market risk through long-term contracts with suitable counterparties. Any acceleration in the growth of this segment could also affect ratings.

Duke's consolidated financial risk profile is in the significant category and is expected to remain in that category after the merger. While recent historical credit metrics have been strong, in part reflecting low debt leverage, the financial profile is expected to weaken modestly over the intermediate term given the company's large capital spending program and the proposed merger. Because the associated cash flow generation will lag capital spending until several generation projects currently under construction are included in rate base, credit protection measures will weaken from 2010 levels, albeit at levels that should still support the current ratings. Adjusted debt leverage is expected to be at or below 50% and adjusted FFO to total debt to be between 15% and 20% to support current ratings.

Short-term credit factors

The short-term rating on DEC is 'A-2'. Liquidity is managed at the parent and largely reflects the longterm corporate credit rating and the stable regulated utility operations that generate the bulk of cash flows. Liquidity is adequate under Standard & Poor's corporate liquidity methodology, which categorizes liquidity in flve standard descriptors. Adequate liquidity supports Duke's 'A-' credit rating. Projected sources of liquidity, mainly operating cash flow and available bank lines, exceed projected uses, mainly necessary capital expenditures, debt maturities, and common dividends, by more than 1.2x. Duke's ability to absorb high-impact, low-probability events with limited need for refinancing, its flexibility to lower capital spending or sell assets, its sound bank relationships, its solid standing in credit markets, and generally prudent risk management further support our description of liquidity as adequate.

Duke Energy's debt maturities total about \$600 million in 2011. The company has a \$3.14 billion master revolving credit facility maturing in 2012 with approximately \$2.5 billion currently available. The master credit facility contains a sub-limit of \$1.1 billion for Duke Energy, \$840 million for Duke

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Duke Energy Carolinas LLC

Energy Carolinas, \$650 million for Duke Energy Ohio, \$450 million for Duke Energy Indiana, and \$100 million for Duke Energy Kentucky.

Recovery analysis

We assign recovery ratings to first mortgage bonds (FMBs) issued by investment-grade U.S. utilities, which can result in issue ratings being notched above a utility's corporate credit rating (CCR) depending on the CCR category and the extent of the collateral coverage. The investment grade FMB recovery methodology is based on the ample historical record of nearly 100% recovery for secured bondholders in utility bankruptcies and our view that the factors that supported those recoveries (limited size of the creditor class and the durable value of utility rate-based assets during and after a reorganization given the essential service provided and the high replacement cost) will persist in the future. Under our notching criteria, we consider the limitations of FMB issuance under the utility's indenture relative to the value of the collateral pledged to bondholders, management's stated intentions on future FMB issuance, as well as the regulatory limitations on bond issuance when assigning issue ratings to utility FMBs. FMB ratings can exceed a utility's CCR by up to one notch in the 'A' category, two notches in the 'BBB' category, and three notches in speculative-grade categories. (See *Criteria: Changes To Collateral Requirements For '1+' Recovery Ratings On U.S. Utility First Mortgage Bonds*, published Sept. 6, 2007.)

FMBs at DEC benefit from a first-priority lien on substantially all of the utility's real property owned or subsequently acquired. Collateral coverage at each of those subsidiaries of 1.5x supports a recovery rating of '1+' and an issue rating one notch above the CCR.

Outlook

The outlook on Duke Energy and subsidiaries is stable and reflects Standard & Poor's projection of steady financial performance while the company successfully completes the merger with Progress Energy and its considerable construction projects without further delays or cost increases. We could lower ratings or institute a negative outlook if credit protection measures unduly weaken or if adverse developments in Indiana or Ohio lead to a conclusion that business risk has worsened. A decision to proceed with the merger even if conditions enacted by regulators in the approval process undermine the financial basis for the transaction would also lead to lower ratings. The outlook could be revised to positive if the merger is completed with financial parameters intact, and if the large capital program is successfully completed and is not extended by new spending, especially on nuclear generation.

Related Criteria And Research

- Criteria Methodology: Business Risk/Financial Risk Matrix Expanded, RatingsDirect May 27, 2009
- Standard & Poor's Updates Its U.S. Utility Regulatory Assessments, RatingsDirect, March 12, 2010.

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The McGraw Hill companies

STANDARD & POOR'S

Summary Analysis

Duke Energy Indiana Inc.

Rationale

The ratings on Duke Energy Indiana Inc. (DEI) are based on the consolidated credit profile of its parent, Duke Energy, reflecting the credit profiles of its operating subsidiaries Duke Energy Carolinas I.LC, Duke Energy Ohio, Inc., DEI, and Duke Energy Kentucky, Inc., as well as the contribution of the company's Latin American operations and existing and planned renewable generation investments. Incorporating the operations and anticipated financial profile of Progress would not affect Duke's ratings and could strengthen the credit profile over time as the combination produces a utility holding company that is bigger, more diverse, and capable of improving its financial performance and balance sheet.

DEI is a fully-regulated, integrated electric utility with operations in north central, central, and southern Indiana. With a little less than 800, 000 customers, substantially all of its operations are regulated at the state and federal level. Its business risk profile is 'excellent'.

Duke Energy's 'excellent' business risk profile is characterized by stable regulated utility operations in the Carolinas, Ohio, Kentucky, and Indiana. Progress's 'excellent business risk profile reflects stable regulated electric utility operations in North and South Carolina and Florida through wholly owned subsidiaries, Carolina Power & Light Co. (dba Progress Energy Carolinas, Inc, PEC) and Florida Power Corp. (dba Progress Energy Florida, Inc. PEF). Duke's operations in Latin America consist of about 4,000 megawatts (MW) of generation capacity. Duke is planning to expand its portfolio of wind and solar generation investments, currently at almost 1,000 MW, which are viewed as having higher business risk compared with the regulated utility operations. However, the entire segment (Commercial Power) is not expected to grow to an extent that it would appreciably influence the credit profile of the post-merger Duke.

Credit Rating

A-/Stable/A-2

Primary Credit Analysts: Todd A Shipman CFA New York (1) 212-438-7676 todd_shipman@ standardandpoors.com

RatingsDirect Publication Date Jan. 31, 2011 Duke Energy's large and diverse U.S. regulated utility operations serve customers in the Carolinas and the Midwest. The utilities operate under generally credit-supportive regulatory environments that provide for slightly below-average returns and timely recovery of fuel and other variable costs. The utility operations benefit from operating diversity in five different states, and demographic and economic diversity in service territories that range from average to attractive. The utilities have strong generation operations with high availability and capacity utilization factors. Rates are competitive for the regions of operations and provide some cushion for future rate increases and fuel cost recoveries. These strengths are offset by a significant capital spending program that will total up to \$5 billion per year through 2012, with about 80% of that targeted for regulated utility projects. The capital spending program is large, will necessitate additional debt issuance to fund, and will require regular base rate increases to incorporate the new generation assets into rate base. As a result, ongoing effective management of regulatory risk that produces improving regulatory returns will be very important to support credit quality.

Duke Energy Ohio's electric security plan (ESP) went into effect in January 2009 and succeeded the earlier rate stabilization plan. The ESP plan, which expires at the end of 2011, provides for staggered base generation rate increases of \$36 million in 2009, \$74 million in 2010, and \$98 million 2011 to compensate the company for dedicating about 4,000 MW of generation assets to serve native load. The ESP plan also includes trackers for fuel, purchased power and capacity costs, as well as environmental expenditures, avoiding the need for any deferrals, as well as recovery of non-bypassable charges related to new generation, if such projects are approved by the regulator. Since the ESP was implemented, customer and margin losses due to greater competitive forces and low market prices for generation in Ohio have eroded financial results and indicate that business risk has risen in the state. Duke has proposed to move to a "market rate offer" (MRO) plan to replace the ESP. The existing plan was designed to closely replicate a regulated, integrated utility type of risk profile that is inconsistent with the manner in which the retail market has developed in Ohio. The MRO proposal contains a phase-in period that would perpetuate the poor risk characteristics of the Ohio operations through mid-2014, but it does address the long-term issue of how the generation assets now committed to the ESP will be treated. The company's ability to manage the competitive environment for the next few years and its strategic decisions surrounding the terms of the regulatory compact in Ohio in the post-2011 period could affect our overall view of Duke's risk appetite and thus ratings, even though the direct impact on post-merger Duke of the essentially market-based generation in Ohio is minor.

Cost increases in Indiana related to the construction of the 630 MW Edwardsport coal plant could also have credit quality implications as Duke attempts to buttress its ability to eventually reflect the higher costs in rates through the regulatory process. The integrated gasification combined cycle (IGCC) generating station offers potential environmental and efficiency advantages over conventional coal-fired plant technology, but it has not been constructed on this scale and has proven to be an engineering and financial challenge. Projected costs to complete the project have risen significantly (almost 50%), and only a portion of the overruns have been reviewed and effectively deemed prudent. If Duke is compelled to accept more risk in order to complete the project, its proficiency in managing that risk will be an important element in assessing its creditworthiness. A recent decision by the parties to

Standard & Poor's | SUMMARY ANALYSIS

renegotiate a settlement on Edwardsport construction and cost recovery could yet have credit implications. Public perception of the settlement, which requires approval by Indiana regulators, may have been affected by recent revelations of interactions between regulators and the utility that have led to dismissals or resignations of several utility executives and regulators. Credit quality would only be impaired if a new settlement or a regulatory decision resulted in a large disallowance or shifted significant risks to Duke as a condition to completing the plant, and Duke decides to proceed with construction on that basis.

Standard & Poor's ascribes higher business risk to Duke's international operations due to the uncertainty of the local political and regulatory environments in the countries where it operates, especially Brazil, Peru, and Argentina. The Latin American assets have been self-funding, and no cash flow from overseas is factored into our analysis of Duke's ability to service the U.S. rated debt. Any substantial capital spending at the international operations could have ratings implications, depending on the risk profile of the spending. Duke is also pursuing the growth of its wind generation business that is expected to be financed in a credit-neutral manner and under a model that minimizes market risk through long-term contracts with suitable counterparties. Any acceleration in the growth of this segment could also affect ratings.

Duke's consolidated financial risk profile is in the significant category and is expected to remain in that category after the merger. While recent historical credit metrics have been strong, in part reflecting low debt leverage, the financial profile is expected to weaken modestly over the intermediate term given the company's large capital spending program and the proposed merger. Because the associated cash flow generation will lag capital spending until several generation projects currently under construction are included in rate base, credit protection measures will weaken from 2010 levels, albeit at levels that should still support the current ratings. Adjusted debt leverage is expected to be at or below 50% and adjusted FFO to total debt to be between 15% and 20% to support current ratings.

Short-term credit factors

DEI's short-term rating is 'A-2'. Liquidity is managed at the ultimate parent and largely reflects the long-term corporate credit rating and the stable regulated utility operations that generate the bulk of cash flows. Liquidity is adequate under Standard & Poor's corporate liquidity methodology, which categorizes liquidity in five standard descriptors. Adequate liquidity supports Duke's 'A-' credit rating. Projected sources of liquidity, mainly operating cash flow and available bank lines, exceed projected uses, mainly necessary capital expenditures, debt maturities, and common dividends, by more than 1.2x. Duke's ability to absorb high-impact, low-probability events with limited need for refinancing, its flexibility to lower capital spending or sell assets, its sound bank relationships, its solid standing in credit markets, and generally prudent risk management further support our description of liquidity as adequate.

Duke Energy's debt maturities total about \$600 million in 2011. The company has a \$3.14 billion master revolving credit facility maturing in 2012 with approximately \$2.5 billion currently available. The master credit facility contains a sub-limit of \$1.1 billion for Duke Energy, \$840 million for Duke

Energy Carolinas, \$650 million for Duke Energy Ohio, \$450 million for Duke Energy Indiana, and \$100 million for Duke Energy Kentucky.

Recovery analysis

We assign recovery ratings to first mortgage bonds (FMBs) issued by investment-grade U.S. utilities, which can result in issue ratings being notched above a utility's corporate credit rating (CCR) depending on the CCR category and the extent of the collateral coverage. The investment grade FMB recovery methodology is based on the ample historical record of nearly 100% recovery for secured bondholders in utility bankruptcles and our view that the factors that supported those recoveries (limited size of the creditor class and the durable value of utility rate-based assets during and after a reorganization given the essential service provided and the high replacement cost) will persist in the future. Under our notching criteria, we consider the limitations of FMB issuance under the utility's indenture relative to the value of the collateral pledged to bondholders, management's stated intentions on future FMB issuance, as well as the regulatory limitations on bond issuance when assigning issue ratings to utility FMBs. FMB ratings can exceed a utility's CCR by up to one notch in the 'A' category, two notches in the 'BBB' category, and three notches in speculative-grade categories. (See *Criteria: Changes To Collateral Requirements For '1+' Recovery Ratings On U.S. Utility First Mortgage Bonds*, published Sept. 6, 2007.)

FMBs at DEI benefit from a first-priority llen on substantially all of the utility's real property owned or subsequently acquired. Collateral coverage at each of those subsidiaries of 1.5 times supports a recovery rating of 1+ and an issue rating one notch above the CCR.

Outlook

The outlook on Duke Energy and subsidiaries is stable and reflects Standard & Poor's projection of steady financial performance while the company successfully completes the merger with Progress Energy and its considerable construction projects without further delays or cost increases. We could lower ratings or institute a negative outlook if credit protection measures unduly weaken or if adverse developments in Indiana or Ohio lead to a conclusion that business risk has worsened. A decision to proceed with the merger even if conditions enacted by regulators in the approval process undermine the financial basis for the transaction would also lead to lower ratings. The outlook could be revised to positive if the merger is completed with financial parameters intact, and if the large capital program is successfully completed and is not extended by new spending, especially on nuclear generation.

Related Criteria And Research

- Criteria Methodology: Business Risk/Financial Risk Matrix Expanded, RatingsDirect May 27, 2009
- Standard & Poor's Updates Its U.S. Utility Regulatory Assessments, RatingsDirect, March 12, 2010.

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STANDARD &POOR'S

SUMMARY ANALYSIS

Credit Rating

A-/Stable/A-2

Primary Credit Analysts Todd A Shipman CFA New York (1) 212-438-7676 todd_shipman@ standardandpcors.com

RatingsDirect Publication Date Jan. 31, 2011

Duke Energy Kentucky Inc.

Rationale

The ratings on Duke Energy Kentucky Inc. (DEK) are based on the consolidated credit profile of its parent, Duke Energy, reflecting the consolidated credit profiles of its operating subsidiaries Duke Energy Carolinas LLC, Duke Energy Ohio, Inc. (DEO), Duke Energy Indiana Inc., and DEK, as well as the contribution of the company's Latin American operations and existing and planned renewable generation investments. Incorporating the operations and anticipated financial profile of Progress would not affect Duke's ratings and could strengthen the credit profile over time as the combination produces a utility holding company that is bigger, more diverse, and capable of improving its financial performance and balance sheet.

DEK, a direct subsidiary of DEO, is a fully-regulated combination electric and natural gas utility with operations in Kentucky. Its business risk profile is excellent.

Duke Energy's excellent business risk profile is characterized by stable regulated utility operations in the Carolinas, Ohio, Kentucky, and Indiana. Progress's excellent business risk profile reflects stable regulated electric utility operations in North and South Carolina and Florida through wholly owned subsidiaries, Carolina Power & Light Co. (dba Progress Energy Carolinas, Inc, PEC) and Florida Power Corp. (dba Progress Energy Florida, Inc. PEF). Duke's operations in Latin America consist of about 4,000 megawatts (MW) of generation capacity. Duke is planning to expand its portfolio of wind and solar generation investments, currently at almost 1,000 MW, which are viewed as having higher business risk compared with the regulated utility operations, However, the entire segment (Commercial Power) is not expected to grow to an extent that it would appreciably influence the credit profile of the post-merger Duke.

Duke Energy Kentucky Inc.

Duke Energy's large and diverse U.S. regulated utility operations serve customers in the Carolinas and the Midwest. The utilities operate under generally credit-supportive regulatory environments that provide for slightly below-average returns and timely recovery of fuel and other variable costs. The utility operations benefit from operating diversity in five different states, and demographic and economic diversity in service territories that range from average to attractive. The utilities have strong generation operations with high availability and capacity utilization factors. Rates are competitive for the regions of operations and provide some cushion for future rate increases and fuel cost recoveries. These strengths are offset by a significant capital spending program that will total up to \$5 billion per year through 2012, with about 80% of that targeted for regulated utility projects. The capital spending program is large, will necessitate additional debt issuance to fund, and will require regular base rate increases to incorporate the new generation assets into rate base. As a result, ongoing effective management of regulatory risk that produces improving regulatory returns will be very important to support credit quality.

Duke Energy Ohio's electric security plan (ESP) went into effect in January 2009 and succeeded the earlier rate stabilization plan. The ESP plan, which expires at the end of 2011, provides for staggered base generation rate increases of \$36 million in 2009, \$74 million in 2010, and \$98 million 2011 to compensate the company for dedicating about 4,000 MW of generation assets to serve native load. The ESP plan also includes trackers for fuel, purchased power and capacity costs, as well as environmental expenditures, avoiding the need for any deferrals, as well as recovery of non-bypassable charges related to new generation, if such projects are approved by the regulator. Since the ESP was implemented, customer and margin losses due to greater competitive forces and low market prices for generation in Ohio have eroded financial results and indicate that business risk has risen in the state. Duke has proposed to move to a "market rate offer" (MRO) plan to replace the ESP. The existing plan was designed to closely replicate a regulated, integrated utility type of risk profile that is inconsistent with the manner in which the retail market has developed in Ohio. The MRO proposal contains a phase-in period that would perpetuate the poor risk characteristics of the Ohio operations through mid-2014. but it does address the long-term issue of how the generation assets now committed to the ESP will be treated. The company's ability to manage the competitive environment for the next few years and its strategic decisions surrounding the terms of the regulatory compact in Ohio in the post-2011 period could affect our overall view of Duke's risk appetite and thus ratings, even though the direct impact on post-merger Duke of the essentially market-based generation in Ohio is minor.

Cost increases in Indiana related to the construction of the 630 MW Edwardsport coal plant could also have credit quality implications as Duke attempts to buttress its ability to eventually reflect the higher costs in rates through the regulatory process. The integrated gasification combined cycle (IGCC) generating station offers potential environmental and efficiency advantages over conventional coal-fired plant technology, but it has not been constructed on this scale and has proven to be an engineering and financial challenge. Projected costs to complete the project have risen significantly (almost 50%), and only a portion of the overruns have been reviewed and effectively deemed prudent. If Duke is compelled to accept more risk in order to complete the project, its proficiency in managing that risk will be an important element in assessing its creditworthiness. A recent decision by the parties to

Standard & Poor's | SUMMARY ANALYSIS

Duke Energy Kentucky Inc.

renegotiate a settlement on Edwardsport construction and cost recovery could yet have credit implications. Public perception of the settlement, which requires approval by Indiana regulators, may have been affected by recent revelations of interactions between regulators and the utility that have led to dismissals or resignations of several utility executives and regulators. Credit quality would only be impaired if a new settlement or a regulatory decision resulted in a large disallowance or shifted significant risks to Duke as a condition to completing the plant, and Duke decides to proceed with construction on that basis.

Standard & Poor's ascribes higher business risk to Duke's international operations due to the uncertainty of the local political and regulatory environments in the countries where it operates, especially Brazil, Peru, and Argentina. The Latin American assets have been self-funding, and no cash flow from overseas is factored into our analysis of Duke's ability to service the U.S. rated debt. Any substantial capital spending at the international operations could have ratings implications, depending on the risk profile of the spending. Duke is also pursuing the growth of its wind generation business that is expected to be financed in a credit-neutral manner and under a model that minimizes market risk through long-term contracts with suitable counterparties. Any acceleration in the growth of this segment could also affect ratings.

Duke's consolidated financial risk profile is in the significant category and is expected to remain in that category after the merger. While recent historical credit metrics have been strong, in part reflecting low debt leverage, the financial profile is expected to weaken modestly over the intermediate term given the company's large capital spending program and the proposed merger. Because the associated cash flow generation will lag capital spending until several generation projects currently under construction are included in rate base, credit protection measures will weaken from 2010 levels, albeit at levels that should still support the current ratings. Adjusted debt leverage is expected to be at or below 50% and adjusted FFO to total debt to be between 15% and 20% to support current ratings.

Liquidity

Liquidity is managed at the ultimate parent and largely reflects the long-term corporate credit rating and the stable regulated utility operations that generate the bulk of cash flows. Liquidity is adequate under Standard & Poor's corporate liquidity methodology, which categorizes liquidity in five standard descriptors. Adequate liquidity supports Duke's 'A-' credit rating. Projected sources of liquidity, mainly operating cash flow and available bank lines, exceed projected uses, mainly necessary capital expenditures, debt maturities, and common dividends, by more than 1.2x. Duke's ability to absorb high-impact, low-probability events with limited need for refinancing, its flexibility to lower capital spending or sell assets, its sound bank relationships, its solid standing in credit markets, and generally prudent risk management further support our description of liquidity as adequate.

Duke Energy's debt maturities total about \$600 million in 2011. The company has a \$3.14 billion master revolving credit facility maturing in 2012 with approximately \$2.5 billion currently available. The master credit facility contains a sub-limit of \$1.1 billion for Duke Energy, \$840 million for Duke Energy Carolinas, \$650 million for Duke Energy Ohio, \$450 million for Duke Energy Indiana, and \$100 million for Duke Energy Kentucky.

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Duke Energy Kentucky Inc.

Outlook

The outlook on Duke Energy and subsidiaries is stable and reflects Standard & Poor's projection of steady financial performance while the company successfully completes the merger with Progress Energy and its considerable construction projects without further delays or cost increases. We could lower ratings or institute a negative outlook if credit protection measures unduly weaken or if adverse developments in Indiana or Ohio lead to a conclusion that business risk has worsened. A decision to proceed with the merger even if conditions enacted by regulators in the approval process undermine the financial basis for the transaction would also lead to lower ratings. The outlook could be revised to positive if the merger is completed with financial parameters intact, and if the large capital program is successfully completed and is not extended by new spending, especially on nuclear generation.

Related Criteria And Research

- Criteria Methodology: Business Risk/Financial Risk Matrix Expanded, RatingsDirect May 27, 2009
- Standard & Poor's Updates Its U.S. Utility Regulatory Assessments, RatingsDirect, March 12, 2010.

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STANDARD &POOR'S

SUMMARY ANALYSIS

Duke Energy Ohio Inc.

Rationale

The ratings on Duke Energy Ohio Inc. (DEO) are based on the consolidated credit profile of its parent, Duke Energy, reflecting the consolidated credit profiles of its operating subsidiaries Duke Energy Carolinas LLC, DEO, Duke Energy Indiana Inc., Duke Energy Kentucky Inc., as well as the contribution of the company's Latin American operations and existing and planned renewable generation investments. Incorporating the operations and anticlpated financial profile of Progress would not affect Duke's ratings and could strengthen the credit profile over time as the combination produces a utility holding company that is bigger, more diverse, and capable of improving its financial performance and balance sheet.

DEO is a diversified energy company with a combination electric and natural gas utility with operations in southwestern Ohio and contiguous portions of Kentucky, retail energy marketing, and electric generation in Ohio, Illinois, Indiana, and Pennsylvania. Its business risk profile is 'strong'. The company serves a service territory with 820,000 electric and 500,000 gas customers that demonstrate modest growth.

Duke Energy's excellent business risk profile is characterized by stable regulated utility operations in the Carolinas, Ohio, Kentucky, and Indiana. Progress's excellent business risk profile reflects stable regulated electric utility operations in North and South Carolina and Florida through wholly owned subsidiaries, Carolina Power & Light Co. (dba Progress Energy Carolinas, Inc, PEC) and Florida Power Corp. (dba Progress Energy Florida, Inc. PEF). Duke's operations in Latin America consist of about 4,000 megawatts (MW) of generation capacity. Duke is planning to expand its portfolio of wind and solar generation investments, currently at almost 1,000 MW, which are viewed as having higher business risk compared with the regulated utility operations. However, the entire segment (Commercial Power) is not expected

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RatingsDirect Publication Date Jan 31, 2011

Duke Energy Ohlo Inc.

to grow to an extent that it would appreciably influence the credit profile of the post-merger Duke.

Duke Energy's large and diverse U.S. regulated utility operations serve customers in the Carolinas and the Midwest. The utilities operate under generally credit-supportive regulatory environments that provide for slightly below-average returns and timely recovery of fuel and other variable costs. The utility operations benefit from operating diversity in five different states, and demographic and economic diversity in service territories that range from average to attractive. The utilities have strong generation operations with high availability and capacity utilization factors. Rates are competitive for the regions of operations and provide some cushion for future rate increases and fuel cost recoveries. These strengths are offset by a significant capital spending program that will total up to \$5 billion per year through 2012, with about 80% of that targeted for regulated utility projects. The capital spending program is large, will necessitate additional debt issuance to fund, and will require regular base rate increases to incorporate the new generation assets into rate base. As a result, ongoing effective management of regulatory risk that produces improving regulatory returns will be very important to support credit quality.

Duke Energy Ohio's electric security plan (ESP) went into effect in January 2009 and succeeded the earlier rate stabilization plan. The ESP plan, which expires at the end of 2011, provides for staggered base generation rate increases of \$36 million in 2009, \$74 million in 2010, and \$98 million 2011 to compensate the company for dedicating about 4,000 MW of generation assets to serve native load. The ESP plan also includes trackers for fuel, purchased power and capacity costs, as well as environmental expenditures, avoiding the need for any deferrals, as well as recovery of non-bypassable charges related to new generation, if such projects are approved by the regulator. Since the ESP was implemented, customer and margin losses due to greater competitive forces and low market prices for generation in Ohio have eroded financial results and indicate that business risk has risen in the state. Duke has proposed to move to a "market rate offer" (MRO) plan to replace the ESP. The existing plan was designed to closely replicate a regulated, integrated utility type of risk profile that is inconsistent with the manner in which the retail market has developed in Ohio. The MRO proposal contains a phase-in period that would perpetuate the poor risk characteristics of the Ohio operations through mid-2014, but it does address the long-term issue of how the generation assets now committed to the ESP will be treated. The company's ability to manage the competitive environment for the next few years and its strategic decisions surrounding the terms of the regulatory compact in Ohio in the post-2011 period could affect our overall view of Duke's risk appetite and thus ratings, even though the direct impact on post-merger Duke of the essentially market-based generation in Ohio is minor.

Cost increases in Indiana related to the construction of the 630 MW Edwardsport coal plant could also have credit quality implications as Duke attempts to buttress its ability to eventually reflect the higher costs in rates through the regulatory process. The integrated gasification combined cycle (IGCC) generating station offers potential environmental and efficiency advantages over conventional coal-fired plant technology, but it has not been constructed on this scale and has proven to be an engineering and financial challenge. Projected costs to complete the project have risen significantly (almost 50%), and only a portion of the overruns have been reviewed and effectively deemed prudent. If Duke is compelled to accept more risk in order to complete the project, its proficiency in managing that risk

Standard & Poor's | SUMMARY ANALYSIS

Duke Energy Ohio Inc.

will be an important element in assessing its creditworthiness. A recent decision by the parties to renegotiate a settlement on Edwardsport construction and cost recovery could yet have credit implications. Public perception of the settlement, which requires approval by Indiana regulators, may have been affected by recent revelations of interactions between regulators and the utility that have led to dismissals or resignations of several utility executives and regulators. Credit quality would only be impaired if a new settlement or a regulatory decision resulted in a large disallowance or shifted significant risks to Duke as a condition to completing the plant, and Duke decides to proceed with construction on that basis.

Standard & Poor's ascribes higher business risk to Duke's international operations due to the uncertainty of the local political and regulatory environments in the countries where it operates, especially Brazil, Peru, and Argentina. The Latin American assets have been self-funding, and no cash flow from prepasa is factored into our analysis of Duke's ability to service the U.S. rated debt. Any substantial capital spending at the international operations could have ratings implications, depending on the risk profile of the spending. Duke is also pursuing the growth of its wind generation business that is expected to be financed in a credit-neutral manner and under a model that minimizes market risk through long-term contracts with suitable counterparties. Any acceleration in the growth of this segment could also affect ratings.

Duke's consolidated financial risk profile is in the significant category and is expected to remain in that category after the merger. While recent historical credit metrics have been strong, in part reflecting low debt leverage, the financial profile is expected to weaken modestly over the intermediate term given the company's large capital spending program and the proposed merger. Because the associated cash flow generation will lag capital spending until several generation projects currently under construction are included in rate base, credit protection measures will weaken from 2010 levels, albeit at levels that should still support the current ratings. Adjusted debt leverage is expected to be at or below 50% and adjusted FFO to total debt to be between 15% and 20% to support current ratings.

Short-term credit factors

The short-term rating on DEO is 'A-2'. Liquidity is managed at the parent and largely reflects the longterm corporate credit rating and the stable regulated utility operations that generate the bulk of cash flows. Liquidity is adequate under Standard & Poor's corporate liquidity methodology, which categorizes liquidity in five standard descriptors. Adequate liquidity supports Duke's 'A-' credit rating. Projected sources of liquidity, mainly operating cash flow and available bank lines, exceed projected uses, mainly necessary capital expenditures, debt maturities, and common dividends, by more than 1.2x. Duke's ability to absorb high-impact, low-probability events with limited need for refinancing, its flexibility to lower capital spending or sell assets, its sound bank relationships, its solid standing in credit markets, and generally prudent risk management further support our description of liquidity as adequate.

Duke Energy's debt maturities total about \$600 million in 2011. The company has a \$3.14 billion master revolving credit facility maturing in 2012 with approximately \$2.5 billion currently available. The master credit facility contains a sub-limit of \$1.1 billion for Duke Energy, \$840 million for Duke

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Duke Energy Ohio Inc.

Energy Carolinas, \$650 million for Duke Energy Ohio, \$450 million for Duke Energy Indiana, and \$100 million for Duke Energy Kentucky.

Recovery analysis

We assign recovery ratings to first mortgage bonds (FMBs) issued by investment-grade U.S. utilities, which can result in issue ratings being notched above a utility's corporate credit rating (CCR) depending on the CCR category and the extent of the collateral coverage. The investment grade FMB recovery methodology is based on the ample historical record of nearly 100% recovery for secured bondholders in utility bankruptcies and our view that the factors that supported those recoveries (limited size of the creditor class and the durable value of utility rate-based assets during and after a reorganization given the essential service provided and the high replacement cost) will persist in the future. Under our notching criteria, we consider the limitations of FMB issuance under the utility's indenture relative to the value of the collateral pledged to bondholders, management's stated intentions on future FMB issuance, as well as the regulatory limitations on bond issuance when assigning issue ratings to utility FMBs. FMB ratings can exceed a utility's CCR by up to one notch in the 'A' category, two notches in the 'BBB' category, and three notches in speculative-grade categories. (See *Criteria: Changes To Collateral Requirements For '1+' Recovery Ratings On U.S. Utility First Mortgage Bonds*, published Sept. 6, 2007.)

FMBs at DEO benefit from a first-priority lien on substantially all of the utility's real property owned or subsequently acquired. Collateral coverage at each of those subsidiaries of 1.5x supports a recovery rating of 1+ and an issue rating one notch above the CCR.

Outlook

The outlook on Duke Energy and subsidiaries is stable and reflects Standard & Poor's projection of steady financial performance while the company successfully completes the merger with Progress Energy and its considerable construction projects without further delays or cost increases. We could lower ratings or institute a negative outlook if credit protection measures unduly weaken or if adverse developments in Indiana or Ohio lead to a conclusion that business risk has worsened. A decision to proceed with the merger even if conditions enacted by regulators in the approval process undermine the financial basis for the transaction would also lead to lower ratings. The outlook could be revised to positive if the merger is completed with financial parameters intact, and if the large capital program is successfully completed and is not extended by new spending, especially on nuclear generation.

Related Criteria And Research

- Criteria Methodology: Business Risk/Financial Risk Matrix Expanded, RatingsDirect May 27, 2009
- " Standard & Poor's Updates Its U.S. Utility Regulatory Assessments, RatingsDirect, March 12, 2010.

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STANDARD &POOR'S

Global Credit Portal RatingsDirect[®]

January 10, 2011

Research Update:

Duke Energy 'A-' Rating Affirmed And Progress Energy 'BBB+' Rating Placed On Watch Positive On Planned Merger

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Overview

- Duke Energy Corp. and Progress Energy Inc. have agreed to merge through a stock-for-stock transaction and assumption of existing debt.
- We are placing the 'BBB+' corporate credit and issue ratings on Progress Energy Inc., Carolina Power & Light Co. (dba Progress Energy Carolinas Inc.), and Florida Power Corp. (dba Progress Energy Florida Inc.) on CreditWatch with positive implications to reflect the likely upgrade following the completion of the transaction.
- We are affirming the 'A-' ratings on Duke Energy Corp. and the outlook remains stable. Duke is expected maintain credit quality through the merger-approval process and could show financial improvement post-merger depending on the terms of the regulatory approvals and the success of integration efforts.
- The combined entity would have an excellent business risk profile, with a primary focus on regulated electric utility operations, and a significant financial risk profile.

Rating Action

On Jan. 10, 2011, Standard & Poor's Ratings Services placed its 'BBB+' corporate credit ratings on Progress Energy and its subsidiaries, Progress Energy Carolinas and Progress Energy Florida, on CreditWatch with positive implications. In addition, we affirmed the 'A-' corporate credit rating on Duke Energy and its subsidiaries, Duke Energy Carolinas LLC, Duke Energy Ohio Inc., Duke Energy Indiana Inc., and Duke Energy Kentucky Inc.. The rating actions follow the announcement that Progress Energy has entered into an agreement to merge with Duke Energy. Duke Energy will be the surviving entity. Completion of the merger is possible by the end of 2011 following approvals from the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission, the Department of Justice, and North Carolina and South Carolina regulators.

The positive CreditWatch listing on Progress Energy and its subsidiaries reflects that the company's credit quality will benefit from the merger with the higher-rated Duke Energy. The ratings affirmation on Duke Energy reflects our expectation that the combined entity will have an 'A-' corporate credit rating, based on excellent business risk profile and significant financial risk profile. The premium to be paid to Progress shareholders, which we calculate to be about 33% to book value, has a reasonable chance to be recouped through the retention of merger synergies. No additional debt is contemplated as part of the transaction, and regulatory approvals are expected

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to be timely and credit-supportive given the limited number of jurisdictions involved and the merger synergies available to show benefits to ratepayers.

Both companies are focused on regulated electric utility operations, and we expect the consolidated business risk to remain excellent. The consolidated business risk profile incorporates the following factors:

- A very large customer base of more than 7 million customers spread over six states, providing superior operating and regulatory diversity.
- The states in which the combined entity will operate are viewed as having regulatory environments in the "more credit supportive" or "credit supportive" categories.
- More than 80% of the combined company's credit profile would be characterized as very low-risk, domestic, regulated electric utility operations. The balance is derived from Duke Energy's international operations in South America and merchant activities that include a small generation fleet in the Midwest, wind power investments, and retail energy marketing.
- Total generation capacity will exceed 57,000 megawatts (MW), with about 85% of that capacity being either scrubbed, non-emitting, or having lower emissions. The remainder will present the combined entity with opportunities to retire older power plants and replace them with newer units, thereby growing rate base.

Standard & Poor's expects the combined entity to have a financial risk profile that will be in the significant category, demonstrating some weakness in the first year after the merger, but rebounding in subsequent years as a result of realizing cost savings and implementing base rate increases to recovery invested capital. Therefore, we would expect that post-merger adjusted funds from operations (FFO) to total debt to average about 15%, adjusted FFO interest coverage to average 3.75x, and adjusted debt leverage to be about 52%. Consolidated liquidity should also remain adequate since both companies will preserve their existing revolving credit facilities that total \$5.3 billion.

Rationale

The ratings on Duke Energy reflect the consolidated credit profiles of its operating subsidiaries, Duke Energy Carolinas, Duke Energy Ohio, Duke Energy Indiana, Duke Energy Kentucky, the contribution of the company's Latin American operations, and existing and planned renewable generation investments. Ratings also reflect the projected credit profile of Duke Energy after it merges with Progress Energy. The ratings on Progress Energy reflect the consolidated credit profiles of its wholly owned subsidiaries, Carolina Power & Light Co. (dba Progress Energy Carolinas, Inc, PEC) and Florida Power Corp. (dba Progress Energy Florida, Inc. PEF), and the prospect of merging with the higher-rated Duke. Progress Energy has an excellent business risk profile that reflects stable regulated electric utility operations in North and South Carolina and Florida. Duke Energy's excellent business risk profile is characterized by stable regulated utility operations in the Carolinas, Ohio, Kentucky, and Indiana. The company's operations in Latin America consist of about 4,000 MW of generation capacity. Duke is planning to expand its

portfolio of wind and solar generation investments, currently at about 790 MW, which are viewed as having higher business risk compared with the regulated utility operations.

Duke Energy's large and diverse U.S. regulated utility operations serve customers in the Carolinas and the Midwest. The utilities operate under generally credit-supportive regulatory environments that provide for slightly below-average returns and timely recovery of fuel and other variable costs. The utility operations benefit from operating diversity in five different states, and demographic and economic diversity in service territories that range from average to attractive. The utilities have strong generation operations with high availability and capacity utilization factors. Rates are competitive for the regions of operations and provide some cushion for future rate increases and fuel cost recoveries. These strengths are offset by a significant capital spending program that will total up to \$15 billion through 2012, with about 80% of that targeted for regulated utility projects. The capital spending program is large, will necessitate additional debt issuance, and will require regular base rate increases to incorporate the new generation assets into rate base. As a result, ongoing effective management of regulatory risk that produces improving regulatory returns will be very important to support credit quality.

Duke Energy Ohio's electric security plan (ESP) went into effect in January 2009 and succeeded the earlier rate stabilization plan. The ESP plan, which expires at the end of 2011, provides for staggered base generation rate increases of \$36 million in 2009, \$74 million in 2010, and \$98 million 2011 to compensate the company for dedicating about 4,000 MW of generation assets to serve native load. The ESP plan also includes trackers for fuel, purchased power and capacity costs, and environmental expenditures, avoiding the need for any deferrals, as well as recovery of non-bypassable charges related to new generation, if such projects are approved by the regulator. Since the ESP was implemented, customer and margin losses due to greater competitive forces and low market prices for generation in Ohio have eroded financial results and indicate that business risk has risen in the state. The company's ability to manage the competitive environment for the next few years and its strategic decisions surrounding the terms of the regulatory compact in Ohio in after 2011 could affect credit quality over the long term.

Cost increases in Indiana related to the construction of the 630 MW Edwardsport coal plant could also have credit quality implications, as Duke attempts to buttress its ability to eventually reflect the higher costs in rates through the regulatory process. The integrated gasification combined cycle (IGCC) generating station offers potential environmental and efficiency advantages over conventional coal-fired plant technology, but it has not been constructed on this scale and has proven to be an engineering and financial challenge. Estimated costs to complete the project have risen significantly (almost 50%), and only a portion of the overruns have been formally reviewed and effectively deemed prudent. If Duke is compelled to accept more risk to complete the project, its proficiency in managing that risk will be an important element in assessing its creditworthiness. A recent decision by the parties to renegotiate a settlement on Edwardsport construction and cost recovery could yet have credit implications. Public perception of the settlement, which requires approval by Indiana regulators, may have been

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affected by recent revelations of interactions between regulators and the utility that have led to dismissals or resignations of several utility executives and regulators. Credit quality would only be impaired if a new settlement or a regulatory decision shifted significant risks to Duke as a condition to completing the plant, and Duke decides to proceed with construction on that basis.

Standard & Poor's ascribes higher business risk to Duke's international operations due to the uncertainty of the local political and regulatory environments in the countries where it operates, especially Brazil, Peru, and Argentina. The Latin American assets have been self-funding, and no cash flow from overseas is factored into our analysis of Duke's ability to service the U.S. rated debt. Any substantial capital spending at the international operations could have ratings implications, depending on the risk profile of the spending. Duke is also pursuing the expansion of its wind generation business that is expected to be financed in a credit-neutral manner and under a model that minimizes market risk through long-term contracts with suitable counterparties. Any acceleration in the growth of this segment could also affect ratings.

Duke's consolidated financial risk profile is in the significant category and is expected to remain in that category after the merger. While recent historical credit metrics have been strong, in part reflecting low debt leverage, the financial profile is expected to weaken modestly over the intermediate term given the company's large capital spending program and the proposed merger. Because the associated cash flow generation will lag capital spending until several generation projects currently under construction are included in rate base, credit protection measures will weaken from 2010 levels, albeit at levels that should still support the current ratings. Adjusted debt leverage is expected to be at or below 50% and adjusted FFO to total debt to be between 15% and 20% to support current ratings.

Progress has a large and diverse customer base, serving more than 3.1 million customers. While the customer base has historically demonstrated consistent growth of more than 2% annually, the recession has slowed customer growth especially in Florida where the total number of customers declined slightly in 2009. Total generating capacity consists of more than 22,000 MW. On a consolidated basis, residential and commercial customers account for about 60% of sales, industrial customers for 15%, and wholesale customers for 20%. Wholesale sales are generally under long-term contracts with various public power, cooperative, and investor-owned utilities, regulated by the FERC on a cost-of-service basis, and lack fuel cost deferrals.

Progress Energy Carolinas and Progress Energy Florida have managed their regulatory relations effectively, achieving timely recovery of fuel and capital expenditures, and storm and environmental costs. In addition, Florida's 2006 comprehensive energy legislation provides support for new generation, including nuclear plants. North Carolina passed legislation in July 2009 that expedites the certification process for new gas-fired power plants as long as existing coal plants at the current site are retired. Progress Energy Carolinas is in the process of building three new combined cycle gas turbine units: the 600 MW Richmond facility with an in-service date of June 2011, the 950 MW Wayne County facility expected to operate in January 2013, and the 620 MW New Hanover County facility expected to operate in early

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2014. Despite political overtones that have somewhat increased regulatory risk in Florida, the regulatory environment continues to be reasonably constructive mainly through the use of various clauses that allow for recovery of approved capital expenditures, including environmental expenditures, and fuel. In June 2010, the Florida regulators approved a settlement for Progress Energy Florida that effectively maintains current base rates through 2012 without affecting the various clauses mentioned earlier, while still providing for an ROE of 9.5%-11.5%. The settlement also provides that if the earned ROE falls below 9.5%, Progress Energy Florida may seek rate relief after it has used at least \$150 million of the allowed depreciation reserve in the relevant period.

Progress Energy Florida is completing the work to bring the Crystal River 3 (CR3) nuclear plant back on line. CR3 experienced delamination within the concrete of the outer wall of the containment structure during a normal refueling and maintenance outage in September 2009. As of Sept. 30, 2010, Progress Energy Florida had incurred \$237 million in replacement power costs, with \$63 million already recovered from insurance proceeds, \$49 million still to be received from insurance, and \$125 million deferred for recovery through clauses. Repair costs totaled \$117 million, with \$18 million received from insurance, \$75 million still to be received from insurance, and the balance to be deferred for base rate recovery. In October 2010, Progress Energy Florida received approval from the Florida regulators to establish a separate docket related to the outage and replacement fuel and power costs associated with the extended outage.

Consolidated capital spending will continue to be significant over the next few years, necessitating additional borrowings, to address environmental compliance, new generation, uprates at existing plants, and system growth and maintenance needs. Total capital spending is expected to be about \$2.2 billion in 2011 and \$1.9 billion in 2012. Given the completion of environmental projects in Florida and the new generation projects in North Carolina, the capital spending program will be geared in favor of the Carolina operations on a 65%-35% basis. Progress has an aggressive financial risk profile. For the 12 months ended Sept. 30, 2010, financial performance benefited from some stabilization and/or improvement in the local economies as well as favorable weather. The financial performance has slightly exceeded our base case expectations with adjusted FFO of \$2.5 billion and adjusted total debt of \$14.8 billion, leading to adjusted FFO interest coverage of 3.5x, adjusted FFO to total debt of 16.8%, and adjusted debt leverage of 59.3%.

Short-term credit factors

The short-term rating on Duke Energy is 'A-2' and largely reflects the company's long-term corporate credit rating and the stable regulated utility operations that generate the bulk of cash flows. Liquidity is adequate under Standard & Poor's corporate liquidity methodology, which categorizes liquidity in five standard descriptors. Adequate liquidity supports Duke's 'A-' credit rating. Projected sources of liquidity, mainly operating cash flow and available bank lines, exceed projected uses, mainly necessary capital expenditures, debt maturities, and common dividends, by more than 1.2x. Duke's ability to absorb high-impact, low-probability events with limited need for refinancing, its flexibility to lower capital spending or sell assets, its

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sound bank relationships, its solid standing in credit markets, and generally prudent risk management further support our description of liquidity as adequate.

Duke Energy's debt maturities total about \$600 million in 2011. The company has a \$3.14 billion master revolving credit facility maturing in 2012 with approximately \$2.5 billion currently available. The master credit facility contains a sub-limit of \$1.1 billion for Duke Energy, \$840 million for Duke Energy Carolinas, \$650 million for Duke Energy Ohio, \$450 million for Duke Energy Indiana, and \$100 million for Duke Energy Kentucky.

Progress Energy's liquidity is adequate under Standard & Poor's corporate liquidity methodology, which describes a company's liquidity in five standard categories. Progress Energy's liquidity supports its 'BBB+' corporate credit rating. Projected sources of liquidity--mainly operating cash flow and available bank lines--cover projected uses, mainly necessary capital expenditures, debt maturities, and projected common dividends, by about 1.2x over the next 12 months. The short-term rating on Progress is 'A-2' reflecting the company's corporate credit rating and its stable cash-generating capability.

As of Oct. 15, 2010, the consolidated lines of credit totaled \$2 billion, with \$750 million available at each of the utility operating subsidiaries (fully available at PEC and PEF) and expiring in October 2013, and \$500 million available at the holding company with \$468 million still undrawn and expiring in May 2012. None of the bank facilities have rating triggers. Progress Energy also had \$691 million in cash and short-term investments. There is \$1 billion in debt maturities in 2011, and \$950 million in 2012.

CreditWatch

The positive CreditWatch on Progress Energy is based on the anticipated consummation of the merger with the higher-rated Duke.

Outlook

The outlook on Duke Energy is stable and reflects Standard & Poor's projection of steady financial performance while the company successfully completes the merger with Progress Energy and its considerable construction projects without further delays or cost increases. We could lower ratings or institute a negative outlook if credit protection measures unduly weaken or if adverse developments in Indiana or Ohio lead to a conclusion that business risk has worsened. A decision to proceed with the merger even if conditions enacted by regulators in the approval process undermine the financial basis for the transaction would also lead to lower ratings. The outlook could be revised to positive if the merger is completed with financial parameters intact, and if the large capital program is successfully completed and is not extended by new spending, especially on nuclear generation.

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Related Criteria And Research

- Criteria Methodology: Business Risk/Financial Risk Matrix Expanded, published May 27, 2009.
- 2008 Corporate Criteria: Analytical Methodology, published April 15, 2008.

Ratings List

Ratings List

	То	From
Progress Energy Corp.		
Corporate Credit Rating	BBB+/CW-Pos/A-2	BBB+/Stable/A-2
Carolina Power & Light Co. dk	a Progress Energy	/ Carolinas Inc.
Corporate Credit Rating	BBB+/CW-Pos/A-2	BBB+/Stable/A-2
Florida Power Corp. dba Progress Energy Florida Inc.		
Corporate Credit Rating		
Duke Energy Corp.		
Corporate Credit Rating	A-/Stable/A-2	A-/Stable/A-2
Duke Energy Carolinas LLC		
Corporate Credit Rating	A-/Stable/A-2	A-/Stable/A-2
Duke Energy Ohio, Inc.		
Corporate Credit Rating	A-/Stable/A-2	A-/Stable/A-2
Duke Energy Indiana, Inc.		
	A-/Stable/A-2	A-/Stable/A-2
Duke Energy Kentucky, Inc.		
	A-/Stable/	A-/Stable/

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STANDARD &POOR'S

Global Credit Portal RatingsDirect[®]

March 14, 2011

Summary: Carolina Power & Light Co. d/b/a Progress Energy Carolinas Inc.

Primary Credit Analyst: Dimitri Nikas, New York (1) 212-438-7807; dimitri_nikas@standardandpoors.com

Secondary Contact: Todd A Shipman, CFA, New York (1) 212-438-7676; todd_shipman@standardandpoors.com

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Rationale

CreditWatch

Related Criteria And Research

www.standardandpoors.com/ratingsdirect

Summary: Carolina Power & Light Co. d/b/a Progress Energy Carolinas Inc.

Credit Rating: BBB+/Watch Pos/A-2

Rationale

The ratings on Carolina Power & Light Co. (d/b/a Progress Energy Carolinas Inc.; PEC) are on CreditWatch with positive implications where they were placed on Jan. 10, 2011, following the announcement that the parent company, Progress Energy Inc., had entered into an agreement to merge with Duke Energy. Duke Energy will be the surviving entity. Completion of the merger is possible by the end of 2011 following approvals from the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission (NRC), the Department of Justice, and North and South Carolina regulators.

The CreditWatch Positive listing on Progress Energy and its subsidiaries reflects that the company's credit quality will benefit from the merger with the higher rated Duke Energy. Standard & Poor's Ratings Services affirmed its ratings on Duke Energy, reflecting our expectation that the combined entity will have an 'A-' corporate credit rating, based on an excellent business risk profile and a significant financial risk profile. No additional debt is contemplated as part of the transaction, and regulatory approvals are likely to be timely and credit-supportive given the limited number of jurisdictions involved and the merger synergies available to show benefits to ratepayers.

PEC is Progress' largest subsidiary, contributing about 55% of cash flow and providing electric service to 1.45 million customers in North and South Carolina, with 80%-85% of revenues generated in North Carolina. The service territory has attractive demographics, although historically high customer growth moderated significantly in 2009 due to the recession but picked up somewhat during 2010. Exposure to industrial customers has been declining gradually, making the company more dependent on residential and small commercial customers that tend to be more stable. Residential and commercial customers account for 54% of sales, industrial customers for 18%, and wholesale sales for 25%. Total generating capacity is 12,400MW with coal/steam providing 44% of energy needs, nuclear 44%, gas about 6%, and purchases about 5%.

We view the regulatory environment as generally supportive of credit quality, with an allowed return on equity of 12.75% in both North and South Carolina. In North Carolina, PEC has completed the necessary capital spending to address the requirements of the 2002 Clean Smokestack Act that required a reduction in emissions from coal-fired plants by 75% for sulfur dioxide and 60% for nitrogen oxide by 2013. As part of the legislation, rates were frozen in 2002 and remain at current levels. The total cost was about \$1.1 billion.

PEC reached an agreement with the North Carolina Utility Commission in September 2008 to terminate amortization of costs in excess of \$569 million and instead defer incremental costs with AFUDC for inclusion in base rates later on. Deferred fuel cost balances are not material and are generally recovered in a timely manner. In July 2009, North Carolina passed legislation to expedite the certification process for new gas-fired power plants as long as existing coal plants in the current site are retired. PEC is in the process of building three new combined cycle gas turbine units: the 600 MW Richmond facility with an in-service date of June 2011, the 950 MW Wayne Co.

Standard & Poor's | RatingsDirect on the Global Credit Portal | March 14, 2011

Summary: Carolina Power & Light Co. d/b/a Progress Energy Carolinas Inc.

facility expected online in January 2013, and the 620 MW New Hanover Co. facility expected online in early 2014. These units are part of PEC's plan to replace un-economic un-scrubbed coal-fired units in North Carolina by 2014 with more efficient gas-fired units. PEC has also filed for a combined construction and operating license with the NRC to build two new nuclear units at its existing Harris site, which Standard & Poor's expects to be pursued in a balanced manner and under a constructive regulatory arrangement that supports credit quality at current levels.

Consolidated capital spending will remain significant over the next few years, necessitating additional borrowings to address environmental compliance, new generation, uprates at existing plants, and system growth and maintenance needs. We expect total capital spending to be about \$2.1 billion in 2011 and \$1.9 billion in 2012. Given the completion of environmental projects in Florida and the new generation projects in North Carolina, the capital spending program will be geared in favor of the Carolina operations on a 65%-35% basis.

Progress has an aggressive financial risk profile. For the 12 months ended Dec. 31, 2010, financial performance benefited from some stabilization and improvement in the local economies, as well as favorable weather. Progress' financial performance has slightly exceeded our base case expectations with adjusted funds from operations (FFO) of \$2.5 billion and adjusted total debt of \$15 billion, leading to adjusted FFO interest coverage of 3.5x, adjusted FFO to total debt of 16.8%, and adjusted debt leverage of 59.4%.

Short-term credit factors

We view PEC's liquidity on a consolidated basis, with that of parent Progress. Progress' liquidity is adequate under Standard & Poor's corporate liquidity methodology, which describes a company's liquidity in five standard categories. Progress' liquidity supports its 'BBB+' corporate credit rating. Projected sources of liquidity--mainly operating cash flow and available bank lines--cover projected uses, mainly necessary capital expenditures, debt maturities, and projected common dividends, by about 1.2x over the next 12 months. The short-term rating on Progress is 'A-2', reflecting the corporate credit rating and its stable cash-generating capability.

As of Dec. 31, 2010, the consolidated lines of credit totaled \$2 billion, with \$750 million available at each of the utility operating subsidiaries (fully available at PEC and Florida Power Corp. [PEF]) and expiring in October 2013, and \$500 million available at the holding company, with \$469 million still undrawn and expiring in May 2012. None of the bank facilities have rating triggers. Progress also had \$611 million in cash and short-term investments. There is \$1 billion in debt maturities in 2011, \$950 million in 2012, and \$830 million in 2013.

Recovery analysis

We assign recovery ratings to first-mortgage bonds (FMBs) issued by investment-grade U.S. utilities, which can result in issue ratings higher than a utility's corporate credit rating (CCR), depending on the CCR category and the extent of the collateral coverage. The investment-grade FMB recovery methodology is based on the ample historical record of nearly 100% recovery for secured bondholders in utility bankruptcies and our view that the factors that supported those recoveries (limited size of the creditor class and the durable value of utility rate-based assets during and after a reorganization given the essential service provided and the high replacement cost) will persist in the future.

Under our notching criteria, we consider the limitations of FMB issuance under the utility's indenture relative to the value of the collateral pledged to bondholders, management's stated intentions on future FMB issuance, and the regulatory limitations on bond issuance. FMB ratings can exceed a utility's CCR by up to one notch in the 'A' category, two notches in the 'BBB' category, and three notches in speculative-grade categories. (See "Criteria: Changes To Collateral Requirements For '1+' Recovery Ratings On U.S. Utility First Mortgage Bonds," published

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Summary: Carolina Power & Light Co. d/b/a Progress Energy Carolinas Inc.

Sept. 6, 2007, on Standard & Poor's globalcreditportal.com.)

PEC's FMBs benefit from a first-priority lien on substantially all of the utilities' real property owned or subsequently acquired. Collateral in combination with non-indenture-related covenants provide coverage of more than 1.5x, supporting a recovery rating of '1+' and an issue rating two notches above the CCR.

CreditWatch

The positive CreditWatch on PEC is based on the anticipated consummation of Progress Energy's merger with the higher rated Duke. Standard & Poor's expects the combined entity to have a financial risk profile in the significant category, demonstrating some weakness in the first year after the merger, but rebounding in subsequent years as a result of realizing cost savings and implementing base rate increases to recovery invested capital. Therefore, we would expect that post-merger adjusted FFO to total debt to average about 15%, adjusted FFO interest coverage to average 3.75x, and adjusted debt leverage to be about 52%. Consolidated liquidity should also remain adequate since both companies will preserve their existing revolving credit facilities that total \$5.3 billion.

Related Criteria And Research

- Criteria Methodology: Business Risk/Financial Risk Matrix Expanded, published May 27, 2009.
- Corporate Criteria: Analytical Methodology, published April 15, 2008.
- Corporate Criteria: Standard & Poor's Standardizes Liquidity Descriptors for Global Corporate Issuers, July 2, 2010

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STANDARD &POOR'S

Global Credit Portal RatingsDirect[®]

March 14, 2011

Summary: Florida Power Corp. d/b/a Progress Energy Florida Inc.

Primary Credit Analyst

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Rationale

CreditWatch

Related Criteria And Research

www.standardandpoors.com/ratingsdirect

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Summary: Florida Power Corp. d/b/a Progress Energy Florida Inc.

Credit Rating: BBB+/Watch Pos/A-2

Rationale

The ratings on Florida Power Corp. (d/b/a Progress Energy Florida Inc. [PEF]) are on CreditWatch with positive implications, where they were placed on Jan. 10, 2011, following the announcement that the parent company, Progress Energy Inc., has entered into an agreement to merge with Duke Energy. Duke Energy will be the surviving entity. Completion of the merger is possible by the end of 2011, following approvals from the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission (NRC), the Department of Justice, and North and South Carolina regulators.

The CreditWatch Positive listing on Progress Energy and its subsidiaries reflects that the company's credit quality will benefit from the merger with the higher rated Duke Energy. Standard & Poor's Ratings Services affirmed its ratings on Duke Energy, reflecting our expectation that the combined entity will have an 'A-' corporate credit rating, based on an excellent business risk profile and a significant financial risk profile. No additional debt is contemplated as part of the transaction, and regulatory approvals are likely to be timely and credit-supportive given the limited number of jurisdictions involved and the merger synergies available to show benefits to ratepayers.

PEF is Progress' second-largest subsidiary, contributing about 45% of cash flow and providing electricity to 1.64 million customers in central and northwestern Florida. While the service territory has historically demonstrated attractive demographics and exhibited above-average customer growth, the recent economic slowdown has significantly reduced the number of new customers, leading to a decline in the number of customers during 2009. The customer base consists of residential and commercial customers that contribute 75% of sales, industrial customers at 8%, and wholesale sale customers at 8%. Total generating capacity is 9,400MW, with coal/steam providing 25% of energy needs, nuclear 11%, gas 44%, and purchases 20%.

Despite political overtones earlier in 2010 that somewhat increased regulatory risk in Florida, the regulatory environment in the state remains reasonably constructive, mainly through the use of various clauses that allow for recovery of approved capital expenditures, including environmental expenditures and fuel. In June 2010, the Florida Public Service Commission (FPSC) approved a settlement for PEF that effectively maintains current base rates through 2012 without affecting the various clauses mentioned earlier, while still providing for a return on equity (ROE) of 9.5%-11.5%. The settlement also provides that if the earned ROE falls below 9.5%, PEF may seek rate relief after it has used at least \$150 million of the allowed depreciation reserve in the relevant period.

In October 2009, the FPSC accepted PEF's proposal to recover \$446 million of nuclear pre-construction costs over five years. The FPSC approved the recovery of \$207 million associated with these costs starting in January 2010 and in October 2010, approved the recovery of an additional \$164 million during 2011. While the deferral of the nuclear pre-construction costs and the recovery over time reflect PEF's efforts to balance cost recoveries amid the weakening Florida economy, timely recovery of all costs, including fuel and capital expenditures, is important to

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Summary: Florida Power Corp. d/b/a Progress Energy Florida Inc.

preserve the company's overall credit quality. Further major construction on PEF's proposed new nuclear units at the greenfield Levy site in Florida will be deferred until the company receives the combined construction and operating license.

PEF is completing the work to bring the Crystal River 3 (CR3) nuclear plant back on line, now expected in April 2011. CR3 experienced delamination within the concrete of the outer wall of the containment structure during a normal refueling and maintenance outage in September 2009. As of Dec. 31, 2010, PEF had incurred \$288 million in replacement power costs, with \$117 million already recovered from insurance proceeds, \$54 million still to be received from insurance, and \$117 million deferred for recovery through clauses. Repair costs totaled \$150 million, with \$64 million received from insurance, \$47 million still to be received from insurance, and the balance to be deferred for base rate recovery. In October 2010, PEF received approval from the FPSC to establish a separate docket related to the outage and replacement fuel and power costs associated with the extended outage.

Consolidated capital spending will remain significant over the next few years, necessitating additional borrowings, to address environmental compliance, new generation, uprates at existing plants, and system growth and maintenance needs. We expect total capital spending to be about \$2.1 billion in 2011 and \$1.9 billion in 2012. Given the completion of environmental projects in Florida and the new-generation projects in North Carolina, the capital spending program will be geared in favor of the Carolina operations on a 65%-35% basis.

Progress has an aggressive financial risk profile. For the 12 months ended Dec. 31, 2010, financial performance benefited from some stabilization or improvement in the local economies as well as favorable weather. Progress' financial performance has slightly exceeded our base case expectations, with adjusted funds from operations (FFO) of \$2.5 billion and adjusted total debt of \$15 billion, leading to adjusted FFO interest coverage of 3.5x, adjusted FFO to total debt of 16.8%, and adjusted debt leverage of 59.4%.

Short-term credit factors

We view PEF's liquidity on a consolidated basis with that of parent Progress. Progress' liquidity is adequate under Standard & Poor's corporate liquidity methodology, which describes a company's liquidity in five standard categories. Progress' liquidity supports its 'BBB+' corporate credit rating. Projected sources of liquidity--mainly operating cash flow and available bank lines--cover projected uses, mainly necessary capital expenditures, debt maturities, and projected common dividends, by about 1.2x over the next 12 months. The short-term rating on Progress is 'A-2', reflecting the company's corporate credit rating and its stable cash-generating capability.

As of Dec. 31, 2010, the consolidated lines of credit totaled \$2 billion, with \$750 million available at each of the utility operating subsidiaries (fully available at Progress Energy Carolinas Inc. and PEF) and expiring in October 2013, and \$500 million available at the holding company, with \$469 million still undrawn and expiring in May 2012. None of the bank facilities have rating triggers. Progress also had \$611 million in cash and short-term investments. There is \$1 billion in debt maturities in 2011, \$950 million in 2012, and \$830 million in 2013.

Recovery analysis

We assign recovery ratings to first-mortgage bonds (FMBs) issued by investment-grade U.S. utilities, which can result in higher issue ratings than a utility's corporate credit rating (CCR) depending on the CCR category and the extent of the collateral coverage. The investment-grade FMB recovery methodology is based on the ample historical record of nearly 100% recovery for secured bondholders in utility bankruptcies and our view that the factors that supported those recoveries (limited size of the creditor class and the durable value of utility rate-based assets during and after a reorganization given the essential service provided and the high replacement cost) will persist in the

Summary: Florida Power Corp. d/b/a Progress Energy Florida Inc.

future.

Under our notching criteria, we consider the limitations of FMB issuance under the utility's indenture relative to the value of the collateral pledged to bondholders, management's stated intentions on future FMB issuance, and the regulatory limitations on bond issuance. FMB ratings can exceed a utility's CCR by up to one notch in the 'A' category, two notches in the 'BBB' category, and three notches in speculative-grade categories. (See "Criteria: Changes To Collateral Coverage Requirements For '1+' Recovery Ratings On U.S. Utility First Mortgage Bonds," published Sept. 6, 2007, on Standard & Poor's globalcreditportal.com.)

PEF's FMBs benefit from a first-priority lien on substantially all of the utilities' real property owned or subsequently acquired. Collateral coverage of more than 1.5x supports a recovery rating of '1+' and an issue rating two notches above the CCR.

CreditWatch

The Positive CreditWatch on PEF is based on the anticipated consummation of Progress Energy's merger with the higher rated Duke. Standard & Poor's expects the combined entity to have a financial risk profile in the significant category, demonstrating some weakness in the first year after the merger, but rebounding in subsequent years as a result of realizing cost savings and implementing base rate increases to recovery invested capital. Therefore, we would expect that post-merger adjusted FFO to total debt to average about 15%, adjusted FFO interest coverage to average 3.75x, and adjusted debt leverage to be about 52%. Consolidated liquidity should also remain adequate since both companies will preserve their existing revolving credit facilities that total \$5.3 billion.

Related Criteria And Research

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- Corporate Criteria: Analytical Methodology, published April 15, 2008.
- Corporate Criteria: Standard & Poor's Standardizes Liquidity Descriptors for Global Corporate Issuers, July 2, 2010

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STANDARD & POOR'S

Global Credit Portal RatingsDirect[®]

March 14, 2011

Summary: Progress Energy Inc.

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Secondary Contact: Todd A Shipman, CFA, New York (1) 212-438-7676; todd_shipman@standardandpoors.com

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Rationale

CreditWatch

Related Criteria And Research

www.standardandpoors.com/ratingsdirect

Summary: Progress Energy Inc.

Credit Rating: BBB+/Watch Pos/A-2

Rationale

The ratings on Progress Energy Inc. (Progress) remain on CreditWatch with positive implications, where they were placed on Jan. 10, 2011, following the announcement that the company had entered into an agreement to merge with Duke Energy. Duke Energy will be the surviving entity. Completion of the merger is possible by the end of 2011 following approvals from the Federal Energy Regulatory Commission (FERC), the Nuclear Regulatory Commission, the Department of Justice, and North and South Carolina regulators.

The CreditWatch Positive listing on Progress and its subsidiaries reflects that the company's credit quality will benefit from the merger with the higher rated Duke Energy. Standard & Poor's Ratings Services affirmed its ratings on Duke Energy, reflecting our expectation that the combined entity will have an 'A-' corporate credit rating, based on an excellent business risk profile and a significant financial risk profile. No additional debt is contemplated as part of the transaction, and regulatory approvals are likely to be timely and credit-supportive given the limited number of jurisdictions involved and the merger synergies available to show benefits to ratepayers.

The ratings on Progress reflect the consolidated credit profiles of its wholly owned subsidiaries, Carolina Power & Light Co. (d/b/a Progress Energy Carolinas Inc. [PEC]) and Florida Power Corp. (d/b/a Progress Energy Florida Inc. [PEF]). Progress has an excellent business risk profile that reflects stable regulated electric utility operations in North and South Carolina and Florida. Despite political overtones earlier in 2010 that somewhat increased regulatory risk in Florida, the regulatory environment in the state remains reasonably constructive mainly through the use of various clauses that allow for recovery of approved capital expenditures, including environmental expenditures, and fuel.

In June 2010, the Florida Public Service Commission (FPSC) approved a settlement for PEF that effectively maintains current base rates through 2012 without affecting the use of various clauses mentioned earlier, while still providing for a return on equity (ROE) of 9.5%-11.5%. The settlement also provides that if the earned ROE falls below 9.5%, PEF may seek rate relief after it has used at least \$150 million of the allowed depreciation reserve in the relevant period.

Progress has a large and diverse customer base, serving more than 3.1 million customers. While the customer base has historically demonstrated consistent growth of more than 2% annually, the recession has slowed customer growth, especially in Florida, where the total number of customers declined slightly in 2009. Total generating capacity consists of more than 22,000 megawatts (MW). On a consolidated basis, residential and commercial customers account for about 60% of sales, industrial customers for 15%, and wholesale customers for 20%. Wholesale sales are generally under long-term contracts with various public power, cooperative, and investor-owned utilities, regulated by the FERC on a cost-of-service basis, and lack fuel cost deferrals.

PEC and PEF have managed their regulatory relations effectively, achieving timely recovery of fuel and capital expenditures, and storm and environmental costs. In addition, Florida's 2006 comprehensive energy legislation

Standard & Poor's | RatingsDirect on the Global Credit Portal | March 14, 2011

Summary: Progress Energy Inc.

provides support for new generation, including nuclear plants. North Carolina passed legislation in July 2009 that expedites the certification process for new gas-fired power plants as long as existing coal plants at the current site are retired. PEC is in the process of building three new combined cycle gas turbine units: the 600 MW Richmond facility with an in-service date of June 2011, the 950 MW Wayne Co. facility expected online in January 2013, and the 620 MW New Hanover Co. facility expected online in early 2014.

PEF is completing the work to bring the Crystal River 3 (CR3) nuclear plant back online, now expected in April 2011. CR3 experienced delamination within the concrete of the outer wall of the containment structure during a normal refueling and maintenance outage in September 2009. As of Dec. 31, 2010, PEF had incurred \$288 million in replacement power costs, with \$117 million already recovered from insurance proceeds, \$54 million still to be received from insurance, and \$117 million deferred for recovery through clauses. Repair costs totaled \$150 million, with \$64 million received from insurance, \$47 million still to be received from insurance, and the balance to be deferred for base rate recovery. In October 2010, PEF received approval from the FPSC to establish a separate docket related to the outage and replacement fuel and power costs associated with the extended outage.

Consolidated capital spending will remain significant over the next few years, necessitating additional borrowings, to address environmental compliance, new generation, uprates at existing plants, and system growth and maintenance needs. We expect total capital spending to be about \$2.1 billion in 2011 and \$1.9 billion in 2012. Given the completion of environmental projects in Florida and the new-generation projects in North Carolina, the capital spending program will be geared in favor of the Carolina operations on a 65%-35% basis.

Progress has an aggressive financial risk profile. For the 12 months ended Dec. 31, 2010, financial performance benefited from some stabilization or improvement in the local economies as well as favorable weather. Progress' financial performance has slightly exceeded our base case expectations with adjusted funds from operations (FFO) of \$2.5 billion and adjusted total debt of \$15 billion, leading to adjusted FFO interest coverage of 3.5x, adjusted FFO to total debt of 16.8%, and adjusted debt leverage of 59.4%.

Short-term credit factors

Progress' liquidity is adequate under Standard & Poor's corporate liquidity methodology, which describes a company's liquidity in five standard categories. Progress' liquidity supports its 'BBB+' corporate credit rating. Projected sources of liquidity--mainly operating cash flow and available bank lines--cover projected uses, mainly necessary capital expenditures, debt maturities, and projected common dividends, by about 1.2x over the next 12 months. The short-term rating on Progress is 'A-2', reflecting the company's corporate credit rating and its stable cash-generating capability.

As of Dec. 31, 2010, the consolidated lines of credit totaled \$2 billion, with \$750 million available at each of the utility operating subsidiaries (fully available at PEC and PEF) and expiring in October 2013, and \$500 million available at the holding company with \$469 million still undrawn and expiring in May 2012. None of the bank facilities have rating triggers. Progress also had \$611 million in cash and short-term investments. There is \$1 billion in debt maturities in 2011, \$950 million in 2012, and \$830 million in 2013.

CreditWatch

The positive CreditWatch on Progress is based on the anticipated consummation of the merger with the higher rated Duke. Standard & Poor's expects the combined entity to have a financial risk profile in the significant category,

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Summary: Progress Energy Inc.

demonstrating some weakness in the first year after the merger, but rebounding in subsequent years as a result of realizing cost savings and implementing base rate increases to recovery invested capital. Therefore, we would expect that post-merger adjusted FFO to total debt to average about 15%, adjusted FFO interest coverage to average 3.75x, and adjusted debt leverage to be about 52%. Consolidated liquidity should also remain adequate since both companies will preserve their existing revolving credit facilities that total \$5.3 billion.

Related Criteria And Research

- Criteria Methodology: Business Risk/Financial Risk Matrix Expanded, published May 27, 2009.
- Corporate Criteria: Analytical Methodology, published April 15, 2008.
- Corporate Criteria: Standard & Poor's Standardizes Liquidity Descriptors for Global Corporate Issuers, July 2, 2010

Standard & Poor's | RatingsDirect on the Global Credit Portal | March 14, 2011

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AG-DR-01-017

REQUEST:

The Joint Applicants in Case No. 2005-00228 stated that ULH&P would not guarantee the credit of any of its affiliates and that ULH&P would not issue any security, incur any debt, or pledge any assets to finance any part of the purchase price paid for Cinergy's shares. Are the Joint Applicants in the instant matter prepared to make a similar pledge (i.e., that DEK will not be required to guarantee the credit of any of its affiliates, and that it will not in any way be required to pledge any assets to finance any part of the purchase price paid for Progress' shares)?

RESPONSE:

This question was answered by Julia S. Janson on pages 41-42 and 53 of her testimony (Joint Application, Exhibit L). Duke Energy Kentucky will not be required to guarantee the credit of any of its affiliates, and it will not pledge any assets to finance the merger.

PERSON RESPONSIBLE: Stephen De May

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AG-DR-01-018

REQUEST:

The petition, at Vol. 1, pp. 12 - 13, states: "... additional cost savings opportunities will be created. ... [a]ll of these advantages will inure to the benefit of Duke Energy Kentucky and its customers." Provide copies of any and all analyses Joint Applicants have conducted depicting any and all such cost savings opportunities.

RESPONSE:

Objection. This document request seeks to elicit information protected by the attorneyclient privilege and/or attorney work product privilege. The Joint Applicants object to this question to the extent that it omits nearly a full paragraph between the two quoted phrases. The Joint Application speaks for itself. Without waiving said objection, as stated in page 20 of the Direct Testimony of James E. Rogers, "First it is anticipated that upon the actual integration of Duke Energy and Progress Energy and their service companies, cost savings opportunities will be created. Although no assurance can be given that any particular level of cost efficiencies will be achieved, we believe that significant net efficiencies will be realized from corporate activities, the regulated utilities and the unregulated businesses of the combined company. The savings recognized in the regulated businesses should benefit customers over time through normal rate-making proceedings, and mitigate anticipated rate increases."

Further, as stated in page 7 of the Direct Testimony of William Don Wathen, Jr., "And, over time, Duke Energy Kentucky believes that it will be able to achieve savings as a result of leveraging best-in-class practices and having steady access to capital markets. Due to the nature of the merger, it is not possible to precisely quantify the benefits that may accrue to Duke Energy Kentucky at this time."

PERSON RESPONSIBLE: As to Objection – Legal James E. Rogers/ William Don Wathen Jr.

AG-DR-01-019

REQUEST:

Assuming the contemplated transaction is fully approved in every jurisdiction by every regulatory authority, state whether DEK would be required to give any type or sort of preference to purchased power from: (a) any generating facilities owned by any DEK parent entity or affiliate, or currently owned by Progress, including but not limited to nuclear facilities; or, (b) any other external sources with which the Joint Applicants have contracted or may contract to purchase generation output (including renewable sources). State whether any such preference would take priority over DEK's ability to purchase power anywhere else on the market at lower prices.

- a. If the answer is in the affirmative to any portion of this question, state whether the Joint Applicants will or have filed any petition with FERC seeking approval of any such preferential purchased power arrangement.
- b. State whether DEK, as a result of the contemplated transaction, will enter into any type or sort of pooling arrangement with any other current or future affiliate. Provide complete details, including copies of any such arrangements, even if only in draft form.

RESPONSE:

Duke Energy Kentucky would not be required to give any preference to purchased power from any affiliates or external sources.

- a. N/A.
- b. Objection. The Joint Applicants object to the question to the extent that it calls for speculation. Without waiving such objection, there have been no decisions made to enter into any pooling arrangements with current or future affiliates.

PERSON RESPONSIBLE: As to Objection – Legal Barry Pulskamp. •

AG-DR-01-020

REQUEST:

Assuming the contemplated transaction is fully approved in every jurisdiction by every regulatory authority, state whether the Joint Applicants' combined grids would in any manner fall under the control of any RTO. Include in your response:

- a. whether the Joint Applicants have any plans or potential plans to form a new RTO, and if so, please provide details;
- b. whether PJM might expand into North Carolina and South Carolina as a result of the contemplated transaction;
- c. a confirmation that DEK and Duke (Indiana) plan to remain members of PJM and MISO, respectively. If not, please provide an explanation in detail; and
- d. a discussion of what, if any, benefits and / or synergies Duke (Carolinas) and / or the new combined parent entity that emerges (assuming the contemplated transaction is approved in every relevant jurisdiction) would achieve in not joining an RTO.

RESPONSE:

Although this question is directed to "Joint Applicants," it is inapplicable to Progress Energy. The question is applicable to Duke Energy Corporation and its affiliated companies, and thus the response is made on behalf of those entities.

- a. Duke Energy does not have any plans or potential plans to form a new RTO.
- b. Objection. The Joint Applicants object to this request to the extent that it calls for speculation. The Joint Applicants have no control over PJM's expansion initiatives. Duke Energy has no plans to place their North Carolina and South Carolina transmission systems under PJM's control.
- c. Objection. Joint Applicants object to the question to the extent that it requests irrelevant information about Duke Energy Indiana which is not a party to this case. Without waiving said objection, Duke Energy Indiana plans to remain a member of Midwest ISO. Duke Energy Kentucky is currently a member of

Midwest ISO. Its realignment to PJM Interconnection is expected to be completed by January 1, 2012, assuming Duke Energy Ohio completes its own realignment.

d. Objection. Joint Applicants object to this request on the basis that it calls for speculation and is unduly burdensome. Without waiving said objection, Joint Applicants have not performed such an analysis to determine benefits and/or synergies of not joining an RTO. The combined company expects to obtain substantial savings using joint generation dispatch within the Carolinas areas. Other savings are projected due to managing fuel, and reduction in duplicative functions. These savings are expected irrespective of RTO membership.

PERSON RESPONSIBLE: As to Objection – Legal-Jim Stanley .

AG-DR-01-021

REQUEST:

Will DEK's generating units be jointly dispatched together with all other units the Joint Applicants own and / or operate, or will they be under PJM control? If they will be jointly dispatched under Duke's control, state what synergies would be achieved. Discuss in detail.

- a. If DEK's generating units will be jointly dispatched together with other generation throughout the new entity's entire system, state whether economic dispatch principles will apply.
- b. Provide a discussion of whether the Joint Applicants will or may request the North Carolina Utilities Commission and South Carolina utility regulators for permission to join an RTO, including whether regulators in those states might approve any such request.
- c. Confirm that the North Carolina Utilities Commission approved the petition of Dominion Resources, Inc. to join PJM, on the condition that retail customers not be held responsible for the costs of integration or membership.

RESPONSE:

Objection. This request misstates facts. Without waiving said objection, PJM does not control generation. In either the Midwest ISO or PJM, Duke Energy Kentucky has participated and will participate in the energy, ancillary, and capacity markets but has maintained functional and operational control over its generation, and distribution facilities. Both the Midwest ISO and PJM direct the dispatch of all generation connected to the transmission system. Both markets are based on supply offers and demand bids submitted by market participants, including both generator owners (as sellers) and load serving entities (as buyers). Thus, the Company functions as both a seller and a buyer in the Energy and Ancillary Markets to serve its retail electric customers in Kentucky. Duke Energy Kentucky will operate in PJM in much the same manner as it does today in the Midwest ISO. The Company will continue to offer its generation into the market and bid its load. PJM operates both a day-ahead market and real-time (balancing) market for

energy. Once in PJM, the Duke Energy Kentucky units are participants in an organized market and as such, there are no dispatch synergies between Duke Energy Kentucky units and other Duke Energy generating units. However, there are synergies that exist pertaining to the Duke Energy Kentucky units with other Duke Energy Ohio units, specifically the ability to share operating personnel, common systems, and generating sites. No additional synergies are expected to be achieved between the Duke Energy Kentucky generating units and the Duke Energy generating units located in North or South Carolina.

- a. Duke Energy Kentucky's generating units will not be jointly dispatched together with other generation throughout the new entity's entire system.
- b. Objection. The Joint Applicants object to this question on the basis that it requests information that is beyond the scope of the Commission's jurisdiction and calls for speculation. Without waiving said objection, Duke Energy Kentucky's current and anticipated involvement with RTOs is described in prior questions and in the testimony attached to the Joint Application. There are no plans currently for Duke Energy to join an RTO in either North or South Carolina.
- c. The Commission's Order speaks for itself. See North Carolina Utilities Commission Docket No. E-22, Sub 418

PERSON RESPONSIBLE: As to Objection – Legal (a,b) Barry Pulskamp (c) Legal

AG-DR-01-022

REQUEST:

Provide a list describing planned DEK transmission projects for the next 10 years. Discuss also:

- a. whether DEK will seek contributions from PJM toward any portion of the costs of any such projects;
- b. whether new transmission facilities will be required or planned to interconnect the eastern segments of the new entity's combined transmission systems (consisting of the current Duke (Carolinas) and Progress systems) together with the western segments of the new entity's transmission systems (consisting of the current DEK, Duke (Ohio) and Duke (Indiana) systems); and
- c. what synergies DEK may obtain with regard to transmission costs, including its planned projects, as a result of the contemplated transaction.

RESPONSE:

Duke Energy Kentucky currently has no plans for transmission capacity projects for the next 10 years.

- a. Objection. The Joint Applicants object to this request to the extent that it calls for speculation. Without waiving said objection, to the extent that the plans change for projects that are eligible for cost sharing within PJM, Duke Energy Kentucky will seek contributions.
- b. While the merger savings do not depend on the construction of additional transmission between Duke Energy Carolinas and Duke Energy Kentucky; if Duke Energy believes that an interconnection would provide reliability or economic benefits, such projects would be evaluated.
- c. The merger would assist Duke Energy Kentucky with managing the costs of transmission due to standardization, leveraging purchasing power, and best practices.

PERSON RESPONSIBLE: As to Objection – Legal Jim Stanley

AG-DR-01-023

REQUEST:

State whether DEK will or could incur any increased MISO,PJM, or other related system operator charges as a result of the contemplated transaction that it would not have incurred but for the transaction. If any: (i) state whether DEK's ratepayers will or could be required to pay for all or any portion of those increased costs; and (ii) provide as many details as possible.

RESPONSE:

It is not expected that Duke Energy Kentucky would see any increased MISO, PJM or other system operator charges resulting from the merger transaction.

PERSON RESPONSIBLE: Jim Stanley

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AG-DR-01-024

REQUEST:

Provide a complete explanation of any and all plans the Joint Applicants may have to expand use of renewable fuels in DEK's generation mix. Please provide any and all documents necessary in support of your explanation, together with any and all analyses of projected costs for any such expansion of renewable fuels as opposed to fuel and other associated costs that would have been incurred but for any expansion of renewable fuels.

a. Discuss any and all plans the Joint Applicants may have regarding the use of Kentucky-based coal or coal products in its generation mix. Please provide any and all documents necessary in support of your explanation, together with any and all analyses of projected costs of using Kentucky-based coal or coal products.

RESPONSE:

Duke Energy Kentucky has no current plans in place regarding the inclusion of renewable resources to meet its generation needs. Its 2011 IRP, when completed, will provide more details on our resource planning assumptions regarding renewable resources.

a. Duke Energy does consume Kentucky based coal across its generation fleet. Future changes in the procurement of Kentucky based coal is very difficult to predict as purchases are based on market economics, coal quality, transportation logistics and other factors at the time of purchase.

PERSON RESPONSIBLE: Barry Pulskamp

AG-DR-01-025

REQUEST:

Provide a detailed explanation of whether and to what extent, if applicable, the Joint Applicants intend to enhance and / or expand their gas procurement, storage, transportation and distribution programs, regardless of whether regulated or unregulated.

RESPONSE:

This transaction results in an indirect change of control over Duke Energy Kentucky, and thus Duke Energy Corporation will continue to own and operate Duke Energy Kentucky upon consummation of the acquisition of Progress Energy. Accordingly, although this question is directed to "Joint Applicants," it is inapplicable to Progress Energy. The question is applicable to Duke Energy Corporation and its affiliated companies, and thus the response is made on behalf of those entities.

Objection. This request is overbroad and unduly burdensome and seeks information that is irrelevant and beyond the scope of this proceeding to the extent it seeks information in jurisdictions outside of the Commonwealth of Kentucky. Without waiving said objection and to the extent discoverable, there are no plans to enhance and/or expand natural gas procurement, storage, transportation or distribution programs in Kentucky as a result of this case.

PERSON RESPONSIBLE: Objection- Legal Julie Janson

AG-DR-01-026

REQUEST:

Recent published news stories indicate Duke and Progress are facing multiple shareholder lawsuits which appear to contest the contemplated transfer of control. Provide a narrative discussion regarding the effect these lawsuits will or may have on the deadlines the Joint Applicants have established regarding the consummation of the transaction. Include in your discussion any potential for increased costs the Joint Applicants may have, and any and all ramifications there may be for DEK ratepayers.

RESPONSE:

Information responsive to this request is set forth on pages 114 through 116 of Amendment No. 2 to Duke Energy's Registration Statement on Form S-4, filed with the SEC on April 25, 2011. The complaints filed in these putative class actions by plaintiffs who claim to be shareholders of Progress Energy assert that plaintiffs will seek injunctive relief enjoining the merger. To date, no plaintiff in any such action has filed a motion for such an injunction. Duke Energy believes that any such application would be without merit and will oppose any such application. At this time, Duke Energy has no reason to believe that these matters will affect the anticipated timeline for the closing of the transaction or impact Duke Energy Kentucky ratepayers.

PERSON RESPONSIBLE: Legal /James E. Rogers

AG-DR-01-027

REQUEST:

The federal government, in particular the EPA, has or will propose major new environmental regulations, which include but may not be limited to: the Clean Air Transport Rule (CAIR); National Ambient Air Quality Standards (NAAQS); Coal Combustion Residuals (CCR); HAPs MACT; and Water Quality 316 (a) and 316 (b) [collectively referred to hereinafter as "the EPA Regulations"]. State to what extent DEK ratepayers will or may be expected to contribute toward costs for achieving or otherwise meeting compliance with the EPA regulations at the Joint Applicants' generation and any and all other facilities located in other states.

RESPONSE:

At this time, there are no expectations that Duke Energy Kentucky ratepayers will or may be expected to contribute toward costs for achieving or otherwise meeting compliance with the EPA regulations associated with generation or other facilities that are not Duke Energy Kentucky generation assets.

PERSON RESPONSIBLE: Barry Pulskamp

AG-DR-01-028 PUBLIC

REQUEST:

Provide DEK's most recent load forecast.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

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

PERSON RESPONSIBLE: Jose Merino

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AG-DR-01-029

REQUEST:

Indicate how and to what extent DEK's rate base will or may be affected by the proposed transaction.

RESPONSE:

At least for the near term, the transaction should have no discernable impact on Duke Energy Kentucky's rate base. To the extent there are savings in future years that are realized from lower capital spending or lower operation and maintenance expenses¹ that are attributable to synergies derived from the merger, rate base in future years could be lower as a result of the merger.

PERSON RESPONSIBLE: William Don Wathen Jr.

¹ The Kentucky Public Service Commission typically allows cash working capital to be determined using the $1/8^{\text{th}}$ O&M method; so, to the extent O&M is eventually lower as a result of the merger there could be a slight reduction in the cash working capital component of rate base.

AG-DR-01-030

REQUEST:

Indicate whether the proposed transaction may lead to fuel savings for DEK customers, and provide quantification, broken down by type of fuel, if possible.

RESPONSE:

The proposed transaction is not likely to lead to fuel savings for Duke Energy Kentucky customers as Duke Energy Kentucky does not consume coal from the same coal basins and suppliers as Duke Energy Carolinas does. However, over time, Duke Energy Kentucky customers could benefit from economies of scale including further efficiencies in the administration of fuel procurement leading to lower fuel costs. No estimate of the total value or timing of this impact has been computed at this time.

PERSON RESPONSIBLE: Elliott Batson, Jr.

AG-DR-01-031

REQUEST:

<u>Press releases indicate that Duke and Progress anticipated costs savings of \$600 mil. to</u> \$800 mil. over the first five (5) years of combined operations. Please state how much of these savings will occur in DEK's service territory.

RESPONSE:

The estimated \$600 to \$800 million of joint dispatch and fuel savings referenced on page 22 of Duke Energy and Progress Energy's merger announcement presentation principally relates to lower fuel costs resulting from jointly dispatching plants within Duke Energy Carolinas and Progress Energy Carolinas. A smaller portion of these estimated savings reflects cost reductions due to Duke Energy leveraging its size through economies of scale discounts. Thus, there may be some amount of lower fuel costs associated with buying on a larger scale that, over time, could potentially inure to Duke Energy Kentucky, but this has not been quantified. Any fuel savings inuring to Duke Energy Kentucky will be passed on to customers through the fuel clause as the savings is realized.

PERSON RESPONSIBLE: Brian Savoy

AG-DR-01-032

REQUEST:

Duke's CFO, in a company press release dated January 14th, 2011, stated that the transaction could yield savings of \$300 mil. to \$420 mil. annually in non-fuel operating costs. State how much of these savings will occur within DEK's service territory.

RESPONSE:

Objection. Calls for speculation and misstates facts. Duke Energy did not issue such a press release on January 14, 2011. Without waiving said objection, on or about January 10, 2011 Duke Energy CFO Lynn Good did state during a call announcing the merger transaction, that "Historically, regulated utility merger transactions have delivered annual, non-fuel cost savings in the range of 5% to 7% of total non-fuel O&M costs. Based upon combined 2012 non-fuel adjusted O&M projections of around \$6 billion we believe that the total annual savings realized over time from this transaction will fall within that range."

The amount of estimated annual non-fuel savings has not been allocated to jurisdictions to date. Non-fuel savings relates to corporate and overhead costs that get allocated to jurisdictions through a defined allocation process. Duke Energy Kentucky will represent approximately 1-2% of the new Duke Energy, therefore, it would be reasonable to assume that Duke Energy Kentucky will realize approximately 1-2% of the corporate cost savings as future rate cases are filed.

PERSON RESPONSIBLE: Objection- Legal

Brian Savoy

AG-DR-01-033

REQUEST:

Assuming the contemplated transaction is fully approved in every jurisdiction by every regulatory authority, will the Joint Applicants combine into a single operating company? If not what will the structure be? Please provide a chart demonstrating the structure.

RESPONSE:

This information is contained in Exhibit F to the Joint Application.

PERSON RESPONSIBLE: James E. Rogers.

AG-DR-01-034

REQUEST:

Assuming the contemplated transaction is fully approved in every jurisdiction by every regulatory authority, please state whether any officers or directors of joint applicant will receive any bonus, compensation, stock shares and/or options, retirement matches, incentives, insurance, use of corporate-owned property or any other remuneration of any type or sort. Please identify the applicable individuals, the method of remuneration, and the cash value thereof.

RESPONSE:

Certain individuals potentially will receive additional compensation in connection with the contemplated transaction. As is required under applicable law, Duke Energy Corporation has disclosed the financial interests of the Joint Applicant's directors and executive officers to the extent different from, or in addition to, those of the Joint Applicant's shareholders generally. Please see pages 105-110 of Amendment No. 2 to the Form S-4 Registration Statement that was filed by Duke Energy Corporation with the Securities and Exchange Commission on April 25, 2011, which contains the disclosure referenced in the preceding sentence.

While there may be bonuses and/or retention payments made as a result of the transaction, the Companies have not yet made a determination as to who will receive them or in what amount.

PERSON RESPONSIBLE: Jennifer Weber

AG-DR-01-035

REQUEST:

Provide the name of the members of the new board of directors of each of the surviving companies regardless of name, and state whether each member currently serves as a director of the board of one of the Joint Applicants, and if so, which one.

RESPONSE:

The Merger Agreement provides that the directors of Diamond Acquisition Corporation at the Effective Time shall, from and after the Effective Time, be the directors of Progress Energy, Inc. until their successors have been duly elected or appointed and qualified, or their earlier death, resignation or removal. Currently, the directors of Diamond Acquisition Corporation are: Lynn J. Good and Marc E. Manly.

The Merger Agreement also provides that Duke Energy will increase the size of its board of directors to 18 directors upon completion of the Merger. The board will consist of 11 designees of Duke Energy and 7 designees of Progress Energy. Duke Energy expects that each of its 11 current directors will continue serving on its board upon the completion of the Merger, subject to such individuals' ability and willingness to serve. Those 11 current directors are: William Barnett III, G. Alex Bernhardt, Sr., Michael G. Browning, Daniel R. DiMicco, John H. Forsgren, Ann Maynard Gray, James H. Hance, Jr., E. James Reinsch, James T. Rhodes, James E. Rogers and Philip R. Sharp. Progress Energy expects that the following current members of the Progress Energy board of directors will serve on the board of directors of Duke Energy, subject to such individuals' ability and willingness to serve: John D. Baker II, Harris E. DeLoach, Jr., James B. Hyler, Jr., William D. Johnson, E. Marie McKee, Carlos A. Saladrigas and Theresa M. Stone.

PERSON RESPONSIBLE: James E. Rogers

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AG-DR-01-036

REQUEST:

Identify how much debt the Joint Applicants, stated independently for each one, plan to incur in order to consummate the proposed transaction. Will DEK ratepayers be required to reimburse one or both Joint Applicants for debt incurred for this purpose? If so, state how much.

RESPONSE:

The merger will be financed 100% by stock. No debt will be issued to complete the transaction.

PERSON RESPONSIBLE: Stephen De May

AG-DR-01-037

REQUEST:

Please describe, in complete detail, the relationship that DEK has with its current Servco, including the nature and extent of services provided, cost sharing requirements, and provide a break-out of the sums DEK paid to the Servco for each of the last ten (10) years.

- a. Please describe, in complete detail, any changes that DEK is anticipated to experience in its relationship with either the existing Servco, or the new Servco, if the contemplated transaction is fully approved, and provide: (i) copies of any draft contracts, agreements or other documents describing that post-transaction relationship; and (ii) provide copies of any and all cost-sharing projections between DEK and the future Servco.
- b. State whether Progress' Servco will be providing any services to DEK. If so: (i) identify them in full together with any projections regarding costs for which DEK will be responsible for paying to the Progress Servco; and (ii) state whether any duplication of services will or could occur.

RESPONSE:

The Joint Applicants object to the question on the basis that it is overly broad and unduly burdensome with respect to providing ten years of sums paid to by Duke Energy Kentucky. The Joint Applicants also object on the basis that "Servco" is not a defined term and its meaning is unclear. Without waiving said objections, the Joint Applicants state that Duke Energy Business Services, LLC ("DEBS") and Progress Energy Service Company, LLC ("Progress Service") are unregulated companies providing services to the other affiliates of Duke Energy and Progress Energy respectively. The nature of the services to be provided by these service companies are described in the affiliate agreements attached in Exhibit I to the Joint Application.

Please see Attachment AG-DR-01-37(i)-(v) for FERC Financial Report FERC Form 60 of Centralized Service Companies for payments to made by Duke Energy Kentucky to Duke Energy Business Services for the last five years.

- a. Information responsive to this request was provided in pages 10-18 of the Direct Testimony of William Wathen (Joint Application, Exhibit M). A copy of the proposed revised Service Company Utility Service Agreement is attached as Exhibit I to the Joint Application, pages 1-29.
- b. See above. No duplication of services will occur.

PERSON RESPONSIBLE: Objection- Legal

William Don Wathen Jr.

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Case No. 2011-124 AG-DR-01-037 (i) attachment Page 1 of 76 Form 60 Approved OMB No. 1902-0215 Expires 02/28/2010

 THIS FILING IS

 Item 1: X
 An Initial (Original)

 OR
 Resubmission No. _____

 Submission



FERC FINANCIAL REPORT FERC FORM No. 60: Annual Report of Centralized Service Companies

This report is mandatory under the Public Utility Holding Company Act of 2005, Section 1270, Section 309 of the Federal Power Act and 18 C.F.R. § 366.23. Failure to report may result in criminal fines, civil penalties, and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider this report to be of a confidential nature.

Exact Legal Name of Respondent (Company) Duke Energy Shared Services, Inc. Year of Report Dec 31, <u>2006</u>

FERC FORM No. 60 (12-06)

GENERAL INSTRUCTIONS FOR FILING FERC FORM NO. 60

I. Purpose

Form No. 60 is an annual regulatory support requirement under 18 CFR 366.23 for centralized service companies. The report is designed to collect financial information from centralized service companies subject to the jurisdiction of the Federal Energy Regulatory Commission. The report is considered to be a non-confidential public use form.

II. Who Must Submit

Unless the holding company system is exempted or granted a waiver by Commission rule or order pursuant to §§ 18 CFR 366.3 and 366.4 of this chapter, every centralized service company in a holding company system must prepare and file electronically with the Commission the FERC Form No. 60 then in effect pursuant to the General Instructions set out in this form.

III. How to Submit

Submit FERC Form No. 60 electronically through the Form No. 60 Submission Software. Retain one copy of each report for your files. For any resubmissions, submit the filing using the Form No. 60 Submission Software including a justification.

IV. When to Submit

Submit FERC Form No. 60 according to the filing date contained § 18 CFR 366.23 of the Commission's regulations.

V. Preparation

Prepare this report in conformity with the Uniform System of Accounts (18 CFR 101 and/or 17 CFR 256) (USof A). Interpret all accounting words and phrases in accordance with the USof A.

VI. Time Period

This report covers the entire calendar year.

VII. Whole Dollar Usage

Enter in whole numbers (dollars) only, except where otherwise noted. The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting period, and use for statement of income accounts the current year's amounts.

VIII. Accurateness

Complete each question fully and accurately, even if it has been answered in a previous report. Enter the word "None" where it truly and completely states the fact.

IX. Applicability

For any page(s) that is not applicable to the respondent, omit the page(s) and enter "NONE," or "Not Applicable" in column (c) on the List of Schedules, page 2.

Case No. 2011-124 AG-DR-01-037 (i) attachment Page 1 of 76

X. Date Format

Enter the month, day, and year for all dates. Use customary abbreviations. The "Resubmission Date" included in the header of each page is to be completed only for resubmissions (see III. above).

XI. Number Format

Generally, except for certain schedules, all numbers, whether they are expected to be debits or credits, must be reported as positive. Numbers having a sign that is different from the expected sign must be reported by use of a minus sign.

XII. Required Entries

Do not make references to reports of previous years or to other reports instead of required entries, except as specifically authorized.

XIII. Prior Year References

Wherever (schedule) pages refer to figures from a previous year, the figures reported must be based upon those shown by the report of the previous year, or an appropriate explanation given as to why the different figures were used.

XIV. Where to Send Comments on Public Reporting Burden

The public reporting burden for the Form No. 60 collection of information is estimated to average 75 hours per response, including

- the time for reviewing instructions, searching existing data sources,
- gathering and maintaining the data-needed, and
- completing and reviewing the collection of information.

Send comments regarding these burden estimates or any aspect of this collection of information, including suggestions for reducing burden, to:

Federal Energy Regulatory Commission, 888 First Street NE Washington, DC 20426 (Attention: Mr. Michael Miller, ED-33);

And to:

Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503 (Attention: Desk Officer for the Federal Energy Regulatory Commission).

No person shall be subject to any penalty if any collection of information does not display a valid control number (44 U.S.C. 3512(a)).

DEFINITIONS I. Respondent -- The person, corporation, or other legal entity in whose behalf the report is made.

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٦

FERC FORM NO. 60 ANNUAL REPORT FOR SERVICE COMPANIES

	IDENTIFICATION		
01 Exact Legal Name of Respondent			02 Year of Report
Duke Energy Shared Services, Inc.		Dec 31, <u>2006</u>	
03 Previous Name (If name changed during the year)		04 Date of N	lame Change
		04/03/200	6
05 Address of Principal Office at End of Year (Street, City, State, Zip Code)			
526 South Church Street Charlotte, NC 28201			
06 Name of Contact Person	07 Title of	Contact Person	
Michael S. Hendershott	980-373-7	703	
08 Address of Contact Person	09 Telephol	ne Number of Contac	t Person
-400-South-Tryon-Street, Charlotte, NC-28201	(980) 373-7703	
10 This Report is:	11 Date of I	Report	
(1) XAn Original	(Month, Day		
(2) A Resubmission	05/01/2		
12 Date of Incorporation		ited, Date of Organiz	ation
02/23/1994	11		
14 State or Sovereign Power Under Which Incorporated or	r Organized		
DELAWARE			
15 Name of Principal Holding Company Under Which Rep	oorting Company is Organized	:	
Duke Energy Corporation			
	Signature Clause		he rules and regulations of the
Pursuant to the requirements of the Public U Federal Energy Regulatory Commission issu			
			, , , ,
be signed on its behalf by the undersigned of	fficer thereunto duly aut	ionzeu.	
	· · · · · · · · · · · · · · · · · · ·		10 Date Signed
16 Name of Signing Officer	Thereunto duly aut		19 Date Signed (Month, Day, Year)
16 Name of Signing Officer Steven K. Young	18 Signature of S	igning Officer	-
16 Name of Signing Officer	· · · · · · · · · · · · · · · · · · ·	igning Officer	(Month, Day, Year)

Case No. 2011-124 AG-DR-01-037 (i) attachment

		Page 1 of	
	ne of Respondent This Report Is: (1) X An Original	Resubmission Date (Mo, Da, Yr)	Year/Period of Rep
DUK	te Energy Shared Services, Inc.	n 05/01/2007	Dec 31, 2006
	List of Schedules and Accounts		
	nter in Column (c) the terms "None" or "Not Applicable" as appropriate, where no inform ain pages. Omit pages where the responses are "None" or "Not Applicable."	nation or amounts have	been reported for
	Description	Page Reference	Remarks
ine	(a)	(b)	(C)
١o.			
1	Schedule I - Comparative Balance Sheet	101-102	
2	Schedule II - Service Company Property	103	
3	Schedule III - Accumulated Provision for Depreciation and Amortization of Service Company Property	104	
4	Schedule IV - Investments	105	
5	Schedule V - Accounts Receivable from Associate Companies	106	
3	Schedule VI - Fuel Stock Expenses Undistributed	107	-Not-Applicable
7	Schedule VII - Stores Expense Undistributed	108	None
3	Schedule VIII - Miscellaneous Current and Accrued Assets	109	Not Applicable
9	Schedule IX - Miscellaneous Deferred Debits	110	
0	Schedule X - Research, Development, or Demonstration Expenditures	111	Not Applicable
1	Schedule XI - Proprietary Capital	201	1
2	Schedule XII - Long-Term Debt	202	Not Applicable
3	Schedule XIII - Current and Accrued Liabilities	203	
4	Schedule XIV - Notes to Financial Statements	204	
5	Schedule XV - Comparative Income Statement	301	
5	Account 457 - Analysis of Billing - Associate Companies	302	
7	Account 458 - Analysis of Billing - Nonassociate Companies	303	None
, B	Schedule XVI - Analysis of Charges for Service - Associate and Nonassociate Companies	304	
9	Schedule XVI - Analysis of Charges for Service - Associate and Nonassociate Companies	305	
9 0		306	
*******	Account 920 - Departmental Analysis of Salaries Account 930.2 - Miscellaneous General Expenses	307	
1	Schedule XVIII - Notes to Statement of Income	307	
3	Organization Chart	401	
4	Methods of Allocation	402	
5	Annual Statement of Compensation for Use of Capital Billed	403	None

Case No. 2011-124 AG-DR-01-037 (i) attachment Page 1 of 76

e balance dditional ad xcount umber (a) Service 101 Service	ed Services, Inc. Schedule I - Compa sheet of the Company as of December 31 of the cu ccounts are needed, provide them in a footnote on Description (b)		Reference	(Mo, Da, Yr)	Year/Period of Repo
e balance dditional ad xcount umber (a) Service 101 Service	Schedule I - Compa sheet of the Company as of December 31 of the cu ccounts are needed, provide them in a footnote on Description (b)	arative Balance Sheet	Reference		
dditional ad ccount umber (a) Service 101 Service	sheet of the Company as of December 31 of the cu ccounts are needed, provide them in a footnote on Description (b)	urrent and prior year.		As of Dec 31	
dditional ad ccount umber (a) Service 101 Service	ccounts are needed, provide them in a footnote on Description (b)			As of Dec 31	
umber (a) Servic 101 Service 107 Constri	(b)			As of Dec 31	Ac (D) of
Servic 101 Service 107 Constri	n Company Branch		Page No.	Current	As of Dec 31 Prior
101 Service 107 Constru	Company Branarty		(c)	(d)	(e)
107 Constr	e Company Property				
	e Company Property		103	54,814,177	84,110,4
Other A	uction Work In Progress		103	19,278,238	39,070,5
	Accounts (provide details in a footnote)		103	36,090	
Tota	al Property (Total of Lines 2-4)			74,128,505	123,180,9
108 Less: A	Accumulated Provision for Depreciation and Amortization of Service Co	ompany Property	104	635,872	41,532,63
Less: C	Other Accounts (provide details in a footnote)			9,108,033	
Net Se	ervice Company Property (Total of Lines 5-7)			64,384,600	81,648,34
Invest	ments				
123 Investn	nents In Associate Companies		105		
124 Other I	Investments		105	15,030,078	13,974,2
Other A	Accounts (provide details in a footnote)				
Tota	al Investments (Total of Lines 10-12)			15,030,078	13,974,2
Curren	nt and Accrued Assets				
131 Cash				67.479	
134 Other S	Special Deposits				
{		*****		562	
136 Tempo	prary Cash Investments		105		
143 Accour	nts Receivable			3,700,155	2,153,7*
144 Less: A	Accumulated Provision For Uncollectible Accounts				
146 Accour	nts Receivable From Associate Companies	******	106		127,588,60
			108		
	· · · · · · · · · · · · · · · · · · ·			673 333	3,383,33
			109	0.0,000	
					1,869,33
				130 878 939	134,995,0
				100,010,000	101,000,00
			110	2 043 862	28,786,50
					20,1 00,00
				170.885.512	63,741,23
				172,929 374	92,527,82
		urt 37)			323,145,47
12 13 13 13 13 13 13 13 13 13 13	Invest Invest Invest Other Other Curren Curren Cash Other SWorkir Curren SWorkir Curren SWorkir Curren SWorkir Curren SWorkir Curren SWorkir Curren SWorkir Curren SWOrkir Curren SWOrkir Curren SWOrkir Curren SWOrkir Curren SWOrkir Curren SWOrkir Curren SWOrkir Curren SWOrkir Curren SWOrkir Curren SWOrkir Curren SWOrkir SWOrkir Curren SWOrkir Curren SWOrkir SWOrkir Curren SWOrkir Curren SWOrkir SWOrkir SWORKI Curren SWORKI SWORKI Curren SWORKI SWORKI Curren SWORKI Curren SWORKI SWO	4 Other Investments Other Accounts (provide details in a footnote) Total Investments (Total of Lines 10-12) Current and Accrued Assets 1 Cash 4 Other Special Deposits 5 Working Funds 6 Temporary Cash Investments 1 Notes Receivable 3 Accounts Receivable 4 Less: Accumulated Provision For Uncollectible Accounts 6 Accounts Receivable 7 Stores Expenses Undistributed 4 Materials and Supplies 3 Stores Expense Undistributed 4 Miscellaneous Current and Accrued Assets Other Accounts (provide details in a footnote) Total Current and Accrued Assets (Total of Lines 15-28) Deferred Debits Inamortized Debt Expense 4 Clearing Accounts 6 Miscellaneous Deferred Debits 8 Research, Development, or Demonstration Expenditures 0 Accumulated Deferred Income Taxes 0 Accumulated Deferred Income Taxes 0 Other Accounts (provide details in a footnote)	Investments 3 1 3 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 2 1 2 1 2 2 1 2 2 2 2 2 3 2 3 3 3 3 3 4 4 4 4 5 5 5 5 6 6 7 7 7 8 1 1 1 1	Investments 105 3 Investments In Associate Companies 105 4 Other Investments 105 5 Other Accounts (provide details in a footnote) 105 6 Total Investments (Total of Lines 10-12) 105 7 Current and Accrued Assets 105 1 Cash 105 4 Other Special Deposits 105 5 Working Funds 105 6 Temporary Cash Investments 105 1 Notes Receivable 105 3 Accounts Receivable 106 4 Less: Accumulated Provision For Uncollectible Accounts 106 6 Accounts Receivable 106 7 Materials and Supplies 106 8 Stores Expense Undistributed 107 4 Miscellaneous Current and Accrued Assets 109 0 Other Accounts (provide details in a footnote) 108 7 Total Current and Accrued Assets (Total of Lines 15-28) 106 10 Unamortized Debt Expense 110 11 Unamortized Debt Expense 110 12 Unamortized Debt Expense 110 13 Research, Development, or Demonstration Expenditures 111 <td>Investments Investments 3 Investments In Associate Companies 105 4 Other Investments 105 15,030,078 Cher Accounts (provide details in a footnote) 105 15,030,078 Current and Accrued Assets 106 15,030,078 Current and Accrued Assets 106 15,030,078 Current and Accrued Assets 107 15,030,078 Current and Accrued Assets 106 67,479 4 Other Special Deposits 582 5 Working Funds 582 6 Temporary Cash Investments 105 1 Notes Receivable 3,700,155 4 Less: Accumulated Provision For Uncollectible Accounts 45 6 Accounts Receivable 107 4 Materials and Supplies 106 5 Stores Expense Undistributed 107 4 Materials and Supplies 673,333 5 Stores Expense Undistributed 108 6 Prepayments 673,333 4 <t< td=""></t<></td>	Investments Investments 3 Investments In Associate Companies 105 4 Other Investments 105 15,030,078 Cher Accounts (provide details in a footnote) 105 15,030,078 Current and Accrued Assets 106 15,030,078 Current and Accrued Assets 106 15,030,078 Current and Accrued Assets 107 15,030,078 Current and Accrued Assets 106 67,479 4 Other Special Deposits 582 5 Working Funds 582 6 Temporary Cash Investments 105 1 Notes Receivable 3,700,155 4 Less: Accumulated Provision For Uncollectible Accounts 45 6 Accounts Receivable 107 4 Materials and Supplies 106 5 Stores Expense Undistributed 107 4 Materials and Supplies 673,333 5 Stores Expense Undistributed 108 6 Prepayments 673,333 4 <t< td=""></t<>

Case No. 2011-124 AG-DR-01-037 (i) attachment

				-	Page 1 of 76	
		. (1)	Report Is: X An Original	Res	ubmission Date (Mo, Da, Yr)	Year/Period of Repor
Duk	e Energy	Shared Services, Inc. (1)	A Resubmissio			Dec 31, 2006
		Schedule I - Comparative Balan	ce Sheet (continu	ued)		
	Account	Description		Reference	As of Dec 31	As of Dec 31
Line	Number	(b)		Page No.	Current	Prior
No.	(a)			(c)	(d)	(e)
39		Proprietary Capital				
40	201	Common Stock Issued		201	4	4
41	211	Miscellaneous Paid-In-Capital		201	(221,452,391)	999
42	215	Appropriated Retained Earnings		201		
43	216	Unappropriated Retained Earnings		201		
44		Other Accounts (provide details in a footnote)			(38,114,094)	(49,385,145)
45		Total Proprietary Capital (Total of Lines 40-44)			(259,566,481)	(49,384,142)
46		Long-Term Debt				
47	223	Advances From Associate Companies		202		
48	224	Other Long-Term Debt		202		
49	225	Unamortized Premium on Long-Term Debt		****		
50	226	Less: Unamortized Discount on Long-Term Debt-Debit				
51		Other Accounts (provide details in a footnote)				
52		Total Long-Term Debt (Total of Lines 47-51)				
53		Current and Accrued Liabilities				
54	228	Accumulated Provision For Pensions and Benefits			154,044,592	87,701,246
55	231	Notes Payable				
56	232	Accounts Payable			45,498,880	71,351,806
57	233	Notes Payable to Associate Companies		203	77,887,683	
58	234	Accounts payable to Associate Companies		203	13,137,002	1,074,858
59	236	Taxes Accrued			(28,459,655)	(18,667,303)
60	237	Interest Accrued				
61	241	Tax Collections Payable			9,756,089	34,584,402
62	242	Miscellaneous Current and Accrued Liabilities		203	48,849,386	21,638,531
63	243	Obligations Under Capital Leases - Current				
64		Other Accounts (provide details in a footnote)				
65		Total Current and Accrued Liabilities (Total of Lines 54-64)			320,713,977	197,683,540
66		Deferred Credits				
67	253	Other Deferred Credits			321,853,553	174,529,245
68	255	Accumulated Deferred Investment Tax Credits				
69		Other Accounts (provide details in a footnote)				
70		Total Deferred Credits (Total of Lines 67-69)			321,853,553	174,529,245
71	282	Accumulated Deferred Income Taxes			221,942	316,828
73		TOTAL LIABILITIES AND PROPRIETARY CAPITAL (TOTAL OF LINES 45, 52, 72)	65, 70, 71 AND		383,222,991	323,145,471
71 72 73	282	Other Accounts (provide details in a footnote) TOTAL LIABILITIES AND PROPRIETARY CAPITAL (TOTAL OF LINES 45, 52,	65, 70, 71 AND		221,942 383,222,991	323

Name of Respondent	This Report is:	Resubmission Date	Year of Report				
Duke Energy Shared Services Inc.	(1) <u>X</u> An Original (2) A Resubmission	(Mo, Da, Yr) 05/01/2007	2006				
Duke Energy Shared Services, Inc.		00/01/2001	2000				
FOOTNOTE DATA							

Schedule Page: 101		
106 Completed Constr	uction Not Clas	sified - Electric \$36,090
Schedule Page: 101	Line No.: 7	Column: d
111 Accumulated Prov	ision for amorti	zation of electric utility plant \$9,108,033
Schedule Page: 101	Line No.: 28	Column: e
145 Notes Receivable f	rom Associate	Companies \$1,869,332
Schedule Page: 101	Line No.: 44	Column: d
208 Donations Receive	ed from Stockho	olders (\$669,224)
219 Accumulated Othe	er Comprehensi	ve Income (Loss) (\$37,444,870)
Schedule Page: 101	Line No.: 44	Column: e
208 Donations Receive	d from Stockho	lders \$7,464,748
219 Accumulated Other	r Comprehensiv	e Income (Loss) (\$56,849,893)
Schedule Page: 101	Line No.: 71	Column: d

Includes 283 Accumulated Deferred Income Taxes - Other of \$20,991

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				_		Page 1 of 76	
1		spondent y Shared Services, Inc.		This Report I (1) X An ((2) A R		(Mo, Da, Yr)	Year/Period of Report Dec 31, <u>2006</u>
			Schedule II - S	Service Company P	Property		
2. \$ equ 3. [Subacco iipment Describe	an explanation of Other Changes ounts are required for each class additions during the year and bai other property (Account 311) in e each construction work in progr	of equipment owne lance at the close o a footnote.	ed. The service co of the year.	ompany shall pro		paccount of
	Acct	Title of Account	Balance at Beginning	Additions	Retirements or Sale	s Other Changes	Balance at End of Year
Line	#	(b)	of Year	(d)	(e)	(f)	Datance at End of real
No.	(a)	V-1	(C)	X-7	(-)		(g)
1	301	Organization					
2	303	Miscellaneous Intangible Plant					
3	304	Land and Land Rights					
4	305	Structures and Improvements					
-5	306	Leasehold Improvements	5,740,669			(-2,626,077)	3,114,592
6	307	Equipment				(
7	308	Office Furniture and Equipment	6,994,554			(3,807,721)	3,186,833
ļ			0,354,034			(3,007,721)	3,100,003
8	309	Automobiles, Other Vehicles and Related Garage Equipment					
9	310	Aircraft and Airport Equipment					
10	311	Other Property	71,375,204	15,627,275		(38,453,637)	48,548,842
11		Other Accounts (provide details in a footnote)					
12		Total Service Company Property (Total					
		of Lines 1-11)	84,110,427	15,627,275		(44,887,435)	54,850,267
13	107	Construction Work in Progress:					
14		Computer Software		4,342,799			19,187,918
15		Facility Enhancement	-	25,886			90,320
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30					-		
31		Total Account 107 (Total of Lines 14-30)		4,368,685			19,278,238
32		Total (Lines 12 and Line 31)		19,995,960			74,128,505
		······································					

Name of Respondent	This Report is:	Resubmission Date	Year of Report				
	(1) <u>X</u> An Original	(Mo, Da, Yr)					
Duke Energy Shared Services, Inc.	(2) A Resubmission	05/01/2007	2006				
FOOTNOTE DATA							

Schedule Page: 103 Line No.: 12	Column: f	
\$44,887,435 accumulated provision a	t 3/31/2006 was	s transferred out of Accumulated Depreciation to Plant In Service as a result
of Duke Energy's purchase of Cinerg	y.	
Schedule Page: 103 Line No.: 14	Column: g	
	Beginning	Other
	Balance	Changes
107 Construction Work in Progress	\$39,006,119	(24,161,000)
Schedule Page: 103 Line No.: 15	Column: g	
······································	Beginning	
	Balance	
107 Construction Work in Progress	\$64,434	

						Case No. 20 AG-DR-01- Page 1 of 70	037 (i) attachment
		spondent y Shared Services, Inc.	1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 -	This Report I (1) X An ((2) A R	s: Original esubmission	Resubmission Date (Mo, Da, Yr) 05/01/2007	Year/Period of Report Dec 31, 2006
		Schedule III Accumulate	ed Provision for Dep	reciation and Amo	ortization of Se	rvice Company Proper	ty
		an explanation of Other Charges other property (Account 311) in		dered material in	a footnote.		1
.ine No.	Account Number	Description	Balance at Beginning of Year (c)	Additions Charged To Account 403	Retirements	Other Changes Additions (Deductions)	Balance at Close of Year
	(a)	(b)		(d)	(e)	(f)	(g)
	301	Organization					
	303	Miscellaneous Intangible Plant					
	304	Land and Rights					
4	305	Structures and Improvements					
	306	Leasehold Improvements	2,279,137	729,660		(2,626,077) 382,72
	307	Equipment					
	308	Office Furniture and Equipment	3,723,336	337,537		(3,807,721) 253,1
3		Automobiles, Other Vehicles and Related Garage Equipment					
		Aircraft and Airport Equipment					
0	311	Other Property	35,530,159	12,031,512		(38,453,638	9,108,0
1		Other Accounts (provide details in a footnote)					
2		(Total of Lines 1-10)	41,532,632	13,098,709		(44,887,436	9,743,90

Case No. 2011-124

Name of Respondent	This Report is:	Resubmission Date	Year of Report
Duke Energy Shared Services, Inc.	(1) <u>X</u> An Original (2) A Resubmission	(Mo, Da, Yr) 05/01/2007	2006
	FOOTNOTE DATA		

Schedule Page: 104 Line No.: 12 Column: f \$44,887,435 accumulated provision at 3/31/2006 was transferred out of Accumulated Depreciation to Plant In Service as a result of Duke Energy's purchase of Cinergy.

Case No. 2011-124 AG-DR-01-037 (i) attachment

					Page 1 of 76	
Name	of Res	pondent	This Re	eport Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report
Duke I	Energy	Shared Services, Inc.	(1) [<u>></u> (2) [An Original	(NO, DA, YT) 05/01/2007	Dec 31, 2006
		Schedule IV				
issuir	ng con	ner Investments (Account 124), in a footnote state each npany, number of shares held or principal investment an mporary Cash Investments (Account 136), list each inve	investm nount.	ent separately, wi		the name of the
Line N	Account Number	Title of Account			Balance at Beginning of Year	Balance at Close of Year
No.	(a)	(b)			(c)	(d)
1 12	23	Investment In Associate Companies				
2 12	24	Other Investments			13,974,258	15,030,078
3 13	36	Temporary Cash Investments				
4		(Total of Lines 1-3)			13,974,258	15,030,078

Name of Respondent	This Report is:	Resubmission Date	Year of Report
	(1) <u>X</u> An Original	(Mo, Da, Yr)	
Duke Energy Shared Services, Inc.	(2) A Resubmission	05/01/2007	2006
	FOOTNOTE DATA		

Schedule Page: 105 Line No.: 2	Column: d	
	Balance at Beginning	Balance at
	of Year	Close of Year
Rabbi Trust Cash Surrender Value of Executive	\$10,280,635	\$11,336,455
Life Insurance Policies	\$3,693,623	\$3,693,623

Duke Er 1. List 2. If the footnot Line N No. 1 146 2 3 4 5 6 7 8 9	t the acc ne servic ote a list Account Number (a)	hared Services, Inc.	by subaccount.		te Year/Period of Repo Dec 31, 2006
1. List 2. If the footnot No. 1 146 2 3 4 5 6 7 8 9	t the acc ne servic ote a list Account Number (a)	Schedule V – Accounts Rec counts receivable from each associate company. ce company has provided accommodation or conve ing of total payments for each associate company l Title of Account (b) Accounts Receivable From Associate Companies	(2) A Resubmission ceivable from Associate Com enience payments for assoc by subaccount.	05/01/2007 panies iate companies, pro	ovide in a separate Balance at Close of Year
2. If the footnot No.	ne servic ote a list Account Number (a)	counts receivable from each associate company. ce company has provided accommodation or conve ing of total payments for each associate company l Title of Account (b) Accounts Receivable From Associate Companies	enience payments for assoc by subaccount.	panies iate companies, pro	ovide in a separate Balance at Close of Year
2. If the footnot No.	ne servic ote a list Account Number (a)	counts receivable from each associate company. ce company has provided accommodation or conve ing of total payments for each associate company l Title of Account (b) Accounts Receivable From Associate Companies	enience payments for assoc by subaccount.	iate companies, pro	Balance at Close of Year
2. If the footnot No.	ne servic ote a list Account Number (a)	ce company has provided accommodation or conve ing of total payments for each associate company Title of Account (b) Accounts Receivable From Associate Companies	by subaccount.	ce at Beginning of Year	Balance at Close of Year
Ine N No. 1 1 146 2 - 3 - 4 - 5 - 6 - 7 - 8 - 9 -	Number (a)	(b) Accounts Receivable From Associate Companies	Balanc		
No. 146 2 3 3 4 5 6 7 8 9 9	(a)	Accounts Receivable From Associate Companies		(C)	(d)
2 3 4 5 6 7 8 9		Accounts Receivable From Associate Companies			. ,
2 3 4 5 6 7 8 9					
3 4 5 6 7 8 9					
4 5 6 7 8 9		Cinergy Corp.		16,278,498	7,328,465
5 6 7 8 9		Duke Energy Ohio, Inc.		62,742,915	9,465,12
6 7 8 9		Duke Energy Kentucky, Inc.		6,384,497	2,540,179
7 8 9		Duke Energy Indiana, Inc.		42,166,200	16,286,300
8 9		KO Transmission Company		42,188,200	1,104
9		Cinergy Limited Holdings, LLC			1,102 195,188
		Duke Energy Business Services, LLC			90,430,177
10 1		Duke Energy Carolinas, LLC			(710,657
10 11		Duke Energy Corporation			969,992
12		Duke Energy North America, LLC			
12					(68,420
14		****			
15					
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31					
32					
33					
34					
35					
36					
37					
38					
39					
40 To	otal			127,588,661	126,437,45

Name of Respondent	This Report is:	Resubmission Date	Year of Report			
Duke Energy Shared Services, Inc.	(1) <u>X</u> An Original (2) A Resubmission	(Mo, Da, Yr) 05/01/2007	2006			
FOOTNOTE DATA						

Line No.: 9

 Schedule Page: 106
 Line No.: 9
 Column: d

 Duke Energy Business Services, LLC receivable includes amounts from other associate companies detailed in Account 457.

					Page 1 of 7	
	e of Respo		This Rep	port Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report
Duk	e Energy S	hared Services, Inc.	(1) X (2)	An Original A Resubmission	(Mo, Da, Yr) 05/01/2007	Dec 31, <u>2006</u>
		Schedule VI – Fuel Stor				
4 1	iot the -		*****		fuel stock experies	
indi	cate amo	nount of labor in Column (c) and expenses in Column unt attributable to each associate company. ate footnote, describe in a narrative the fuel functions				luring the year and
Line	Account Number	Title of Account	****	Labor	Expenses	Total
No.	(a)	(b)		(c)	(d)	(e)
1	152	Fuel Stock Expenses Undistributed				
2		Associate Company:				
3						
4						
5						
6						
_7						
8						
9						
10 11						
12						
13						
14						
15						
16			****			
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34				_		
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36				 		
37 38						
38						
	Total					
	. 0.01					

				Page 1 of 7	
	e of Respo e Energy S	ndent hared Services, Inc.	This Report Is: (1) X An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 05/01/2007	Year/Period of Report Dec 31, <u>2006</u>
		Schodulo VII - Stora	Expense Undistributed		
1. L indi	ist the arr cate amo	nount of labor in Column (c) and expenses in Column ant attributable to each associate company.		o stores expense durin	g the year and
	Account	Title of Account	Labor	Expenses	Total
Line	Number		Labor	Linponooo	
No.	(a)	(b)	(c)	(d)	(e)
1	163	Stores Expense Undistributed			
2		Associate Company:	和自由的思想。		
3					
4					
5					
7					
8					1
9					
10					
11					
12					
13 14					
15					-
16					
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21 22					
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27					
28					
29 30					
31					
32	L				
33					
34					
35					<u></u>
36					
37 38					<u> </u>
39					-
40	Total				1
			1		

					Page 1 of	
Nam	e of Resp	ondent	This Repor	t ls:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report
		Shared Services, Inc.	(1) X A	n Original	(Mo, Da, Yr)	
			(2) 🗍 A	Resubmission	05/01/2007	Dec 31, <u>2006</u>
		Schedule VIII - Miscellaneo	us Current a	nd Accrued As	sets	
1 5	Juna vida da	etail of items in this account. Items less than \$10,000		······································		in each group
1. F	novide de	atal of items in this account. Items less than \$10,000	may be gro	upeu, snowing	the number of items	in each group.
	Account	Title of Account		Balanci	e at Beginning of Year	Balance at Close of Year
Line	Number				(C)	(d)
No.	(a)	(b)				.,
	17					
1	174	Miscellaneous Current and Accrued Assets		1676.02	The second s	
	1/ 4	Item List:				
2						
3						
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39						
40	Total	1				
		1				

Name of Re Duke Ener		·····	AG-DR Page 1	of 76
Duke Ener		This Report Is: (1) X An Original	Resubmission Dat (Mo, Da, Yr)	e Year/Period of Repor
	y Shared Services, Inc.	(2) A Resubmission		Dec 31, 2006
	Schedule IX - Misce	llaneous Deferred Debits		
1 Provide	detail of items in this account. Items less than \$10,000		a the number of item	ns in each group.
1.1101100		may be grouped, enorming	g the number of item	in addin group.
Accou		Baland	ce at Beginning of Year	Balance at Close of Year
ine Numb			(c)	(d)
No. (a)	(b)			
1 186	Miscellaneous Deferred Debits			
2	Items List:			
3	Intangible Asset Associated with Non-qualified Pension Plans		18,622,477	
4	Intangible Asset Associated with Qualified Pension Plans		7,189,077	
5	Other Miscellaneous Deferred Debits		34	61,722
6	Life Insurance / Policy Loans		966,668	1,107,140
7	Intangible Asset - Non-compete agreement		2,008,333	875,000
8			2,000,000	
9				
10				
11				
12			······································	
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14	······			· · · · · · · · · · · · · · · · · · ·
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33 34 35 36 37				
33 34 35 36 37 38				
33 34 35 36 37				

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	e of Respo e Energy S	ndent hared Services, Inc.	This Report Is: (1) X An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 05/01/2007	e Year/Period of Repor Dec 31, <u>2006</u>
		Schedule X - Research, Develop	Land and the second sec	enditures	L
4 0					movetion during the
yea		ach material research, development, or demonstratio	n project that incurred cos	ts by the service co	rporation during the
Line	Account Number	Title of Accou	nt		Amount (c)
No.	(a)	(b)			
1	188	Research, Development, or Demonstration Expenditures			
2		Project List:			
3				······	
4					
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35					
36					
37					
38 39					
+	T-4-1				
40	Total				

						e 1 of 76	
Nam	ne of Respo	ndent	This Repo		Resubmission I	Date Year/Period o	of Report
Duk	e Energy S	hared Services, Inc.		n Original Resubmission	(Mo, Da, Yr) 05/01/2007) Dec 31, <u>200</u> 6	3
		Cobodi					-
			le XI - Proprietary	,	(045)		
		aneous paid-in capital (Account 211) and app					ccount,
		xplanation, disclosing the general nature of tra appropriated retained earnings (Account 216),					the
		ishing between compensation for the use of c					
		uctions of the Uniform System of Accounts. F					
		amount of dividend, date declared and date p		•			
	Account	Title of Account		Description		Amount	
Line	Number						
No.		(b)		(C)		(d)	
	(a)						
1	201	Common Stock Issued	Number of Shares				# shares
2			Par or Stated Value			0.05	
3			Outstanding Numb				# shares
4	011		Close of Period Am	iount		4	dollars
5	211	Miscellaneous Paid-In Capital		and the state of the second		(259,566,485)	dollars dollars
6 7	215 216	Appropriated Retained Earnings Unnappropriated Retained Earnings	Balance at Beginni	ng of Year			dollars
7 8		omappropriated retained Lannings	Net Income or (Los				dollars
9			Dividend Paid	-,			dollars
10			Balance at Close of	f Year			dollars
				······································		······································	
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Name of Respondent	This Report is:	Resubmission Date	Year of Report
Duke Energy Shared Services, Inc.	(1) <u>X</u> An Original (2) A Resubmission	(Mo, Da, Yr) 05/01/2007	2006
Duke Energy Shared Services, Inc.	FOOTNOTE DATA		

Schedule Page: 201 Line No.: 5 Column: d	
208 Donations Received from Stockholders	(\$669,224)
211 Miscellaneous Paid-In-Capital	(221,452,391)
219 Accumulated Other Comprehensive Income (Loss)	(37,444,870)

			-							
Name of Respondent Duke Energy Shared Services, Inc.	This Report Is: (1) X An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 05/01/2007	Year/Period of Report Dec 31, <u>2006</u>							
Schedule XII – Long Term Debt										

1. For the advances from associate companies (Account 223), describe in a footnote the advances on notes and advances on open accounts. Names of associate companies from which advances were received shall be shown under the class and series of obligation in Column (c).

2. For the deductions in Column (h), please give an explanation in a footnote.

nization in Column (b)

Line	Account Number	er long-term debt (Account 224), list Title of Account	Term of Obligation Class & Series of Obligation		Interest Rate		Balance at Beginning of Year		Balance at Close of Year
No.	(a)	(d)	(c)	(d)	(e)	(1)	(g)	(h)	(i)
1	223	Advances from Associate Companies							
2		Associate Company:							
3									
4									
5									
6		······································							
7	ļ								
8									
10									
11									
12									
13	<u> </u>	TOTAL							
	J				L				1
14	224	Other Long-Term Debt					a lana ana amin'ny soratra dia		
15		List Creditor:							
16									
17 18									
18	ļ								
20									
21									
22									
23	<u> </u>								
24	<u> </u>								
25									
26	1								
27									
28		TOTAL							
					-				
					1				
1	1		1	1	i				1

				Page 1 of 76	
Name of			This Report Is: (1) X An Original	Resubmission Date (Mo, Da, Yr)	Year/Period of Repo
Duke En	ergy \$		(2) A Resubmission	05/01/2007	Dec 31, 2006
		Schedule XIII – Current	and Accrued Liabilities		
2. In a f	footn	in a footnote the balance of notes and accounts payable ote, give description and amount of miscellaneous curre iped, showing the number of items in each group.	to each associate comp nt and accrued liabilities	pany (Accounts 233 and (Account 242). Items I	l 234). ess than \$10,000
ine Acco Num No. (a	nber	Title of Account (b)		Balance at Beginning of Year (c)	Balance at Close of Year (d)
1 233		lotes Payable to Associates Companies			77,887,6
2 234		counts Payable to Associate Companies		1,074,858	13,137,00
3 242		Aliscellaneous Current and Accrued Liabilities		21,638,531	48,849,30
4		Total)		22,713,389	139,874,0

Name of Respondent	This Report is:	Resubmission Date	Year of Report					
	(1) <u>X</u> An Original	(Mo, Da, Yr)						
Duke Energy Shared Services, Inc.	(2) A Resubmission	05/01/2007	2006					
FOOTNOTE DATA								

Schedule Page: 203 Line No.: 1	Column: d	
Duke Energy Indiana, Inc.	\$26,445,587	
Cinergy Corp.	\$51,442,096	
Schedule Page: 203 Line No.: 2	Column: c	
Cinergy Wholesale Energy, Inc.	349,858	
Tri-State Improvement Company	\$725,000	
Schedule Page: 203 Line No.: 2	Column: d	
Cinergy Wholesale Energy, Inc.	\$143,922	
Duke Energy Carolinas, LLC	(8,128)	
Duke Energy Corporation	13,001,208	
Schedule Page: 203 Line No.: 3	Column: c	
Reserve for Employee Retirement a		
Reserve for Incurred But Not Repor	ed Medical/Dental Costs 4,049,130	
Other Miscellaneous Current and A	crued Liabilities (1) 2,779	

(1) The beginning balance for Other Miscellaneous Current and Accrued Liabilities is made up of a grouping of five items.

Schedule Page: 203 Line No.: 3 Column: d	
Reserve for Employee Retirement and Vacation Entitlement	\$29,256,137
Reserve for Severance - Purchase Accounting	\$15,722,353
Reserve for Incurred But Not Reported Medical/Dental Costs	3,868,349
Other Miscellaneous Current and Accrued Liabilities (1)	2,547

(1) The balance at the close of the year for Other Miscellaneous Current and Accrued Liabilities is made up of a grouping of two items.

Case No. 2011-124	
AG-DR-01-037 (i) attachmo	ent
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Name of Respondent	This Report is:	Resubmission Date	Year of Report						
	(1) <u>X</u> An Original	(Mo, Da, Yr)							
Duke Energy Shared Services, Inc.	(2) A Resubmission	05/01/2007	2006						
Schedule XIV- Notes to Financial Statements									

1. Use the space below for important notes regarding the financial statements or any account thereof.

Furnish particulars as to any significant contingent assets or liabilities existing at the end of the year.

3. Notes relating to financial statements shown elsewhere in this report may be indicated here by reference.

Annual Report of Duke Energy Shared Services, Inc.

For the Year Ended December 31, 2006

Schedule XIV - NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

(a) Nature of Operations

Cinergy, a Delaware corporation organized in 1993, owns all outstanding common stock of its public utility companies, Duke Energy Ohio, Inc (Duke Energy Ohio) (formerly The Cincinnati Gas & Electric Company) and Duke Energy Indiana, Inc. (Duke Energy Indiana) (formerly PSI Energy, Inc.), as well as Cinergy Investments, Inc. (Investments) and Duke Energy Shared Services (Services). Investments, which is Cinergy's non-regulated investment holding company, is involved in cogeneration and energy efficiency investments and energy marketing. Services provides administrative, management, and support services to Cinergy's subsidiaries.

On April 3, 2006, in accordance with their previously announced merger agreement, Duke Energy Corporation (Old Duke Energy) and Cinergy merged into wholly owned subsidiaries of Duke Energy Holding Corp. (Duke Energy HC), resulting in Duke Energy HC becoming the parent entity. In connection with the closing of the merger transactions, Duke Energy HC changed its name to Duke Energy Corporation (New Duke Energy or Duke Energy) and Old Duke Energy converted into a limited liability company named Duke Power Company LLC (subsequently renamed Duke Energy Carolinas, LLC). As a result of the merger transactions, each outstanding share of Cinergy common stock was converted into 1.56 shares of Duke Energy common stock which resulted in the issuance of approximately 313 million shares of Duke Energy common stock.

(b) Use of Estimates

To conform to generally accepted accounting principles (GAAP) in the United States, management makes estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and Notes. Although these estimates are based on management's best available knowledge at the time, actual results could differ.

(c) Regulation

Services was subject to regulation by the Securities and Exchange Commission (SEC) under the Public Utility Holding Company Act of 1935 (PUHCA 1935), through February 8, 2006. The PUHCA 1935 was replaced with the Utility Holding Company Act of 2005 (PUHCA 2005), under the Federal Energy Regulatory Commission's (FERC) jurisdiction. In 2005, as approved by the SEC, Cinergy began using the FERC chart of accounts for reporting purposes and is now under the FERC's jurisdiction pursuant to PUHCA 2005.

(d) Service Company Property

Services' property includes computer software, property and equipment that is in use, being held for future use, or under construction and is recorded at its original cost, which includes:

- □ materials;
- contractor fees;
- salaries;
- payroll taxes;
- fringe benefits; and
- other miscellaneous amounts.

Depreciation and Amortization

Provisions for depreciation are determined by using the straight-line method applied to the cost of depreciable plant in service. The effective annual depreciation rate for 2006 was 8.40% and for 2005 was 6.60%. Software is amortized over a five-year period at an annual rate of 20%.

(e) Federal and State Income Taxes

As a result of Duke Energy's merger with Cinergy, Cinergy entered into a tax sharing agreement with Duke Energy, where the separate return method is used to allocate benefits to the subsidiaries whose investments or results of operations provide these tax benefits. The accounting for income taxes essentially represents the income taxes that Cinergy would incur if Cinergy were a separate company filing its own tax return.

Management evaluates and records contingent tax liabilities and related interest based on the probability of ultimately sustaining the tax deductions or income positions. Management assesses the probabilities of successfully defending the tax deductions or income positions based upon statutory, judicial or administrative authority.

(f) Employee Benefit Obligations

SFAS No. 158, issued in October 2006 by the FASB, changes the recognition and disclosure provisions and measurement date requirements for an employer's accounting for defined

FERC FORM 60 (NEW 12-05)

Name of Respondent	This Report is:	Resubmission Date	Year of Report						
Duke Energy Shared Services, Inc.	(1) <u>X</u> An Original (2) _ A Resubmission	(Mo, Da, Yr) 05/01/2007	2006						
Schedule XIV- Notes to Einancial Statements									

benefit pension and other postretirement plans. The recognition and disclosure provisions require an employer to (1) recognize the funded status of a benefit plan—measured as the difference between plan assets at fair value and the benefit obligation—in its statement of financial position, (2) recognize as a component of OCI, net of tax, the gains or losses and prior service costs or credits that arise during the period but are not recognized as components of net periodic benefit cost, and (3) disclose in the notes to financial statements certain additional information. SFAS No. 158 does not change the amounts recognized in the income statement as net periodic benefit cost. Cinergy is required to initially recognize the funded status of its defined benefit pension and other postretirement plans and to provide the required additional disclosures as of December 31, 2006. Retrospective application is not permitted. The adoption of SFAS No. 158 recognition and disclosure provisions resulted in an increase in total assets of \$24 million), an increase in total liabilities of approximately \$62 million and a decrease in accumulated other comprehensive income, net of tax, of approximately \$38 million as of December 31, 2006. The adoption of SFAS No. 158 did not have any material impact on Cinergy's consolidated results of operations or cash flows.

Under the measurement date requirements of SFAS No. 158, an employer is required to measure defined benefit plan assets and obligations as of the date of the employer's fiscal year-end statement of financial position (with limited exceptions). Historically, Cinergy has measured its plan assets and obligations up to three months prior to the fiscal year-end, as allowed under the authoritative accounting literature. The measurement date requirement is effective for the year ending December 31, 2008, and early application is encouraged. Cinergy intends to adopt the change in measurement date effective January 1, 2007 by remeasuring plan assets and benefit obligations as of that date, pursuant to the transition requirements of SFAS No. 158. Net periodic benefit cost for the tree-month period between September 30, 2006 and December 31, 2006 will be recognized, net of tax, as a separate adjustment of retained earnings as of January 1, 2007. Additionally, changes in plan assets and plan obligations between September 30, 2006 and December 31, 2006 not related to net periodic benefit cost will be recognized, net of tax, as an adjustment to OCI. For additional information on employee benefit obligations, see Note 6.

(g) Income and Expenses

Services provides to the affiliated companies a variety of centralized administrative, management, and support services in accordance with agreements approved by the FERC under the PUHCA 2005. The costs of these services are charged on a direct basis or, for general costs which cannot be directly attributed, based on predetermined allocation factors defined in the service agreements between Services and the client companies. (See Methods of Allocation.)

(h) Predecessor and Successor Reporting

Due to the impact of push-down accounting, certain presentations separate Cinergy's presentations into two distinct periods, the period before the consummation of the merger (labeled "Predecessor") and the period after that date (labeled "Successor"), to indicate the application of different bases of accounting between the periods presented.

2. Duke Energy/Cinergy Merger

On April 3, 2006, the previously announced merger between Duke Energy and Cinergy was consummated. For accounting purposes, the effective date of the merger was April 1, 2006. The merger combines the Duke Energy and Cinergy regulated franchises as well as deregulated generation in the Midwestern United States (Midwest). In connection with the merger, Duke Energy issued 1.56 shares of Duke Energy common stock for each outstanding share of Cinergy common stock, which resulted in the issuance of approximately 313 million shares of Duke Energy and the market price of Duke Energy common stock during the period, including the two trading days before, through the two trading days after, May 9, 2005, the date Duke Energy announced the merger, the transaction is valued at approximately \$9.1 billion and has resulted in goodwill recorded at Cinergy of approximately \$4.5 billion.

The amount of goodwill results from significant strategic and financial benefits expected to be realized by Cinergy including:

- increased financial strength and flexibility;
- stronger utility business platform;
- greater scale and fuel diversity, as well as improved operational efficiencies for the merchant generation business;
- broadened electric distribution platform;
- improved reliability and customer service through the sharing of best practices;
- increased scale and scope of the electric and gas businesses with stand-alone strength;
- complementary positions in the Midwest;
- □ greater customer diversity;
- greater customet diversit
 combined expertise; and
- □ significant cost savings synergies.

3. Common Stock

Services is authorized to issue 100 shares of Common Stock at a par value of five cents (\$.05) per share and had 70 shares outstanding at December 31, 2006, and December 31, 2005. Cinergy holds all of Services' outstanding common stock.

4. Notes Receivable from Associate Companies

Cinergy participates with Duke Energy and other Duke Energy subsidiaries in a money pool arrangement to better manage cash and working capital requirements. Under this arrangement, those companies with short-term funds may provide short-term loans to affiliates participating under this arrangement. Prior to the merger, Cinergy participated in a similar money pool arrangement with Cinergy and other Cinergy subsidiaries. As of December 31, 2006 and December 31, 2005, all short-term loans outstanding under this arrangement were among Cinergy and its consolidated subsidiaries.

5. Leases

Services has entered into operating lease agreements for various facilities and properties, such as computer, communication and transportation equipment, and office space. Total rental payments on operating leases for each of the past two years are detailed below. The following is also a summary of future minimum lease payments under operating leases, which at inception had a noncancelable term of more than one year, as of December 31, 2006, for Services:

Lease Expense	Estimated Minimum Payments There-
FERC FORM 60 (NEW 12-05)	204.2

Name of Responden	t							his Re) X A					Resul	ssion Da, ነ		te	Year of Report
Duke Energy Share	d Se	ervice	s, Ir	IC.			(2			subm		on	•	1/2007	'		2006
Schedule XIV- Notes to Financial Statements																	
		2005		2006		2007		2008	(in mi	2009 Ilions)		2010	2011	after		Total	
Services	\$	39	\$	47	\$	17	\$	13	\$	6	\$	4	\$ 4	\$ 14	\$	58	

6. Employee Benefit Obligations

Cinergy Retirement Plans. Cinergy maintains qualified and non-qualified defined benefit pension plans as well as other post-retirement benefit plans. Upon consummation of the merger with Duke Energy, Cinergy's benefit plan obligations were remeasured. Cinergy updated the assumptions used to determine their accrued benefit obligations and prospective net periodic benefit/post-retirement costs. As a result, the discount rate used to determine net periodic benefit cost changed from 5.50% to 6.00% in 2006.

Cinergy adopted the disclosure and recognition provisions of SFAS No. 158, effective December 31, 2006. The following table describes the total incremental effect of the adoption of SFAS No. 158 on individual line items in the December 31, 2006 Consolidated Balance Sheet, including AOCL

	Before Application of SFAS No. 158			ljustment	After Application of SFAS No. 158 ^a		
			(ir	n millions)			
Accrued pension and other postretirement benefit costs b	\$	(1,161)	\$	(112)	\$	(1,273)	
Regulatory Assets				45		45	
Deferred income tax assets				25		25	
Accumulated other comprehensive loss, net of tax				42		42	
Total Recognized	\$	(1,161)	\$		\$	(1,161)	

(a) Includes approximately \$15 million in accrued pension and other post-retirement liabilities and \$4 million in accumulated other comprehensive income associated with post-employment benefits.

(b) Includes approximately \$55 million that is reflected in Other within Current Liabilities in the Consolidated Balance Sheets at December 31, 2006.

Qualified Pension Plans

Cinergy's qualified defined benefit pension plans cover substantially all United States employees meeting certain minimum age and service requirements. During 2002, eligible Cinergy employees were offered the opportunity to make a one-time election, effective January 1, 2003, to either continue to have their pension benefit determined by the traditional defined benefit pension formula or to have their benefit determined using a cash balance formula. A similar election was provided to certain union employees at a later time.

Cinergy's traditional qualified defined benefit pension plans use a final average earnings formula. Under a final average earnings formula, a plan participant accumulates a retirement benefit equal to a percentage of their highest 3-year average earnings, plus a percentage of the their highest 3-year average earnings in excess of covered compensation per year of participation (maximum of 35 years), plus a percentage of their highest 3-year average earnings times years of participation in excess of 35 years. Benefits are accrued under the cash balance formula based upon a percentage of pension eligible earnings plus interest. In addition, participants with the cash balance formula may request a lump-sum cash payment upon termination of their employment, which may result in increased cash requirements from pension plan assets. At the effective time of the election, benefits cased accruing under the traditional defined benefit pension formula for employees who elected the cash balance formula. There was no change to retirement benefits earned prior to the effective time of the election. The pension benefits of all non-union and certain union employees hired after December 31, 2002 are calculated using the cash balance formula. The pension plans' assets consist of investments in equity and debt securities.

Actuarial gains and losses are amortized over the average remaining service period of the active employees. The average remaining service period of the active employees covered by the retirement plan is 12 years. Cinergy determines the market-related value of plan assets using a calculated value that recognizes changes in fair value of the plan assets over five years. Cinergy uses a September 30 measurement date for its defined benefit retirement plans.

Cinergy contributed approximately \$124 million and \$102 million for the nine months ended December 31, 2006 and the year ended December 31, 2005, respectively. No amounts were contributed for the three months ended March 31, 2006.

Components of Net Periodic Pension Costs for Qualified Pension Plans

	Successor(1)	1	Predecessor(1)				
	Nine Months Ended December 31, 2006	1	Fhree Months Ended March 31, 2006		Twelve Months Ended December 31, 2005		
	(in millions)						
Service cost benefit earned during the year	\$ 37	\$	11	\$	38		
interest cost on projected benefit obligation	82		25		96		
Expected return on plan assets	(73)		(23)		(88)		
Amortization of prior service cost	2		I		5		
Amortization of loss	6		4		8		

Name of Respondent	TI	nis Report	is:	R	esubmission	Date	Year of Report
Duke Energy Shared Services, Inc.	(1) <u>X</u> An Ori) A Res	ginal ubmission		(Mo, Da, Yi 05/01/2007	· ·	2006
	chedule XIV-					ł	
Net Periodic Pension Costs(2)	\$	54	\$	18	\$	59	

(1) See Note 1(h) for additional information on Predecessor and Successor reporting. Includes immaterial amounts reflected in (Loss) Income From Discontinued Operations, net of tax, in the Consolidated Statements of Operations and excludes approximately (2)

\$10 million of regulatory asset amortization resulting from purchase accounting.

Net Periodic Pension Costs for Cinergy and Services for Qualified Pension Plans were as follows:

		Successor(1)	Pred	ecessor(1)		
		Nine Months Ended December 31, 2006	Three Months Ended March 31, 2006		welve Months Ended December 31, 2005	
Cinergy (2) Services	S	54	(in millions) \$ 18	\$	59	
Services		22	6		25	

(1) See Note 1(h) for additional information on Predecessor and Successor reporting.

(2) Includes amounts related to Services.

Reconciliation of Funded Status to Net Amount Recognized: Qualified Pension Plans-as of December 31,

	Su	_{ccessor} (1) 2006	Pı	redecessor (1) 2005
		(in	millio	ons)
Change in Projected Benefit Obligation Obligation at prior measurement date Service cost Interest cost Actuarial losses / (gains) Benefits paid Amendments Curtailments Obligation at measurement date	\$ 	1,751 48 107 137 (83) 3 <u>13</u> 1,976	\$ 	1,578 38 96 121 (81) (1)
	æ	1,970	4	1,751
Change in Fair Value of Plan Assets Plan assets at prior measurement date Actual return on plan assets Benefits paid Employer contributions	\$	1,169 92 (83) 124	\$	1,021 127 (81)
Plan assets at measurement date		1,302		1,169
Funded status Unrecognized net experience loss Unrecognized prior service cost Net amount recognized	\$	(674) — — (674)	\$	(582) 378 <u>24</u> (180)
Unrecognized net experience loss Unrecognized prior service cost	 \$		\$	378 24

(1) See Note 1(h) for additional information on Predecessor and Successor reporting.

The accumulated benefit obligation was \$1,688 million at September 30, 2006 and \$1,535 million at September 30, 2005

Qualified Pension Plans-Amounts Recognized in the Consolidated Balance Sheets Consist of:---as of December 31,

	s	uccessor (1) 2006	P	redecessor (1) 2005
		(in m	illion	is)
Accrued pension liability	\$	(674)	\$	(366)
Intangible asset				24
Accumulated other comprehensive income				162
Net amount recognized	\$	(674)	\$	(180)
			•	

(1) See Note 1(h) for additional information on Predecessor and Successor reporting.

FERC FORM 60 (NEW 12-05)

Name of Respondent	This Report is:	Resubmission Date	Year of Report		
	(1) <u>X</u> An Original	(Mo, Da, Yr) 05/01/2007	2006		
Duke Energy Shared Services, Inc.	(2) A Resubmission	05/01/2007	2000		
Schedule XIV- Notes to Financial Statements					

As a result of the adoption of SFAS No. 158, certain previously unrecognized amounts were recognized in the amounts noted above with an offset to Accumulated Other Comprehensive Income and Deferred Income Taxes as of December 31, 2006. The table below details the components of these balances.

Qualified Pension Plans-Amounts Recognized in Accumulated Other Comprehensive Loss and Regulatory Assets Consist of:

	A	_{ssor} (1) As of 9er 31, 2006	
	(in n	nillions)	
Regulatory Assets	\$	32	
Accumulated Other Comprehensive Income Deferred income tax asset	\$	(22)	
Prior service cost Net actuarial loss		<u>60</u>	
Net amount recognizedAccumulated other comprehensive loss	\$	40	

(1) See Note 1(h) for additional information on Predecessor and Successor reporting.

An immaterial amount in AOCI will be recognized in net periodic pension costs in 2007.

Additional Information:

Qualified Pension Plans-Information for Plans with Accumulated Benefit Obligation in Excess of Plan Assets:

	S	accessor (1) 2006	Predecessor (1) 2005
		(in	millions)
Projected benefit obligation	\$	1,976	\$ 1,751
Accumulated benefit obligation		1,688	1,535
Fair value of plan assets		1,302	1,169

(1) See Note 1(h) for additional information on Predecessor and Successor reporting.

Assumptions Used for Cinergy's Pension Benefits Accounting

	Successor (1) 2006	Predecessor (1) 2005
	(perc	entages)
Benefit Obligations		
Discount rate	5.75	575
Salary increase	5.00	4.00
Net Periodic Benefit Cost		
Discount rate ^a	5.50-6.00	5.75
Salary increase	5.00	4.00
Expected long-term rate of return on plan assets	8.50	8.50
See Note 1(h) for additional information on Predecessor and Suc	ccessor reporting.	

(a) Discount rate for Successor was 6.00% for the nine months ended December 31, 2006. Discount rate for Predecessor was 5.50%, 5.75% and 6.25% for the three months ended March 31, 2006 and the years ended December 31, 2005 and 2004, respectively (see Note 1(h) for additional information on Predecessor and Successor reporting).

Qualified Pension Plan Assets:

(1)

	Target Allocation	Percentage of Plan Assets at September 30			
Asset Category		Successor (1) 2006	Predecessor (1) 2005		
U.S. equity securities	46%	46%	62%		
Non-U.S. equity securities	18	19	-		
Debt securities	32	32	37		
Real Estate	4	3	-		
Cash			1		
Total	100%	100%	100%		
FERC FORM 60 (NEW 12-05)	204.5				

Name of Respondent	This Report is:	Resubmission Date	Year of Report		
	(1) <u>X</u> An Original	(Mo, Da, Yr) 05/01/2007	2006		
Duke Energy Shared Services, Inc.	(2) A Resubmission	05/01/2007	2008		
Schedule XIV- Notes to Financial Statements					

(1) See Note 1(h) for additional information on Predecessor and Successor reporting.

Cinergy assets are maintained by a Master Trust. The investment objective of the master trust is to achieve reasonable returns on trust assets, subject to a prudent level of portfolio risk, for the purpose of enhancing the security of benefits for plan participants. The asset allocation targets were set after considering the investment objective and the risk profile with respect to the trust. U.S. equities are held for their high expected return. Non-U.S. equities, debt securities, and real estate are held for diversification. Investments within asset elasses are to be diversified to achieve broad market participation and reduce the impact of individual managers or investments. Cinergy regularly reviews its actual asset allocation and periodically rebalances its investments to the targeted allocation when considered appropriate.

The long-term rate of return of 8.5% as of September 30, 2006 was developed using a weighted-average calculation of expected returns based primarily on future expected returns across classes considering the use of active asset managers. The weighted-average returns expected by asset classes were 4.2% for U.S. equities, 1.8% for Non-U.S. equities, 2.2% for fixed income securities, and 0.3% for real estate.

The following benefit payments, which reflect expected future service, as appropriate, as expected to be paid over the next five years and thereafter:

Qualified Pension Plans-Expected Benefit Payments

	Successor (1) (in millions)		
Years Ended December 31,			
2007	\$	83	
2008		84	
2009		87	
2010		90	
2011		95	
2012 – 2016		588	
(1) See Note 1(h) for additional information on Predecessor and Successor reporting.			

Non-Qualified Pension Plans

In addition, Cinergy also maintains non-qualified, non-contributory defined benefit retirement plans (plans that do not meet the criteria for certain tax benefits) that cover officers, certain other key employees, and non-employee directors. There are no plan assets.

Components of Net Periodic Pension Costs for Non-Qualified Pension Plans

	Su		lecessor(cessor(1)		
		Nine MonthsThree MonthsEndedEndedDecember 31,March 31,20062006		Ended Iarch 31,		Twelve Months Ended December 31, 2005
			ı (ir	n millions)		
Service cost benefit earned during the year	\$	2	\$	1	\$	6
Interest cost on projected benefit obligation		5		2		7
Amortization of prior service cost		3		1		2
Amortization of loss		5		1		2
Net Periodic Pension Costs(2)	\$	15	\$	5	\$	17

(1) See Note 1(h) for additional information on Predecessor and Successor reporting.

(2) Includes immaterial amounts reflected in (Loss) Income From Discontinued Operations, net of tax, in the Consolidated Statements of Operations

Net Periodic Pension Costs for Cinergy and Services for Non-Qualified Pension Plans were as follows:

	Suc	cessor(1)	Prec	lecessor	-(1)	
]	Nine Months Ended December 31, 2006			Twelve Months Ended December 31, 2005	
		1	(in millions)			
Cinergy (2)	\$	15	\$ 5	\$	17	
Services		14	5		16	

(1) See Note 1(h) for additional information on Predecessor and Successor reporting.

(2) Includes amounts related to Services.	
FERC FORM 60 (NEW 12-05)	204.6

Name of Respondent	This Report is:	Resubmission Date	Year of Report
'	(1) <u>X</u> An Original	(Mo, Da, Yr)	
Duke Energy Shared Services, Inc.	(2) A Resubmission	05/01/2007	2006
Sch	nedule XIV- Notes to Financial Stateme	nts	

Reconciliation of Funded Status to Net Amount Recognized: Non-Qualified Pension Plans-as of December 31,

	Su	ccessor (1) 2006	Pro	edecessor (1) 2005	
		(in	million	is)	
Change in Projected Benefit Obligation			ı.		
Obligation at prior measurement date	\$	147	\$	120	
Service cost		.3		6	
Interest cost		7		7	
Actuarial losses / (gains)		.34		19	
Benefits paid		(75)		(8)	
Amendments		(2)		3	
Obligation at measurement date	\$	114	\$	147	
Change in Fair Value of Plan Assets					
Plan assets at prior measurement date	\$		\$		
Benefits paid		(75)		(8)	
Employer contributions		75		8	
Plan assets at measurement date			s	-	
	\$				
Funded status	\$	(114)	\$	(147)	
Unrecognized net experience loss				56	
Unrecognized prior service cost				19	
Contributions between measurement date and year end		19		2	
Net amount recognized	\$	(95)	\$	(70)	
			1		

(1) See Note 1(h) for additional information on Predecessor and Successor reporting.

The accumulated benefit obligation was \$109 million at September 30, 2006 and \$132 million at September 30, 2005.

Non-Qualified Pension Plans-Amounts Recognized in the Consolidated Balance Sheets Consist of:---as of December 31,

	Suc	Successor (1) 2006		Predecessor (1) 2005
		(i	n mil	lions)
Accrued pension liability (a)	\$	(95)	\$	(130)
Intangible asset		_		19
Accumulated other comprehensive income		·		41
Net amount recognized	\$	(95)	\$	(70)

(1) See Note 1(h) for additional information on Predecessor and Successor reporting.

(a) Includes approximately \$28 million recognized in Other within Current Liabilities on the Consolidated Balance Sheets as of December 31, 2006

As a result of the adoption of SFAS No. 158, certain previously unrecognized amounts were recognized in the amounts noted above with an offset to Accumulated Other Comprehensive Income and Deferred Income Taxes as of December 31, 2006. The table below details the components of these balances.

Non-Qualified Pension Plans-Amounts Recognized in Accumulated Other Comprehensive Loss and Regulatory Assets Consist of:

	Successor (1) As of December 31, 2006
	(in millions)
Regulatory Assets	\$ 4
Accumulated Other Comprehensive Income	
Deferred income tax asset	\$ 1
Prior service credit	(1)
Net actuarial gain	(1)
Tot astanta Lan	
Net amount recognized—Accumulated other comprehensive loss	\$ (1)
(1) See Note 1(b) for additional information on Predecessor and Successor reporting.	

See Note 1(h) for additional information on Predecessor and Successor reporting. (1)

FERC FORM 60 (NEW 12-05)

Name of Respondent	This Report is:	Resubmission Date	Year of Report
Duke Energy Shared Services Inc.	(1) <u>X</u> An Original (2) A Resubmission	(Mo, Da, Yr) 05/01/2007	2006
Duke Energy Shared Services, Inc.			
Sch	edule XIV- Notes to Financial Stateme	nts	

An immaterial amount in AOCI will be recognized in net periodic pension costs in 2007.

Additional Information:

Non-Qualified Pension Plans-Information for Plans with Accumulated Benefit Obligation in Excess of Plan Assets:

	Sue	ccessor (1) 2006	P	redecessor (1) 2005
		(in	milli	ons)
Projected benefit obligation	\$	114	\$	147
Accumulated benefit obligation		109		132
Fair value of plan assets				
(1) See Note 1(h) for additional information on Predecessor and Successor reporting.				

Non-Qualified Plans-Assumptions Used for Cinergy's Pension Benefits Accounting

	Successor (1) 2006	Predecessor (1) 2005
	(perc	entages)
Benefit Obligations	-	
Discount rate	5.75	5.75
Salary increase	5.00	4.00
Net Periodic Benefit Cost		
Discount rate ^a	5.50-6.00	5.75
Salary increase	5.00	4.00
Discount rate ^a		

(1) See Note 1(h) for additional information on Predecessor and Successor reporting.

(a) Discount rate for Successor was 6.00% for the nine months ended December 31, 2006. Discount rate for Predecessor was 5.50%, 5.75% and 6.25% for the three months ended March 31, 2006 and the years ended December 31, 2005 and 2004, respectively (see Note 1(h) for additional information on Predecessor and Successor reporting).

The following benefit payments, which reflect expected future service, as appropriate, as expected to be paid over the next five years and thereafter:

Non-Qualified Pension Plans-Expected Benefit Payments

	_{essor} (1) millions)
Years Ended December 31,	
2007	\$ 28
2008	7
2009	12
2010	7
2011	6
2012 – 2016	29

(1) See Note 1(h) for additional information on Predecessor and Successor reporting.

Other Post-Retirement Benefit Plans

Cinergy provides certain health care and life insurance benefits to retired United States employees and their eligible dependents on a contributory and non-contributory basis. These benefits are subject to minimum age and service requirements. The health care benefits include medical coverage, dental coverage, and prescription drug coverage and are subject to certain limitations, such as deductibles and co-payments. These benefit costs are accrued over an employee's active service period to the date of full benefits eligibility. The net unrecognized transition obligation is amortized over approximately 20 years. Actuarial gains and losses are amortized over the average remaining service period of the active employees covered by the plan is 13 years.

Components of Net Periodic Other Post-Retirement Benefit Costs

	Successor(1)		Pred	ecessor(1)	
	Nine Months Ended December 31, 2006		ree Months Ended Iarch 31, 2006		elve Months Ended ecember 31, 2005
		ı (ir	n millions)		
Service cost benefit earned during the year	\$ 5	\$	2	\$	6
Interest cost on projected benefit obligation	20		6		23
Amortization of prior service cost	-	ļ	-		(1)
ERC FORM 60 (NEW 12-05)	 204.8				

Name of Respondent	This Rep			Resubmis	sion Date	Year of Report
Duke Energy Shared Services, Inc.	(1) <u>X</u> An (2) A I	Original Resubmissior	า		Da, Yr) /2007	2006
	hedule XIV- Notes t			ts		
Amortization of loss		3		2		11
Amortization of transition obligation		-		-		1
Net Periodic Pension Costs(3)	\$	28	\$	10	\$	40

See Note 1(h) for additional information on Predecessor and Successor reporting. 1)

(2)

All previously unccognized amounts were eliminated with the application of purchase accounting. Includes immaterial amounts reflected in (Loss) Income From Discontinued Operations, net of tax, in the Consolidated Statements of Operations and excludes approximately (3) \$5 million of regulatory asset amortization resulting from purchase accounting.

Net Periodic Other Post-Retirement Benefit Costs for Cinergy and Services were as follows:

	Sı	iccessor(1)	Pred	lecessor(1))	
		ine Months Ended ccember 31, 2006	Three Months Ended March 31, 2006		elve Months Ended ccember 31, 2005	
		I	(in millions)			
Cinergy (2)	\$	28	\$ 10	\$	40	
Services		7	2		11	

(1) See Note 1(h) for additional information on Predecessor and Successor reporting.

(2) Includes amounts related to Services.

Reconciliation of Funded Status to Accrued Other Post-Retirement Benefit Costs

		Successor (1) 2006		Predecessor (1) 2005
		(in	million	ns)
Change in Projected Benefit Obligation	٩		ه ا	400
Obligation at prior measurement date Service cost	\$	414	\$	409
Interest cost		26		6 23
Actuarial losses / (gains)		20 73		(3)
Participant contributions		11		(5)
Benefits paid		(34)		(20)
Amendments				(1)
Obligation at measurement date	\$	497	\$	414
Change in Fair Value of Plan Assets				
Plan assets at prior measurement date	\$	-	\$	
Benefits paid		(34)		(19)
Employer contributions		23		19
Plan participants' contributions	******	11		
Plan assets at measurement date	\$		\$	
Funded status	\$	(497)	\$	(414)
Unrecognized net experience loss		_		175
Unrecognized prior service cost				(2)
Unrecognized net transition obligation				2
Contributions between measurement date and year end		8		6
Net amount recognized	\$	(489)	\$	(233)
(1) See Note 1(h) for additional information on Predecessor and Successor reporting.			1	

'her Post-Retirement Benefit Plans-Amounts Recognized in the Consolidated Balance Sheets Consist of:-as of December 31,

	Successor (1) Predecessor (1)	
FERC FORM 60 (NEW 12-05)	204.9	

Name of Respondent	This Report is:	Resubmission Date	Year of Report			
·	(1) <u>X</u> An Original	(Mo, Da, Yr)				
Duke Energy Shared Services, Inc.	(2) A Resubmission	05/01/2007	2006			
Schedule XIV- Notes to Financial Statements						

	2006	2005
	(in	millions)
Accrued pension liability (a)	\$ (489)	\$ (233)
Net amount recognized	\$ (489)	\$ (233)
(1) See Note 1(h) for additional information on Predecessor and Successor reporting.		

(a) Includes approximately \$27 million recognized in Other within Current Liabilities on the Consolidated Balance Sheets as of December 31, 2006.

As a result of the adoption of SFAS No. 158, certain previously unrecognized amounts were recognized in the amounts noted above with an offset to Accumulated Other Comprehensive Income and Deferred Income Taxes as of December 31, 2006. The table below details the components of these balances.

Other Post-Retirement Benefit Plans-Amounts Recognized in Accumulated Other Comprehensive Loss and Regulatory Assets Consist of:

		ccessor (1) As of mber 31, 2006
	(i	n millions)
Regulatory Assets	\$	9
Accumulated Other Comprehensive Income	_	
Deferred income tax asset	\$	(4)
Net actuarial loss		-
Net amount recognizedAccumulated other comprehensive loss	\$	7
(1) See Note 1(h) for additional information on Predecessor and Successor reporting.		

An immaterial amount in AOCI will be recognized in net periodic pension costs in 2007.

Assumptions Used in Cinergy's Other Postretirement Benefits Accounting

	Successor (1) 2006	Predecessor (1) 2005
	(perc	centages)
Benefit Obligations		-
Discount rate	5.75	5.50
Salary increase	N/A	N/A
Net Periodic Benefit Cost		
Discount rate ^a	5.50-6.00	5.50
Salary increase	N/A	N/A
Expected long-term rate of return on plan assets	N/A	N/A
See Note 1(h) for additional information on Predecessor and Successor reporting.		

(a) Discount rate for Successor was 6.00% for the nine months ended December 31, 2006. Discount rate for Predecessor was 5.50%, 6.00% and 6.75% for the three months ended March 31, 2006 and the years ended December 31, 2005 and 2004, respectively (see Note 1 for additional information on Predecessor and Successor reporting).

Assumed Health Care Cost Trend Rates a

(1)

	<u>Medical</u>	Trend Rate	Prescription Drug Trend <u>Rate</u>
	Successor (1) <u>2006</u>	Predecessor (1) <u>2005</u>	Successor (1) <u>2006</u>
Health care cost trend rate assumed for next year	8.50%	7.00%	13.00%
Rate to which the cost trend is assumed to decline (the ultimate trend rate)	4.75%	5.00%	4.75%
Year that the rate reaches the ultimate trend rate b) for additional information on Predecessor and Su	2013	2008	2022

(1) See Note 1(h) for additional information on Predecessor and Successor reporting.

(a) Health care cost trend rates for 2006 include prescription drug trend rates due to the effect of the Modernization Act.

FEDO FODIA CO (NENA 40.05)	204.10
FERC FORM 60 (NEW 12-05)	204.10

Name of Respondent	This Report is:	Resubmission Date	Year of Report			
Duke Energy Shared Services, Inc.	(1) <u>X</u> An Original (2) A Resubmission	(Mo, Da, Yr) 05/01/2007	2006			
Schedule XIV- Notes to Financial Statements						

Sensitivity to Changes in Assumed Health Care Cost Trend Rates (millions)

	Successor (1)			
	1-Percentage- Point Increase		1-Percentage- Point Decrease	
Effect on total service and interest costs	\$ 4	\$	(3)	
Effect on post-retirement benefit obligation	49		(42)	
(1) See Note 1(h) for additional information on Predecessor and Successor reporting.				

Cinergy expects to make the future benefit payments, which reflect expected future service, as appropriate. Cinergy expects to receive future subsidies under Medicare Part D. The following benefit payments and subsidies are expected to be paid (or received) over each of the next five years and thereafter.

Other Post-Retirement Plan-Expected Benefit Payments and Subsidies (in millions)

		Succe	_{ssor} (1)	
	Expected Ber	efit Payments	Expecte Subsidi	
		(in m	illions)	
2007	\$	28	\$ 1	
2008		30	1	
2009		31	2	
2010		33	2	
2011		35	2	
2012 - 2016		197	8	

(1) See Note 1(h) for additional information on Predecessor and Successor reporting.

7. Income Taxes

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Services' net deferred income tax asset at December 31, 2006, and 2005, is as follows:

	2006		2005
Deferred Income Tax Liability	\$ 221,942	\$	316,828
Deferred Income Tax Asset			
Accrued pension and other benefit costs	137,965,905		62,868,426
Other	32,919,607		872,812
Total deferred income tax assets	170,885,512	_	63,741,238
Net Deferred Income Tax Asset	\$ 170,663,570	\$	63,424,410

Services will participate in the filing of a consolidated federal income tax return with Duke Energy for the year ended December 31, 2006. The current tax liability is allocated among the members of the Duke consolidated group pursuant to a tax sharing agreement.

A summary of federal and state income taxes charged (credited) to income and the allocation of such amounts is as follows:

		2006	2005
Current Income Taxes			
Federal	\$	(20,870,988)	\$ (12,770,895)
State		(3,701,899)	(2,295,042)
Rev – Reclass Income Taxes		679,049	
Total current income taxes		(23,893,838)	 (15,065,937)
Deferred Income Taxes			
Federal			
Pension and other benefit costs		25,674,475	14,852,831
Other		(2,860,774)	5,418,195
State			
Pension and other benefit costs		3,589,814	8,834,813
Other		(399,995)	 (5,419,291)
FORM 60 (NEW 12-05)	204.11		

Name of Respondent	This Report is:	Resubmission Date	Year of Report
Duke Energy Shared Services, Inc.	(1) <u>X</u> An Original (2) <u> </u> A Resubmission	(Mo, Da, Yr) 05/01/2007	2006
Sci	nedule XIV- Notes to Financial Statemen	its	
Total deferred income taxes	26,003,520	23,686,548	
Total Income Taxes	\$ 2,109,682	\$ 8,620,611	

8. Severance

During the period from the effective date of the merger with Duke Energy through December 31, 2006, Services accrued approximately \$49 million related to voluntary and involuntary severance as a result of the merger with Duke Energy (see Note 2) of which approximately \$33 million was paid out as of December 31, 2006. Additionally, Services recorded approximately \$48 million as a charge to income of which \$43 million was allocated to the client companies as goodwill, and approximately \$1 million was deferred as a regulatory asset. Substantially all expected severance costs will be applied to the reserves within one year.

Merger-Related Obligations. Several of Cinergy's benefit plans contain "change-in-control" clauses that provide enhanced, and/or accelerated benefits to management level employees in the event of a qualifying transaction such as occurred with the consummation of the merger with Duke Energy as discussed in Note 2. These include benefits paid pursuant to the Long-term Incentive Plan (LTIP) and certain payments under Cinergy's Annual Incentive Plan. Certain employees are also entitled to additional severance and benefits in the event they are involuntarily terminated without "cause" or voluntarily terminate for "good reason" (as such terms are defined in their employment agreements) in connection with or following the merger.

9. Comprehensive Income

Comprehensive income includes all changes in equity during a period except those resulting from investments by and distributions to shareholders. The major components include net income, minimum pension liability adjustments and unrealized gains and losses on investment trusts.

Services records a minimum pension liability adjustment associated with our defined benefit pension plans when the unfunded accumulated benefit obligation is in excess of our accrued pension liabilities and the unrecognized prior service costs recorded as an intangible asset. The corresponding offset is recorded on the Balance Sheets in Accumulated Provisions for Pensions and Benefits and Other Deferred Credits (Pensions and Benefits).

Services records unrealized gains and losses on equity investments in trusts we have established for our benefit plans.

For further details of the pension plans' assets and obligations see Note 6.

Name of Respondent	This Report is:	Resubmission Date	Year of Report
	(1) <u>X</u> An Original	(Mo, Da, Yr)	
Duke Energy Shared Services, Inc.	(2) A Resubmission	05/01/2007	2006
Sc	hedule XIV- Notes to Financial Stateme	nts	

The elements of Comprehensive income and their related tax effects for the years ended 2006 and 2005 are as follows:

			Ce	ompret	ensive Income		
	 	 2006				 2005	
	 Before-tax Amount	 Tax (Expense) Benefit	Net-of-Tax Amount		Before-tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount
Services							
Net income	\$ -	\$ -	\$ -	\$	-	\$ -	\$ -
Other comprehensive							
income (loss): Minimum pension liability adjustment Unrealized gain (loss) on investment	28,211,712	(9,208,248)	 19,003,464		(25,292,201)	 7,127,437	 (18,164,764)
trusts	656,034	(254,475)	401,559		84,375	(33,669)	 50,706
Total other comprehensive income (loss)	 28,867,746	 (9,462,723)	 19,405,023		(25,207,826)	 7,093,768	(18,114,058)
Total comprehensive income (loss)	\$ 28,867,746	\$ (9,462,723)	\$ 19,405,023	\$	(25,207,826)	\$ 7,093,768	\$ (18,114,058)

The after-tax components of Accumulated other comprehensive income (loss) as of December 31, 2006 and 2005 are as follows:

		Accumulated O	ther C	omprehensive Income	(Los	s) Classification
		Minimum Pension Liability Adjustment		Unrealized Gain (Loss) on Investment Trusts	C	Total Accumulated Other Comprehensive Income (Loss)
Services						
Balance at December 31, 2004 Current-period change	\$	(38,704,738) (18,164,764)	\$	(31,097) 50,706	\$	(38,735,835) (18,114,058)
Balance at December 31, 2005 Current-period change	\$	(56,869,502) 19,003,464	\$	19,609 4 01,559	\$	(56,849,893) 19,405,023
Balance at December 31, 2006	<u> </u>	(37,866,038)	\$	421,168	\$	(37,444,870)

	e of Res	pondent This Report Is:	Page 1 of 76 Resubmission Date	Year/Period of Repo
Duk	e Energy	/ Shared Services, Inc. (1) X An Original (2) A Resubmission	(Mo, Da, Yr) 05/01/2007	Dec 31, 2006
		Schedule XV- Comparative Income Statement		
Line	Account Number	Title of Account	Current Year	Prior Year
No.	(a)	(b)	(c)	(d)
1		INCOME		
2	457	Services Rendered to Associate Companies	755,781,820	709,410,3
3	458	Services Rendered to Non-Associate Companies		
4	421	Miscellaneous Income or Loss		1,634,2
5		TOTAL (Income)	755,781,820	711,044,5
6		EXPENSE		
7	920	Salaries and Wages	243,325,334	239,267,0
8	921	Office Supplies and Expense	55,809,501	42,834,7
	922	Administrative Expense Transferred – Credit	(258,559)	
10	923	Outside Services Employed	98,811,868	57,358,2
11	924	Property Insurance		
12	925	Injuries and Damages	1,621,508	5,450,9
13	926	Employee Pensions and Benefits	67,642,757	73,014,3
14	928	Regulatory Commission Expense	701,734	2,537,5
15	930.1	General Advertising Expense	49,041	254,6
	930.2	Miscellaneous General Expenses	15,722,058	
17	931	Rents	39,400,622	34,906,3
18	403	Depreciation and Amortization Expense	13,098,708	8,691,2
19	408	Taxes Other Than Income Taxes	15,284,013	17,004,9
20	409	Income Taxes	(26,777,972)	(15,065,93
21	410	Provision for Deferred Income Taxes	(3,395,286)	3,371,1
22	411	Provision for Deferred Income Taxes - Credit	29,398,806	
	411.5	Investment Tax Credit		
	426.1	Donations	1,668	22,6
	426.5	Other Deductions	1,017,822	
	427	Interest on Long-Term Debt		 A second a second that dig table a Facility of Fact and Factors
	430	Interest on Debt to Associate Companies	2,153,652	4,8
	431	Other Interest Expense	132,617	
29		Other Expenses:	202,041,928	
		TOTAL (Expense)	755,781,820	
30				

Name of Respondent	This Report is:	Resubmission Date	Year of Report
·	(1) <u>X</u> An Original	(Mo, Da, Yr)	
Duke Energy Shared Services, Inc.	(2) A Resubmission	05/01/2007	2006
	FOOTNOTE DATA		

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911-910 Gales Expenses	FERC FORM NO. 60 (NEW 12-05) Footnotes.1		
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				0	
Name	of Respondent	This Report is:		Resubmission Date	Year of Report
	·	(1) <u>X</u> An Original		(Mo, Da, Yr)	
Duke	Energy Shared Services, Inc.	(2) A Resubmission	on	05/01/2007	2006
		FOOTNOTE DATA			
929	Duplicate charges - credit			(4,189)	
935	Maintenance of General Plant			98,481	
	Total Exp	ense - Income Statement		52,806	
EXPE	NSE - Balance Sheet				
107	Construction Work in Progress		\$86,2	214,663	
108	Accumulated provision for depreciat	ion of utility plant	-	742,083	
143	Other Accounts Receivable	* •		18,704	
163	Stores Expense Undistributed		-	710,334	
182	Other Regulatory Assets		-	748,038	
183	Preliminary Survey and investigation	charges	8	329,762	
184	Clearing accounts	-	7,5	599,248	
186	Miscellaneous Deferred Debits	·····	7,	351,147	
	Total E	xpense - Balance Sheet	\$104,2	213,979	

Dul- "	of Respo	ondent	This Repor		esubmission Date (Mo, Da, Yr)	Year/Period of Repo
лике Е	Energy S	hared Services, Inc.		n Original Resubmission		Dec 31, 2006
		Account 457	– Analysis of Billing – Ass			
1 Eo	r servic	es rendered to associate companies (A			es.	
1. 10	1 001110					
					·····	
	Account	Description	Direct Costs Charged	Indirect Costs Charged	Compensation For Use	Total Amount Billed
.ine 1 No.	Number		(c)	(d)	of Capital (e)	(f)
	(a)	(b)	(0)	(0)	(0)	V7
1 45		Name of Associate Companies:				
2		3036243 Nova Scotia Company	63			e
3		ACcess Broadband, LLC	1,220			1,22
4		Brownsville Power I, LLC	126,969	658,321		785,29
5		Duke-Cadence, Inc.	541			54
6		Caledonia Power I, LLC	157,514	668,699		826,21
7		CCB Communications, LLC	5,918			5,91
8		Cinergy Canada, Inc.	149,058	215,905		364,96
9		Cinergy Capital & Trading, Inc.	620,530	5,473,551		6,094,08
10		Cinergy Climate Change Investments, LLC Cinergy Corp.	200 34,491,960	6,099,956	<u> </u>	40,591,91
11		Duke Supply Network, LLC	533	0,099,950		40,091,9
12 13		Cinergy Global Power, Inc.	420,695	8,277		428,97
14		Cinergy Global Resources, Inc.	90,594	645,085		735,67
15		Cinergy Holdings BV	136	040,000		13
16		Cinergy Investments, Inc.	50,122	6,265		56,38
17		Cinergy Power Generation Services, LLC	205,736			205,73
18		Cinergy Solutions - Demand, Inc.	265,940			265,94
19		Cinergy Solutions - Utility, Inc.	1,207,256	251,473		1,458,72
20		Cinergy Wholesale Energy, Inc.	200			20
21		CinFuel Resources, Inc.	4,403			4,40
22		Crescent Resources, LLC	429,703	3,172,480)	3,602,18
23		CSGP of Southeast Texas, LLC	1,564,403	251,035	1	1,815,43
24		CSGP Services, L.P.	3,824	(164)		3,66
25		CST Green Power, L.P.	150			18
26		DEGS EPCOM College Park, LLC	1,574			1,57
27		DEGS GASCO, LLC	781	8,406		9,18
28		DEGS O&M, LLC	230,828			244,20
29		DEGS of Boca Raton, LLC	8,230	46,298		54,5
30		DEGS of Cincinnati, LLC	21,926	60,071		81,9
31		DEGS of Delta Township, LLC	478,371	77,883 9,010		556,2
32		DEGS of Lansing, LLC DEGS of Monaca, LLC	153,194 766,916			992,9
		DEGS of Narrows, LLC	766,916	605,150		1,346,9
		DEGS of Oklahoma, LLC	67,888	(49)		67,8
33 34 35		DEGS of Parlin, LLC	21,401		<u></u>	21,4
34 35				100 400	<u></u>	400,8
34 35 36			291,442	109,408	·	
34 35		DEGS of Philadelphia, LLC DEGS of Rock Hill, LLC	291,442	109,408		3,7

Name of Respondent Duke Energy Shared Services, Inc.	This Report Is: (1) X An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 05/01/2007	Year/Period of Report Dec 31, 2006
Account 457 – Analysis of Billing			

Line No.	Account Number (a)	Description (b)	Direct Costs Charged (c)	Indirect Costs Charged (d)	Compensation For Use of Capital (e)	Total Amount Billed (f)
1	457	Name of Associate Companies:				
2		DEGS of Shreveport, LLC	516,378	20,815		537,193
3		DEGS of South Charleston, LLC	58,029	(16)		58,013
4		DEGS of St. Bernard, LLC	261,389	357,692		619,081
5		DEGS of St. Paul, LLC	95,220	(16)		95,204
6		DEGS of Tuscola, Inc.	607,528	115,832		723,360
7		Delta Township Utilities, LLC	36,168			50,791
8		Duke Broadband, LLC	785,158	76,805		861,963
9		Duke Communications Holdings, Inc.	950			950
10		Duke Energy Business Services, LLC	1,745,220			1,745,220
11		Duke Energy Carolinas, LLC	3,097,086	58,986,883		62,083,969
12		Duke Energy Engineering, Inc.	960			960
13		Duke Energy Field Services, LLC	29,900	2,074,767		2,104,667
14		Duke Energy Gas Transmission, LLC	196,657	11,671,186		11,867,843
15		Duke Energy Generation Services Holding Company, Inc.	703,578	9,183,090		9,886,668
16		Duke Energy Generation Services, Inc.	5,458,272	1,295,934		6,754,206
17		Duke Energy Indiana, Inc.	97,712,456	141,803,488		239,515,944
18		Duke Energy Industrial Sales, LLC	28,320			28,320
19		Duke Energy International, LLC	26,955	2,006,852		2,033,807
20		Duke Energy Kentucky, Inc.	17,237,276	23,476,379		40,713,655
21		Duke Energy Merchants, LLC	2,609	68,958		71,567
22		Duke Energy North America, LLC	1,956	26,807		28,763
23		Duke Energy Ohio, Inc.	94,442,222	184,046,211		278,488,433
24		Duke Energy One, Inc.	1,220,612	184,257		1,404,869
25		Duke Energy Retail Sales, LLC	21,868	(17)		21,851
26		Duke Energy Royal, LLC		30,962		30,962
27		Cinergy Marketing & Trading, LP	8,529,776	9,425,211		17,954,987
28		Duke Project Services, Inc.	1,305	28,637		29,942
29		Duke Supply Network, LLC	10,862			10,862
30		Duke Technologies, Inc.	362			362
31		Duke Ventures II, LLC	333			333
32		Duke Ventures, LLC	841,154	287,708		1,128,862
33		Duke/Fluor Daniel		11,655		11,655
34		DukeNet Communications, LLC	147,949	326,497		474,446
35		DukeTec I, LLC	800			800
36		Environmental Wood Supply, LLC		54,715		54,715
37		KO Transmission Company	93,338	45,074		138,412
38		LH1, LLC	261			261
39		Miami Power Corporation	1,546			1,546

Duk	e of Respo	ondent	This Repor	t Is: Re	Page 1 of 76 esubmission Date (Mo, Da, Yr)	Year/Period of Repo
	e Energy S	Shared Services, Inc.		n Original Resubmission	05/01/2007	Dec 31, <u>2006</u>
		Account 457 - Analys	sis of Billing – Associate		ued)	
	Account	Description	Direct Costs Charged	Indirect Costs Charged	Compensation For Use	Total Amount Billed
.ine No.	Number		(c)	(d)	of Capital (e)	(f)
1	(a) 457	(b) Name of Associate Companies:				
2	437	Oak Mountain Products, LLC	877,155	2,198,276		3,075,4
3		Ohio River Valley Propane, LLC	2,352	14,622		16,9
4		Pine Mountain Products, LLC	45,651	11,022		45,6
5		St. Paul Cogeneration, LLC		325,934		325,9
6		Texas Eastern Products Pipeline Company, LLC	191,976			10,754,2
7-		Tri-State Improvement Company	21,497	137,320		158,8
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36 37						
35 36 37 38						
36 37		Total				

							Page 1 of 76	
	e of Respo		This	Repor	t ls: • Original	Re	submission Date (Mo, Da, Yr)	Year/Period of Repo
Duk	e Energy S	hared Services, Inc.	(1) (2)		n Original Resubmission		05/01/2007	Dec 31, <u>2006</u>
		Account 458 Analys		- Janana -		anies	, ,	
1. 1	For servic	es rendered to nonassociate companies (Acc						otnote. describe
the	services	endered to each respective nonassociate co	npany.	un or			ompanioo. mator	
					r			
	Account Number	Description	Direct Costs Ch	arged	Indirect Costs Cha	arged	Compensation For Use of Capital	Total Amount Billed
Line No.	Number		(c)		(d)		(e)	(f)
	(a)	(b)						
1	458	Name of Non-associate Companies:						
2								
3			 					
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37 38			<u> </u>					
38 39								
40		Total	<u> </u>					
			<u> </u>		<u> </u>			
					[

Nam	ne of Re	spondent		This Repo		Resubmissio	age 1 of 76	ar/Period of Repo
Duk	e Energ	y Shared Services, Inc.		(1) 区/	An Original	(Mo, Da, 05/01/20	Yr)	31, <u>2006</u>
		Schedule XVI- Analy	reis of Charges for		A Resubmission			
1.	Total c	ost of service will equal for associa						e analysis of
		edules.						5 aa.) 5.6 5.
	Account	Title of Account	Associate Company	Associate Company	Associate Company	Nonassociate	Nonassociate	Nonassociate
.ine	Number		Direct Cost	Indirect Cost	Total Cost	Company Direct Cost	Company Indirect Cost	Company Total Cost
No.		(b)	(c)	(d)	(e)			
	(a)					(f)	(g)	(h)
1	920	Salaries and Wages	81,535,825	161,789,509	243,325,334			
2	921	Office Supplies and Expenses	6,125,174	49,684,327	55,809,501			
3	922	Administrative Expense Transferred - Credit	(13,881)	(244,678)	(258,559)			
4	923	Outside Services Employed	6,370,648	92,441,220	98,811,868			
5	924	Property Insurance						
6	925	Injuries and Damages	89,997	1,531,511	1,621,508			
7	926	Employee Pensions and Benefits	28,344,117	39,298,640	67,642,757			
8	928	Regulatory Commission Expense	74,849	626,885	701,734			
9	930 1	General Advertising Expenses	32,667	16,374	49,041			
10	930 2	Miscellaneous General Expenses	1,823,570	13,898,488	15,722,058			
11	931	Rents	3,601,412	35,799,210	39,400,622			
12		Other Accounts (provide details in a footnote)						
13	403	Depreciation and Amortization Expense	17,451	13,081,257	13,098,708			
4	408	Taxes Other Than Income Taxes	1,835,099	13,448,914	15,284,013			
15	409	Income Taxes	(26,777,972)		(26,777,972)			
16	410	Provision For Deferred Income Taxes	(3,395,286)		(3,395,286)			
17	411	Provision For Deferred Income Taxes - Credit	29,398,806		29,398,806			
18	411 5	Investment Tax Credit		- <u></u>				
19	426 1	Donations	1,668		1,668			
20	426 5	Other Deductions	735,159	282,663	1,017,822			
21	427	Interest on Long-Term Debt					 	
22	430	Interest on Debt to Associate Companies		2,153,652	2,153,652			
	431	Other Interest Expense	129,208	3,409	132,617			
24		Other Accounts (provide details in a footnote)	148,355,965		202,041,928		[
25		TOTAL EXPENSE	278,284,476	477,497,344	755,781,820			
26		 						
27		Compensation for Use of Equity Capital						
28		Interest on Debt to Associate Companies						
		Other Accounts (provide details in a footnote)						
29		TOTAL COST OF SERVICE	278,284,476	477,497,344	755,781,820			

							Page 1 of 7	
		spondent gy Shared Services, Inc.		This Rep (1) X (2)	oort Is: An Original A Resubmission	Resubmiss (Mo, Da 05/01/20	ı, Yr)	Year/Period of Repor Dec 31, <u>2006</u>
		Schedule XVI- Analysis of Cha	arges for Service- As	sociate a	nd Non-Associate	Companies (continued)
Line	Account Number	Title of Account	Total Charges for Se Direct Cost (i)	rvices	Total Charges fo Indirect C (j)		Tota	al Charges for Services Total Cost (k)
No.	(a)	(b)						
1	920	Salaries and Wages		****				
2	921	Office Supplies and Expenses						
3	922	Administrative Expense Transferred - Credit						
4	923	Outside Services Employed						
5	924	Property Insurance						
6	925	Injuries and Damages						
7	926	Employee Pensions and Benefits						
8	928	Regulatory Commission Expense						
9	930 1	General Advertising Expenses						
10	930.2	Miscellaneous General Expenses						
11	931	Rents						<u></u>
12		Other Accounts (provide details in a footnote)						
13	403	Depreciation and Amortization Expense						
14	408	Taxes Other Than Income Taxes		*****				
15	409	Income Taxes						
16	410	Provision For Deferred Income Taxes						
17	411	Provision For Deferred Income Taxes - Credit						
18	411.5	Investment Tax Credit						
19	426 1	Donations						
20	426.5	Other Deductions						
21	427	Interest on Long-Term Debt						
22	430	Interest on Debt to Associate Companies						
23	431	Other Interest Expense						
24		Other Accounts (provide details in a footnote)						
25		TOTAL EXPENSE						
26								
27		Compensation for Use of Equity Capital						
28		Interest on Debt to Associate Companies						
29		Other Accounts (provide details in a footnote)						
30		TOTAL COST OF SERVICE						

Name of Respondent	This Report is:	Resubmission Date	Year of Report
	(1) <u>X</u> An Original	(Mo, Da, Yr) 05/01/2007	2006
Duke Energy Shared Services, Inc.	(2) A Resubmission	05/01/2007	2008
	FOOTNOTE DATA		

	le Page: 304 Line No.: 24 Column: c		
	E - Income Statement	¢1 654 401	
01	Operation Expense	\$1,654,421	
15	Jobbing and Contract Work	(511)	
16	Costs and expenses of merchandising, jobbing, and contract wor		
17	Revenues from Nonutility Operations	41,634	
19	Interest and Dividend Income	(189,486)	
21	Miscellaneous non-operating income	45,416	
32	Allowance for borrowed funds used during construction - Credit		
35	Extraordinary Deductions	-	
00-557	Power Production	45,166,697	
60-573	Transmission Expense	1,995,381	
	Distribution Expense	3,895,311	
	Gas Operations	470,726	
	Customer Accounts	1,259,006	
	Customer Service & Informational Expenses	1,060,144	
	Sales Expenses	378	
35	Maintenance of General Plant	183,709	
00		\$56,188,141	
		φ00, 100, 1 4 1	
YDENC	SE - Balance Sheet		
		\$86,760,300	
07	Construction Work in Progress		
08	Accumulated provision for depreciation of utility plant	611,635	
63	Stores Expense Undistributed	45,436	
82	Other Regulatory Assets	587,662	
83	Preliminary Survey and investigation charges	(122,247)	
84	Clearing accounts	395,807	
86	Miscellaneous Deferred Debits	<u>3,889,231</u>	
	Total Expense - Balance Sheet	\$92,167,824	······································
	le Page: 304 Line No.: 24 Column: d		
XPENS	SE - Income Statement		
01	Operation Expense	-	
15	Jobbing and Contract Work		
16	Costs and expenses of merchandising, jobbing, and contract wor	[.] k 18,446	
17	Revenues from Nonutility Operations	-	
19	Interest and Dividend Income	(763,592)	
21	Miscellaneous non-operating income	(,,	
32	Allowance for borrowed funds used during construction - Credit	(865,596)	
		5,697,895	
35	Extraordinary Deductions	3,417,761	
	Power Production		
	Transmission Expense	4,484,282	
	Distribution Expense	4,179,428	
807-894	Gas Operations	739,129	
01-905	Customer Accounts	18,928,702	
08-910	Customer Service & Informational Expenses	4,077,942	
	Sales Expenses	173,756	
911-916	Maintenance of General Plant	5 <u>,044,188</u>	
		\$45,132,341	
911-916 935			
935	SF - Balance Sheet	. , ,	
935 E XPEN S	SE - Balance Sheet		
935 EXPENS 107	Construction Work in Progress	-	
935 E XPEN 107 108	Construction Work in Progress Accumulated provision for depreciation of utility plant	-	
935 EXPENS 107 108 163	Construction Work in Progress Accumulated provision for depreciation of utility plant Stores Expense Undistributed	519,704	
935 E XPEN 107 108	Construction Work in Progress Accumulated provision for depreciation of utility plant	-	

		Page 1 of 76	
lame of Respondent This Repo		Resubmission Date	Year of Report
(1) <u>X</u> An C		(Mo, Da, Yr)	
	esubmission	05/01/2007	2006
FOOTNOT	E DATA		
84 Clearing accounts	8.0	033,917	
86 Miscellaneous Deferred Debits	0,0	-	
Total Expense - Balance	e Sheet \$8.5	553,621	
chedule Page: 304 Line No.: 24 Column: e	<u> </u>		
XPENSE - Income Statement			
01 Operation Expense	\$1,6	654,421	
15 Jobbing and Contract Work		(511)	
16 Costs and expenses of merchandising, jobbing, and c	contract work 6	523,761	
17 Revenues from Nonutility Operations		41,634	
19 Interest and Dividend Income	(9	953,077)	
21 Miscellaneous non-operating income		45,416	
32 Allowance for borrowed funds used during construction		365,596)	
35 Extraordinary Deductions		597,895	
00-557 Power Production		584,458	
60-573 Transmission Expense		79,663	
80-598 Distribution Expense		74,739	
07-894 Gas Operations		09,855	
01-905 Customer Accounts		187,708	
08-910 Customer Service & Informational Expenses		38,086	
11-916 Sales Expenses		74,134	
35 Maintenance of General Plant		27,897	
	\$101,3	20,483	
XPENSE - Balance Sheet			
07 Construction Work in Progress	\$86,7	760,300	
08 Accumulated provision for depreciation of utility plant	e	611,635	
63 Stores Expense Undistributed		565,140	
82 Other Regulatory Assets		587,662	
83 Preliminary Survey and investigation charges		122,247)	
84 Clearing accounts		129,724	
86 Miscellaneous Deferred Debits		<u>389,231</u> 721,445	

Case No. 2011-124

						AG-DR-01-0 Page 1 of 76	137 (i) attachment
	ne of Respondent we Energy Shared Services, Inc.		T (1 (2		(Mo,	Da, Yr)	Year/Period of Repor Dec 31, <u>2006</u>
	Schedule	XVII – Schedule o	f Expense Distrit	bution by Departm	ent or Service Fu	nction	
1.1	ist each department or service fι	unction according	to the Uniform S	System of Accoun	ts.		
ine	Description/Department or Service (a)	Salaries and Wages (920)	Office Supplies and Expenses (921)	Administrative Expense Transferred – Credit (922)	Outside Services Employed (923)	Property Insurance (924)	e Injuries and Damages (925)
No.		(b)	(c)	(d)	(e)	(1)	(9)
1	List Each Department/Service						
2	Overhead						1
3	Accounting	27,156,978	1,242,466		9,726,551		
4	Marketing and Customer Relations	888,952	293,105		18,519		
5	Electric Trans and Dist Engineering and Construction	123,967	116,582				
6	Power Planning and Operations	14,554,614	5,018,214		1,538,600		9
7	Electric System Maintenance	1,339,463	417,178		5,313		86
8	Environmental Affairs	2,098,105	2,052,687		670,680		13
9	Executive	25,318,036	5,781,407		1,411,143		
10	Facilities	3,525,910	4,719,103		1,021,348		
11	Finance	78,372,586	14,110,676		23,984,474		1,442,75
12	Fuels	482,459	146,868		42,058		
13	Generation and Transmission Right of Way	4,122	10,876		24		
14	Human Resources	56,656,839	2,634,713	258,559	4,789,851		175,01
15	Internal Auditing	580,705	104,807		5,326,103		
16	Investor Relations	126,156	94,802		283,794		
17	Information Systems	14,983,202	14,230,182		40,943,679		
	1		4 407 000	1	0.000 500		1

		1					, ,
3	Accounting	27,156,978	1,242,466		9,726,551		
4	Marketing and Customer Relations	888,952	293,105		18,519		
5	Electric Trans and Dist Engineering and						
	Construction	123,967	116,582				
6	Power Planning and Operations	14,554,614	5,018,214		1,538,600		93
7	Electric System Maintenance	1,339,463	417,178		5,313		862
8	Environmental Affairs	2,098,105	2,052,687		670,680		130
9	Executive	25,318,036	5,781,407		1,411,143		
10	Facilities	3,525,910	4,719,103		1,021,348		
11	Finance	78,372,586	14,110,676		23,984,474		1,442,754
12	Fuels	482,459	146,868		42,058		
13	Generation and Transmission Right of Way	4,122	10,876		24		
14	Human Resources	56,656,839	2,634,713	258,559	4,789,851		175,011
15	Internal Auditing	580,705	104,807		5,326,103		
16	Investor Relations	126,156	94,802		283,794		
17	Information Systems	14,983,202	14,230,182		40,943,679		
18	Legal	7,678,984	1,437,628		6,982,523		559
19	Materials Management	1,099,979	586,414		104,262		
20	Meters	6,662	7,331				
21	Planning	2,185,300	632,794		1,652,335		
22	Power Engineering and Construction	828,524	332,076		280,051		2,099
23	Public Affairs	3,085,408	1,669,710		30,520		
24	Rates	2,223,660	169,882		40		
25	Transportation	4,723					
26							
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39							
40	Total	243,325,334	55,809,501	258,559	98,811,868		1,621,508
1							i i

	ne of Respondent ke Energy Shared Services, Inc.		(1		(Mo,	Da, Yr)	ar/Period of Repo
			(2	in the second of the second			c 31, <u>2006</u>
	Schedule XVII	 Schedule of Expension 	ense Distribution	by Department or	Service Function	(continued)	
1. [List each department or service f	unction according	to the Uniform S	system of Accour	lts.		
	Description/Department or Service	Employee Pensions and	Regulatory Commission	General Advertising	Miscellaneous General	Rents	Depreciation and
		Benefits	Expense	Expenses	Expenses	(931)	Amortization Expen
ine No.	(a)	(926) (h)	(928) (i)	(930 1) (j)	(930 2) (k)	(1)	(403) (m)
1	List Each Department/Service						
2	Overhead						13,098
3	Accounting	2,285,609			183,205	17,520,224	1
4	Marketing and Customer Relations	6,564,677		32,184	17,781	263,205	5
5	Electric Trans and Dist Engineering and Construction	1,850,356			13,440	77,980	>
6	Power Planning and Operations	19,880,858		483	134,302	449,227	7
7	Electric System Maintenance	1,083,988			8,770	73,729	9
8	Environmental Affairs	2,106,018			682,797	20,129)
9	Executive	3,255,179			2,242,034	108,902	2
10	Facilities	1,921,300			917	4,848,613	3
	Finance	6,432,500	701,648		11,240,847	392,930))
12	Fuels	515,299				3,773	3
	Generation and Transmission Right of Way	154,574				975	
14	Human Resources	3,530,163			37,505	264,872	2
	Internal Auditing	239,011				25,855	5
	Investor Relations	50,681			763	6,357	1
	Information Systems	6,372,647			1,065	14,396,593	3
18	Legal	3,182,093			760,004	104,909)
19	Materials Management	986,419			332,864	46,373	3
	Meters	898,931				161,840	, >
21	Planning	880,351				31,930	
	Power Engineering and Construction	3,190,016			17,168	87,017	7
	Public Affairs	1,147,461		16,374	48,596	467,35	
24	Rates	1,089,496	86			47,838	3
25	Transportation	25,130				······································	
26							
27							
28							
29							ļ
30							L
31							
32							
33							L
34		ļ					
35							
36							
37							
38							L
39							
10	Total	67,642,757	701,734	49,041	15,722,058	39,400,622	13,098

	e of Respondent e Energy Shared Services, Inc.		T (1 (2		(Mo,	Da, Yr)	ear/Period of Repo ec 31, <u>2006</u>
	Cahadula VIII	- Schedule of Expe		in the second			
1. L	ist each department or service fu	unction according	to the Uniform S	system of Accourt	its.		
Ī	Description/Department or Service	Taxes Other Than	Income Taxes	Provision For Deferred	Provision For Deferred	Investment Tax Cred	
ine	(-)	Income Taxes	(409)	Income Taxes	Income Taxes - Credit	(411.5)	(426.1)
No.	(a)	(408) (n)	(0)	(410) (p)	(411) (q)	(r)	(s)
1					.,		
		President and			and the second		
1	List Each Department/Service						
2	Overhead		(26,777,972)	(3,395,286)	29,398,806		
3	Accounting	(616,322)					
4	Marketing and Customer Relations	1,182,162					1,1
	Electric Trans and Dist Engineering and						
	Construction	(778,079)					
6	Power Planning and Operations	3,647,934					
7	Electric System Maintenance	199,920	·				
8	Environmental Affairs	375,030					
9	Executive	691,442					2
10	Facilities	335,712					
11	Finance	2,620,356					
	Fuels	94,216					
	Generation and Transmission Right of Way	28,733					
	Human Resources	4,207,135					
	Internal Auditing	44,242					
	Investor Relations						
		10,478					
	Information Systems	1,142,239	<u> </u>				
	Legal	579,367					
	Materials Management	178,198					
	Meters	159,045					
	Planning	158,307	1			·	
22	Power Engineering and Construction	568,578					
23	Public Affairs	255,171					2
24	Rates	195,558					
25	Transportation	4,591					
26							
27							
28							
29							
30						·····	
31							
32		·····				·	1
33							
34						·····	
34			<u> </u>				
36							
37							
38							
39							
	Total	15,284,013	(26,777,972)	(3,395,286)	29,398,806		1,6

							ge 1 of 76	
	ne of Respondent			This Report (1) X An	ls: Original	Resubmission (Mo, Da, Y	Date Year/P	Period of Repo
Duł	e Energy Shared Services, Inc.				Resubmission	05/01/2007	7 Dec 3	1, <u>2006</u>
	Schedule XVI	- Schedule of E	xpense Distribu	ition by Depart	ment or Service	e Function (cor	tinued)	
1.	ist each department or service	function accordi	ng to the Unifc	orm System of	Accounts.			
Line	Descriptior/Department or Service (a)	Other Deductions (426 5)	Interest on Long-Term Debt (427)	Interest on Debt to Associate Companies	Other Interest Expense (431)	Overhead	Other Accounts	Total Expense
No.		(1)	(u)	(430) (v)	(w)	(x)	(y)	(z)
1	List Each Department/Service		*					
2	Overhead	1,017,822					(953,077)	12,389,0
3	Accounting			2,153,652	132,617		2,595,495	62,380,4
4	Marketing and Customer Relations						25,330,821	34,592,5
5	Electric Trans and Dist Engineering and Construction						28,291,182	29,695,42
6	Power Planning and Operations						52,221,503	97,445,8
7	Electric System Maintenance						6,749,133	9,878,3
8	Environmental Affairs						6,224,987	14,230,50
9	Executive						852,663	39,661,0
10	Facilities						2,843,810	19,216,7
11	Finance						4,814,542	144,113,3
12	Fuels						1,234,781	2,519,4
13	Generation and Transmission Right of Way						2,131,509	2,330,8
14	Human Resources						594,023	72,631,5
15	Internal Auditing							6,320,7
16	Investor Relations							573,0
17	Information Systems						6,927,052	
18	Legal						316,798	
19	Materials Management						5,587,537	
20	Meters						4,063,501	
21	Planning						70,155	
22	Power Engineering and Construction						44,003,868	
23	Public Affairs						60,593	
24	Rates						435,623	
25	Transportation						7,645,429	7,679,8
26								
27								
28								
29								
30							<u> </u>	
31								
32								
33								
34 35								
							<u> </u>	
36 37							l	
37								
30								
20	1	1					1	
39 40	Total	1,017,822		2,153,652	132,617		202,041,928	755,781,8

Name of Respondent	This Report is:	Resubmission Date	Year of Report
	(1) <u>X</u> An Original	(Mo, Da, Yr)	
Duke Energy Shared Services, Inc.	(2) A Resubmission	05/01/2007	2006
	FOOTNOTE DATA		

Schedul	e Page: 305 Line No.: 2 Column: y			
Overhea	ad			
EXPENS	SE - Income Statement			
401	Operation Expense	\$	-	
415	Jobbing and Contract Work		-	
416	Costs and expenses of merchandising, jobbing, and contract work		~	
117	Revenues from Nonutility Operations		-	
419	Interest and Dividend Income		(953,077)	
121	Miscellaneous non-operating income		~	
432	Allowance for borrowed funds used during construction - Credit		-	
135	Extraordinary Deductions		~	
	Power Production		-	
	Transmission Expense		~	
	Distribution Expense		_	
	Gas Operations		-	
	Customer Accounts		~	
	Customer Service & Informational Expenses		_	
	Sales Expenses		-	
	Maintenance of General Plant		-	
935		 ¢		
	Total Expense - Income Statement	\$	(953,077)	
EXPENS	SE - Balance Sheet			
107	Construction Work in Progress	\$	_	
08	Accumulated provision for depreciation of utility plant		-	
163	Stores Expense Undistributed		-	
82	Other Regulatory Assets			
183	Preliminary Survey and investigation charges		-	
184	Clearing accounts		_	
86	Miscellaneous Deferred Debits		_	
	Total Expense - Balance Sheet	\$		
Schedul	e Page: 305 Line No.: 3 Column: y			
Accoun	ting			
	SE - Income Statement			
401	Operation Expense	\$	7,033	
15	Jobbing and Contract Work		-	
16	Costs and expenses of merchandising, jobbing, and contract work		-	
17	Revenues from Nonutility Operations		-	
19	Interest and Dividend Income		-	
121	Miscellaneous non-operating income		45,416	
132	Allowance for borrowed funds used during construction - Credit		(865,596)	
135	Extraordinary Deductions		5,697,895	
	Power Production		193,237	
	Transmission Expense		(397,345)	
	Distribution Expense		(51,368)	
	Gas Operations		(18,963)	
	Customer Accounts		(143,509)	
	Customer Accounts Customer Service & Informational Expenses		(1+0,000)	
	·		77	
	Sales Expenses Meintenance of Canoral Plant		-	
935	Maintenance of General Plant		49,432	

FERC FORM NO. 60 (NEW 12-05)

Footnotes.1

Case No. 2011-124
AG-DR-01-037 (i) attachment
Page 1 of 76

				Page 1 of 76	(i) attachment
Name of Res	pondent	This Report is:	Resul	omission Date	Year of Report
		(1) <u>X</u> An Original		/lo, Da, Yr)	
Duke Energy	y Shared Services, Inc.	(2) A Resubmission		05/01/2007	2006
		FOOTNOTE DATA			
	Total	Expense - Income Statemen	t\$	4,516,232	
EXPENSE - E	Balance Sheet				
07 Con	struction Work in Progress		\$	(1,884,269)	
08 Acci	umulated provision for depreciation of	utility plant		~	
63 Stor	es Expense Undistributed			2,269	
	er Regulatory Assets			-	
	iminary Survey and investigation charg	jes		1,381	
	aring accounts			~	
86 Misc	ellaneous Deferred Debits			(40,118)	
	Т	otal Expense - Balance Shee	t \$	(1,920,737)	
abadula Pa	ge: 305 Line No.: 4 Column: y				
	d Customer Relations				
XPENSE - I	ncome Statement				
01 Ope	ration Expense		\$	~	
15 Jobb	bing and Contract Work			~	
16 Cos	ts and expenses of merchandising, job	bing, and contract work		98,096	
17 Rev	enues from Nonutility Operations			-	
19 Inter	est and Dividend Income			-	
	cellaneous non-operating income			-	
	wance for borrowed funds used during	construction - Credit		-	
	aordinary Deductions				
	er Production			5,192	
	nsmission Expense			5	
	ribution Expense			83,564	
07-894 Gas				663	
	tomer Accounts			19,151,533	
	tomer Service & Informational Expens	es		4,961,471	
11-916 Sale	•			107,068	
35 Mair	ntenance of General Plant				
	l otal	Expense - Income Statemen	t \$	24,407,592	
	Balance Sheet				
	struction Work in Progress		\$	414,404	
	umulated provision for depreciation of	utility plant		-	
	es Expense Undistributed			-	
	er Regulatory Assets			491,309	
	iminary Survey and investigation charg	Jes		-	
	aring accounts			-	
86 Misc	cellaneous Deferred Debits	atal Evanas - Dalance Chao	 د ه	17,516	
	I	otal Expense - Balance Shee	t \$	923,229	
Schedule Pag					
	smission and Distribution Engineer	ing and Construction			
	ncome Statement		*		
	ration Expense		\$	-	
	bing and Contract Work			-	
	ts and expenses of merchandising, job	bung, and contract work		98,096	
	enues from Nonutility Operations			-	
419 Inter	rest and Dividend Income			-	

FERC FORM NO. 60 (NEW 12-05)

				Page 1 of 76	
lame of	Respondent	This Report is: (1) <u>X</u> An Original		omission Date ⁄lo, Da, Yr)	Year of Report
Duke Er	nergy Shared Services, Inc.	(2) A Resubmission		05/01/2007	2006
		FOOTNOTE DATA			
	Miscellaneous non-operating income	o and the stime of			
	Allowance for borrowed funds used during	g construction - Credit		-	
	Extraordinary Deductions			5,192	
	Power Production Transmission Expense			5,192	
	Distribution Expense			83,564	
	Gas Operations			663	
	Customer Accounts			19,151,533	
	Customer Service & Informational Expense	ses		4,961,471	
	Sales Expenses			107,068	
	Maintenance of General Plant			, 	
		I Expense - Income Statemer	nt \$	24,407,592	
		·	•	, ,	
	E - Balance Sheet				
	Construction Work in Progress		\$	414,404	
	Accumulated provision for depreciation of	utility plant		-	
	Stores Expense Undistributed			-	
	Other Regulatory Assets			491,309	
	Preliminary Survey and investigation char	ges		-	
	Clearing accounts			- 17 E16	
86	Miscellaneous Deferred Debits		 	17,516	
		Fotal Expense - Balance Shee	et \$	923,229	
chodula	e Page: 305 Line No.: 6 Column: y				
	lanning and Operations				
	E - Income Statement				
-01	Operation Expense		\$	184,879	
	Jobbing and Contract Work			-	
	Costs and expenses of merchandising, jo	bbing, and contract work		280	
	Revenues from Nonutility Operations			1,925	
	Interest and Dividend Income			-	
	Miscellaneous non-operating income			-	
	Allowance for borrowed funds used during	g construction - Credit		-	
	Extraordinary Deductions			-	
	Power Production			31,814,095	
	Transmission Expense			4,645,062	
	Distribution Expense			1,773,392	
	Gas Operations			403	
	Customer Accounts			140	
	Customer Service & Informational Expension	ses		-	
	Sales Expenses			-	
35	Maintenance of General Plant			102,402	
	Tota	I Expense - Income Statemer	nt \$	38,522,578	
YDENC	E - Balance Sheet				
07	Construction Work in Progress		\$	12,730,625	
08	Accumulated provision for depreciation of	futility plant	Ψ	5,072	
63	Stores Expense Undistributed	and bone			
182	Other Regulatory Assets			_	
	Preliminary Survey and investigation char	aes		(1,773,128)	
°83				<pre></pre>	
83 84	Clearing accounts	•		8,742	

				Case No. 2011- AG-DR-01-037 Page 1 of 76	
Name o	of Respondent	This Report is:	Resub	mission Date	Year of Report
		(1) <u>X</u> An Original		10, Da, Yr)	2006
Duke	Energy Shared Services, Inc.	(2) A Resubmission		55/01/2007	2006
		FOOTNOTE DATA			
86	Miscellaneous Deferred Debits			2,727,614	
00		Total Expense - Balance She	et \$	13,698,925	
			Οι ψ	10,000,020	
chedu	Ile Page: 305 Line No.: 7 Colum	n: y			
	c System Maintenance				
	ISE - Income Statement		۴	45 500	
01	Operation Expense		\$	15,532	
15	Jobbing and Contract Work	a jobbing and contract work		3,451	
16	Costs and expenses of merchandisir			5,451	
17	Revenues from Nonutility Operations Interest and Dividend Income			-	
19 21					
21 32	Miscellaneous non-operating income Allowance for borrowed funds used of			-	
32 35	Extraordinary Deductions			-	
	7 Power Production			127,662	
	3 Transmission Expense			337,241	
	8 Distribution Expense			898,037	
	4 Gas Operations			88,372	
	5 Customer Accounts			112,685	
	0 Customer Service & Informational Ex	kpenses		94,401	
	6 Sales Expenses			-	
935	Maintenance of General Plant			2,175	
		Total Expense - Income Stateme	nt \$	1,679,556	
EXPEN	ISE - Balance Sheet				
07	Construction Work in Progress		\$	5,028,010	
80	Accumulated provision for depreciati	on of utility plant		15,226	
63	Stores Expense Undistributed			4,513	
82	Other Regulatory Assets			-	
83	Preliminary Survey and investigation	charges		-	
84	Clearing accounts			3,482	
86	Miscellaneous Deferred Debits			18,346	
		Total Expense - Balance She	et \$	5,069,577	
					
	ule Page: 305 Line No.: 8 Colum nmental Affairs	п. у			
	VSE - Income Statement				
01	Operation Expense		\$	18,430	
15	Jobbing and Contract Work		Ŷ	-	
16	Costs and expenses of merchandisir	ng, jobbing, and contract work		-	
.17	Revenues from Nonutility Operations			-	
19	Interest and Dividend Income			-	
21	Miscellaneous non-operating income			-	
32	Allowance for borrowed funds used of			-	
35	Extraordinary Deductions	~		-	
	7 Power Production			5,177,928	
	3 Transmission Expense			280	
	8 Distribution Expense			1,907	
	4 Gas Operations			-	
	5 Customer Accounts			~	
	0 Customer Service & Informational E	xpenses		-	
	ORM NO. 60 (NEW 12-05)	Footnotes.4			

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lame of	Respondent	This Report is:		mission Date	Year of Report
		(1) <u>X</u> An Original		lo, Da, Yr)	0000
Duke Er	nergy Shared Services, Inc.	(2) A Resubmission	0	5/01/2007	2006
		FOOTNOTE DATA			
4 040					
	Sales Expenses			167	
935	Maintenance of General Plant	Total Evenena Income Statema	⊳ ∔ ⊄		
		Total Expense - Income Stateme	ΠΕΦ	5,198,712	
VDENO	C. Delever Chert				
	E - Balance Sheet Construction Work in Progress		\$	916,755	
	Accumulated provision for deprecia	tion of utility plant	Ψ	139	
	Stores Expense Undistributed				
	Other Regulatory Assets			_	
	Preliminary Survey and investigation	n charges		37,174	
	Clearing accounts	n onargeo		~	
	Miscellaneous Deferred Debits			72,207	
00		Total Expense - Balance She	ot ¢	1,026,275	
		rotar ⊏xpense - Balance Sne	сі Ф	1,020,270	
chodule	Page: 305 Line No.: 9 Colur	nn: v			
Executiv					
	E - Income Statement				
	Operation Expense		\$	-	
	Jobbing and Contract Work			-	
	Costs and expenses of merchandis	ing, jobbing, and contract work		238	
	Revenues from Nonutility Operation			-	
	Interest and Dividend Income			-	
	Miscellaneous non-operating incom	ie		-	
	Allowance for borrowed funds used			-	
	Extraordinary Deductions	Ū.		-	
	Power Production			(35,733)	
560-573	Transmission Expense			21	
	Distribution Expense			1,118	
	Gas Operations			281	
	Customer Accounts			-	
	Customer Service & Informational I	Expenses		-	
	Sales Expenses	-		-	
	Maintenance of General Plant			162	
		Total Expense - Income Stateme	nt \$	(33,913)	
EXPENS	E - Balance Sheet				
	Construction Work in Progress		\$	824,810	
108	Accumulated provision for deprecia	tion of utility plant		-	
163	Stores Expense Undistributed			-	
182	Other Regulatory Assets			61,766	
	Preliminary Survey and investigatio	n charges		-	
184	Clearing accounts			-	
186	Miscellaneous Deferred Debits		<u> </u>		
		Total Expense - Balance She	et \$	886,576	

racim	lies			
EXPE	NSE - Income Statement		 	
401	Operation Expense		\$ -	
415	Jobbing and Contract Work		-	
416	Costs and expenses of merchandising, jobbing,	and contract work	 -	
FERC	FORM NO. 60 (NEW 12-05) For	ootnotes.5	 	

vame or				mission Date	Year of Report
	1.	I) <u>X</u> An Original		o, Da, Yr)	2006
Duke Er	hergy Shared Services, Inc. (2	2) A Resubmission	0:	5/01/2007	2006
		FOOTNOTE DATA			
17	Revenues from Nonutility Operations			-	
	Interest and Dividend Income				
	Miscellaneous non-operating income				
	Allowance for borrowed funds used during c	opstruction - Credit			
	0	Sistuction - Credit			
	Extraordinary Deductions			1 754	
	Power Production			1,754	
	Transmission Expense			357	
	Distribution Expense				
	Gas Operations		ļ	-	
	Customer Accounts			1,402	
	Customer Service & Informational Expenses	<u> </u>			
	Sales Expenses			-	
935	Maintenance of General Plant			2,341,266	
	Total E	xpense - Income Statemen	it \$	2,344,779	
	E - Balance Sheet		· · · · · ·		
	Construction Work in Progress		\$	496,542	
	Accumulated provision for depreciation of ut	ility plant		-	
163	Stores Expense Undistributed			-	
182	Other Regulatory Assets			2,489	
183	Preliminary Survey and investigation charge	S			
184	Clearing accounts			-	
186	Miscellaneous Deferred Debits				
	Tet	L. L. L. L. Deleman Chan	1 0	400.001	
	101	al Expense - Balance Shee	et \$	499,031	
		al Expense - Balance Shee	et \$	499,031	
	e Page: 305 Line No.: 11 Column: y	al Expense - Balance Snee	ετ ֆ	499,031	
Finance	e Page: 305 Line No.: 11 Column: y	al Expense - Balance Shee	-π 	499,031	
Finance EXPENS	e Page: 305 Line No.: 11 Column: y E - Income Statement	al Expense - Balance Shee			
F inance E XPENS 401	E Page: 305 Line No.: 11 Column: y E - Income Statement Operation Expense	al Expense - Balance Shee	st \$	1,222,725	
Finance E XPENS 401 415	E Page: 305 Line No.: 11 Column: y E - Income Statement Operation Expense Jobbing and Contract Work			1,222,725	
F inance E XPENS 401 415 416	E Page: 305 Line No.: 11 Column: y E - Income Statement Operation Expense Jobbing and Contract Work Costs and expenses of merchandising, jobb			1,222,725 	
Finance E XPENS 401 415 416 417	E Page: 305 Line No.: 11 Column: y E - Income Statement Operation Expense Jobbing and Contract Work Costs and expenses of merchandising, jobb Revenues from Nonutility Operations			1,222,725	
Finance EXPENS 401 415 416 417 419	E Page: 305 Line No.: 11 Column: y E - Income Statement Operation Expense Jobbing and Contract Work Costs and expenses of merchandising, jobb Revenues from Nonutility Operations Interest and Dividend Income			1,222,725 	
Finance EXPENS 401 415 416 417 419 421	E Page: 305 Line No.: 11 Column: y E - Income Statement Operation Expense Jobbing and Contract Work Costs and expenses of merchandising, jobb Revenues from Nonutility Operations Interest and Dividend Income Miscellaneous non-operating income	ing, and contract work		1,222,725 	
Finance EXPENS 401 415 416 417 419 421 421 432	E Page: 305 Line No.: 11 Column: y E - Income Statement Operation Expense Jobbing and Contract Work Costs and expenses of merchandising, jobb Revenues from Nonutility Operations Interest and Dividend Income Miscellaneous non-operating income Allowance for borrowed funds used during c	ing, and contract work		1,222,725 	
Finance EXPENS 401 415 416 417 419 421 432 435	E Page: 305 Line No.: 11 Column: y E - Income Statement Operation Expense Jobbing and Contract Work Costs and expenses of merchandising, jobb Revenues from Nonutility Operations Interest and Dividend Income Miscellaneous non-operating income Allowance for borrowed funds used during c Extraordinary Deductions	ing, and contract work		1,222,725 - 17,203 3,077 - - - -	
Finance EXPENS 401 415 416 417 419 421 432 435 500-557	E Page: 305 Line No.: 11 Column: y E - Income Statement Operation Expense Jobbing and Contract Work Costs and expenses of merchandising, jobb Revenues from Nonutility Operations Interest and Dividend Income Miscellaneous non-operating income Allowance for borrowed funds used during c Extraordinary Deductions Power Production	ing, and contract work		1,222,725 - 17,203 3,077 - - - 1,805,040	
Finance EXPENS 401 415 416 417 419 421 432 435 500-557 560-573	E - Income Statement Operation Expense Jobbing and Contract Work Costs and expenses of merchandising, jobb Revenues from Nonutility Operations Interest and Dividend Income Miscellaneous non-operating income Allowance for borrowed funds used during c Extraordinary Deductions Power Production Transmission Expense	ing, and contract work		1,222,725 - 17,203 3,077 - - - 1,805,040 163	· · · · · · · · · · · · · · · · · · ·
Finance EXPENS 401 415 416 417 419 421 435 500-557 560-573 580-598	E - Income Statement Operation Expense Jobbing and Contract Work Costs and expenses of merchandising, jobb Revenues from Nonutility Operations Interest and Dividend Income Miscellaneous non-operating income Allowance for borrowed funds used during c Extraordinary Deductions Power Production Transmission Expense Distribution Expense	ing, and contract work		1,222,725 - 17,203 3,077 - - 1,805,040 163 2,943	
Finance EXPENS 401 415 416 417 419 421 432 435 500-557 560-573 580-598 807-894	E - Income Statement Operation Expense Jobbing and Contract Work Costs and expenses of merchandising, jobb Revenues from Nonutility Operations Interest and Dividend Income Miscellaneous non-operating income Allowance for borrowed funds used during c Extraordinary Deductions Power Production Transmission Expense Distribution Expense Gas Operations	ing, and contract work		1,222,725 - 17,203 3,077 - - 1,805,040 163 2,943 155,309	
Finance EXPENS 401 415 416 417 419 421 432 435 500-557 560-573 580-598 807-894 901-905	E Page: 305 Line No.: 11 Column: y E - Income Statement Operation Expense Jobbing and Contract Work Costs and expenses of merchandising, jobb Revenues from Nonutility Operations Interest and Dividend Income Miscellaneous non-operating income Allowance for borrowed funds used during c Extraordinary Deductions Power Production Transmission Expense Distribution Expense Gas Operations Customer Accounts	ing, and contract work onstruction - Credit		1,222,725 - 17,203 3,077 - - 1,805,040 163 2,943 155,309 380,138	
Finance EXPENS 401 415 416 417 419 421 432 435 500-557 560-573 580-598 307-894 901-905 908-910	E - Income Statement Operation Expense Jobbing and Contract Work Costs and expenses of merchandising, jobb Revenues from Nonutility Operations Interest and Dividend Income Miscellaneous non-operating income Allowance for borrowed funds used during c Extraordinary Deductions Power Production Transmission Expense Distribution Expense Gas Operations Customer Accounts Customer Service & Informational Expenses	ing, and contract work onstruction - Credit		1,222,725 - 17,203 3,077 - - 1,805,040 163 2,943 155,309	· · · · · · · · · · · · · · · · · · ·
Finance EXPENS 401 415 416 417 419 421 432 435 500-557 560-573 580-598 807-894 901-905 908-910 911-916	E - Income Statement Operation Expense Jobbing and Contract Work Costs and expenses of merchandising, jobb Revenues from Nonutility Operations Interest and Dividend Income Miscellaneous non-operating income Allowance for borrowed funds used during c Extraordinary Deductions Power Production Transmission Expense Distribution Expense Gas Operations Customer Accounts Customer Service & Informational Expenses Sales Expenses	ing, and contract work onstruction - Credit		1,222,725 - 17,203 3,077 - - 1,805,040 163 2,943 155,309 380,138 120 -	
Finance EXPENS 401 415 416 417 419 421 432 435 500-557 560-573 580-598 807-894 901-905 908-910 911-916	E - Income Statement Operation Expense Jobbing and Contract Work Costs and expenses of merchandising, jobb Revenues from Nonutility Operations Interest and Dividend Income Miscellaneous non-operating income Allowance for borrowed funds used during c Extraordinary Deductions Power Production Transmission Expense Distribution Expense Gas Operations Customer Accounts Customer Service & Informational Expenses Sales Expenses Maintenance of General Plant	ing, and contract work onstruction - Credit	\$	1,222,725 - 17,203 3,077 - - 1,805,040 163 2,943 155,309 380,138 120 - 119,770	
Finance EXPENS 401 415 416 417 419 421 432 435 500-557 560-573 580-598 807-894 901-905 908-910 911-916	E - Income Statement Operation Expense Jobbing and Contract Work Costs and expenses of merchandising, jobb Revenues from Nonutility Operations Interest and Dividend Income Miscellaneous non-operating income Allowance for borrowed funds used during c Extraordinary Deductions Power Production Transmission Expense Distribution Expense Gas Operations Customer Accounts Customer Service & Informational Expenses Sales Expenses Maintenance of General Plant	ing, and contract work onstruction - Credit	\$	1,222,725 - 17,203 3,077 - - 1,805,040 163 2,943 155,309 380,138 120 -	
Finance EXPENS 401 415 416 417 419 421 435 500-557 560-573 580-598 307-894 901-905 908-910 911-916 935	E Page: 305 Line No.: 11 Column: y E - Income Statement Operation Expense Jobbing and Contract Work Costs and expenses of merchandising, jobb Revenues from Nonutility Operations Interest and Dividend Income Miscellaneous non-operating income Allowance for borrowed funds used during c Extraordinary Deductions Power Production Transmission Expense Distribution Expense Gas Operations Customer Accounts Customer Accounts Customer Service & Informational Expenses Sales Expenses Maintenance of General Plant	ing, and contract work onstruction - Credit	\$	1,222,725 - 17,203 3,077 - - 1,805,040 163 2,943 155,309 380,138 120 - 119,770	
Finance EXPENS 401 415 416 417 419 421 432 435 500-557 560-573 580-598 807-894 901-905 908-910 911-916 935 EXPENS	E - Income Statement Operation Expense Jobbing and Contract Work Costs and expenses of merchandising, jobb Revenues from Nonutility Operations Interest and Dividend Income Miscellaneous non-operating income Allowance for borrowed funds used during c Extraordinary Deductions Power Production Transmission Expense Distribution Expense Gas Operations Customer Accounts Customer Service & Informational Expenses Sales Expenses Maintenance of General Plant Total E	ing, and contract work onstruction - Credit	\$ 1t \$	1,222,725 - 17,203 3,077 - - - 1,805,040 163 2,943 155,309 380,138 120 - - 119,770 3,706,488	
Finance EXPENS 401 415 416 417 419 421 432 435 500-557 560-573 580-598 807-894 901-905 908-910 911-916 935 EXPENS 107	E - Income Statement Operation Expense Jobbing and Contract Work Costs and expenses of merchandising, jobb Revenues from Nonutility Operations Interest and Dividend Income Miscellaneous non-operating income Allowance for borrowed funds used during c Extraordinary Deductions Power Production Transmission Expense Distribution Expense Gas Operations Customer Accounts Customer Service & Informational Expenses Sales Expenses Maintenance of General Plant Total E	ing, and contract work onstruction - Credit	\$	1,222,725 - 17,203 3,077 - - 1,805,040 163 2,943 155,309 380,138 120 - 119,770	
Finance EXPENS 401 415 416 417 419 421 432 435 500-557 560-573 580-598 307-894 901-905 908-910 911-916 935 EXPENS	E - Income Statement Operation Expense Jobbing and Contract Work Costs and expenses of merchandising, jobb Revenues from Nonutility Operations Interest and Dividend Income Miscellaneous non-operating income Allowance for borrowed funds used during c Extraordinary Deductions Power Production Transmission Expense Distribution Expense Gas Operations Customer Accounts Customer Service & Informational Expenses Sales Expenses Maintenance of General Plant Total E	ing, and contract work onstruction - Credit	\$ 1t \$	1,222,725 - 17,203 3,077 - - - 1,805,040 163 2,943 155,309 380,138 120 - - 119,770 3,706,488	

				Page 1 of 76	
Name of	Respondent	This Report is:	Resub	mission Date	Year of Report
	r	(1) <u>X</u> An Original		lo, Da, Yr)	
Duke Er	nergy Shared Services, Inc.	(2) A Resubmission	Ċ	5/01/2007	2006
		FOOTNOTE DATA			
	Other Regulatory Assets			-	
	Preliminary Survey and investigation charg	es		159,621	
	Clearing accounts			-	
86	Miscellaneous Deferred Debits			101,989	
	Т	otal Expense - Balance Shee	t\$	1,108,054	
	Denne 205 Line No. 42 Columnus				
cneauie ⁻ uels	Page: 305 Line No.: 12 Column: y				
	E - Income Statement				
	Operation Expense		\$	-	
	Jobbing and Contract Work		Ψ	_	
	Costs and expenses of merchandising, job	hing and contract work			
		bing, and contract work			
	Revenues from Nonutility Operations			-	
	Interest and Dividend Income				
	Miscellaneous non-operating income			-	
	Allowance for borrowed funds used during	construction - Credit		-	
	Extraordinary Deductions			-	
00-557	Power Production			1,234,781	
60-573	Transmission Expense			-	
	Distribution Expense			-	
	Gas Operations			-	
	Customer Accounts			_	
	Customer Service & Informational Expense	25		-	
	Sales Expenses			-	
	Maintenance of General Plant				
		Expanse Income Statemen	t \$	1,234,781	
	Total	Expense - Income Statemen	ιφ	1,204,701	
EXPENS	E - Balance Sheet				
	Construction Work in Progress		\$	-	
	Accumulated provision for depreciation of	utility plant	+	-	
	Stores Expense Undistributed	anity plant		-	
	-				
	Other Regulatory Assets	00		-	
	Preliminary Survey and investigation charg	63		-	
	Clearing accounts			-	
86	Miscellaneous Deferred Debits				
	Т	otal Expense - Balance Shee	t\$	-	
chodul	Page: 305 Line No.: 13 Column: y]
	on and Transmission Right of Way]
	E - Income Statement				
	Operation Expense		\$	762	
15			ψ	102	
	Jobbing and Contract Work	bing and contract work		1 160	
	Costs and expenses of merchandising, job	bing, and contract work		1,168	
	Revenues from Nonutility Operations			36,480	
19	Interest and Dividend Income			-	
	Miscellaneous non-operating income				
32	Allowance for borrowed funds used during	construction - Credit		-	
	Extraordinary Deductions			-	
	Power Production			130,141	
	Transmission Expense			236,802	
	Distribution Expense			44,355	
ERC FO	RM NO. 60 (NEW 12-05)	Footnotes.7			

			Page 1 of 76	
Name of Respondent	This Report is:	Resub	mission Date	Year of Report
	(1) <u>X</u> An Original	(M	lo, Da, Yr)	
Duke Energy Shared Services, Inc.	(2) A Resubmission	0	5/01/2007	2006
	FOOTNOTE DATA			
207 804 Cas Operations				
807-894 Gas Operations 901-905 Customer Accounts			-	
	2000		-	
908-910 Customer Service & Informational Exper	1565			
911-916 Sales Expenses 935 Maintenance of General Plant			-	
	al Evnance Incomo Statemor	.+ ¢	449,708	
TO	al Expense - Income Statemen	it \$	449,700	
EXPENSE - Balance Sheet				
107 Construction Work in Progress		\$	1,656,325	
108 Accumulated provision for depreciation of	of utility plant		10,062	
163 Stores Expense Undistributed			-	
182 Other Regulatory Assets	*		-	
183 Preliminary Survey and investigation cha	rges		15,414	
184 Clearing accounts	-		-	
186 Miscellaneous Deferred Debits				
	Total Expense - Balance Shee	t\$	1,681,801	
Schedule Page: 305 Line No.: 14 Column: Human Resources	y			
EXPENSE - Income Statement				
401 Operation Expense		\$	~	
415 Jobbing and Contract Work		Ψ	-	
416 Costs and expenses of merchandising, j	obbing, and contract work		4,381	
417 Revenues from Nonutility Operations			.,	
419 Interest and Dividend Income			-	
421 Miscellaneous non-operating income			-	
432 Allowance for borrowed funds used durir	ng construction - Credit		-	
435 Extraordinary Deductions	5			
500-557 Power Production			284,780	
560-573 Transmission Expense			-	
580-598 Distribution Expense			-	
807-894 Gas Operations			-	
901-905 Customer Accounts			2,878	
908-910 Customer Service & Informational Exper	ises		663	
911-916 Sales Expenses			-	
935 Maintenance of General Plant				
Tot	al Expense - Income Statemer	ıt \$	292,702	
EXPENSE - Balance Sheet		•	004 004	
107 Construction Work in Progress	e 1994 - 1	\$	301,321	
108 Accumulated provision for depreciation of	or utility plant			
163 Stores Expense Undistributed			-	
182 Other Regulatory Assets			-	
183 Preliminary Survey and investigation cha	irges		-	
184 Clearing accounts				
186 Miscellaneous Deferred Debits		<u></u>		
	Total Expense - Balance Shee	et \$	301,321	
Schedule Page: 305 Line No.: 17 Column:	V			
Information Systems				
EXPENSE - Income Statement				

				Page 1 of 76	
Name of				mission Date	Year of Report
		X An Original		lo, Da, Yr)	0000
Duke E	nergy Shared Services, Inc. (2)		C	05/01/2007	2006
	F	OOTNOTE DATA			
401	Operation Expense		\$	887	
115	Jobbing and Contract Work			-	
16	Costs and expenses of merchandising, jobbir	ig, and contract work		96	
117	Revenues from Nonutility Operations	-		-	
19	Interest and Dividend Income			-	
21	Miscellaneous non-operating income			-	
32	Allowance for borrowed funds used during co	nstruction - Credit		-	
35	Extraordinary Deductions			-	
	Power Production			130,889	
60-573	Transmission Expense			1,313	
	Distribution Expense			8,088	
307-894	Gas Operations			-	
01-905	Customer Accounts			426	
08-910	Customer Service & Informational Expenses			-	
11-916	Sales Expenses			-	
35	Maintenance of General Plant		*****	2,604,158	
	Total Ex	pense - Income Statemen	t \$	2,745,857	
	SE - Balance Sheet				
07	Construction Work in Progress		\$	4,180,334	
08	Accumulated provision for depreciation of util	ity plant		-	
63	Stores Expense Undistributed			-	
82	Other Regulatory Assets			-	
83	Preliminary Survey and investigation charges			-	
84	Clearing accounts			667	
186	Miscellaneous Deferred Debits			194	
	Toto	I Expense - Balance Shee	t\$	4,181,195	

Schedule Page: 305 Line No.: 18 Column: y Legal

EXPENSE - Income Statement

401	Operation Expense	\$	43,261
415	Jobbing and Contract Work	·	-
416	Costs and expenses of merchandising, jobbing, and contract work		
417	Revenues from Nonutility Operations		
419	Interest and Dividend Income		-
421	Miscellaneous non-operating income		-
432	Allowance for borrowed funds used during construction - Credit		-
435	Extraordinary Deductions		99.
500-557	Power Production		-
560-573	Transmission Expense		1,400
580-598	Distribution Expense		-
807-894	Gas Operations		-
901-905	Customer Accounts		-
908-910	Customer Service & Informational Expenses		772
911-916	Sales Expenses		-
935	Maintenance of General Plant		-
	Total Expense - Income Statement	\$	45,433
	•		

EXPENSE - Balance Sheet

	Footnotes.9
FERC FORM NO. 60 (NEW 12-05)	1 0001000.0

Name	of Respondent	This Report is:	Resubmission Date	Year of Report
		(1) <u>X</u> An Original	(Mo, Da, Yr)	
Duke Energy Shared Services, Inc.		(2) A Resubmission	05/01/2007	2006
		FOOTNOTE DATA		
107	Construction Work in Program		\$ 184	
107	Construction Work in Progress		م 104	
108	Accumulated provision for depreciation of utility plant		~	
163	Stores Expense Undistributed			
182	Other Regulatory Assets		31,282	
183	Preliminary Survey and investigatior	n charges	~	
184	Clearing accounts		-	
186	Miscellaneous Deferred Debits		239,899	
		Total Expense - Balance Sh	neet \$ 271,365	

Schedule Page: 305 Line No.: 19 Column: y			
Materials Management			
EXPENSE - Income Statement			
401 Operation Expense	\$	~	
415 Jobbing and Contract Work		***	
416 Costs and expenses of merchandising, jobbing, and contract work		~	
417 Revenues from Nonutility Operations		~	
419 Interest and Dividend Income		-	
421 Miscellaneous non-operating income		-	
432 Allowance for borrowed funds used during construction - Credit		-	
435 Extraordinary Deductions		-	
500-557 Power Production		1,408,948	
560-573 Transmission Expense		543	
580-598 Distribution Expense		3,535	
807-894 Gas Operations		-	
901-905 Customer Accounts		(299)	
908-910 Customer Service & Informational Expenses		-	
911-916 Sales Expenses		-	
935 Maintenance of General Plant			
Total Expense - Income Statement	\$	1,412,727	
EXPENSE - Balance Sheet			
	\$	3,548,324	
108 Accumulated provision for depreciation of utility plant	Ŧ	525	
163 Stores Expense Undistributed		558,358	
182 Other Regulatory Assets			
183 Preliminary Survey and investigation charges		-	
184 Clearing accounts			
186 Miscellaneous Deferred Debits		67,603	
	\$	4,174,810	
Total Expense - Balance Sheet	Φ	4,174,010	

Schedu	le Page: 305 Line No.: 20 Column: y		
Meters			
EXPEN	SE - Income Statement		
401	Operation Expense	\$ 34,868	
415	Jobbing and Contract Work	-	
416	Costs and expenses of merchandising, jobbing, and contract work	-	
417	Revenues from Nonutility Operations	-	
419	Interest and Dividend Income	-	
421	Miscellaneous non-operating income	-	
432	Allowance for borrowed funds used during construction - Credit	-	
435	Extraordinary Deductions	-	
FERC F	ORM NO. 60 (NEW 12-05) Footnotes.10		

				rage 1 of 70	
lame o	fRespondent	This Report is: (1) <u>X</u> An Original		mission Date lo, Da, Yr)	Year of Report
Duke E	nergy Shared Services, Inc.	(2) A Resubmission		5/01/2007	2006
		FOOTNOTE DATA			
	Power Production			-	
	Transmission Expense			3,539	
	Distribution Expense			2,675,660	
	Gas Operations			57,216	
	Customer Accounts			242,054	
	Customer Service & Informational Expense	Ses		79	
	Sales Expenses			1 202	
935	Maintenance of General Plant			1,202	
	Tota	I Expense - Income Statement	t \$	3,014,618	
VOEN	CE Delenes Chest				
07	SE - Balance Sheet Construction Work in Progress		\$	56,800	
07	Accumulated provision for depreciation of	utility plant	Ψ	113,737	
63	Stores Expense Undistributed	danty plant			
82	Other Regulatory Assets				
oz 83	Preliminary Survey and investigation char	aes		-	
84	Clearing accounts	900		878,156	
86	Miscellaneous Deferred Debits			190	
00		Total Expense - Balance Sheet	t \$	1,048,883	
		Fotal Expense - Dalance once	ιψ	1,040,000	
chedu	le Page: 305 Line No.: 21 Column: y	1			
Plannin					
XPEN	SE - Income Statement				
01	Operation Expense		\$	-	
15	Jobbing and Contract Work			-	
16	Costs and expenses of merchandising, jo	bbing, and contract work		-	
17	Revenues from Nonutility Operations			-	
19	Interest and Dividend Income			-	
21	Miscellaneous non-operating income			-	
-32	Allowance for borrowed funds used during	g construction - Credit		~	
35	Extraordinary Deductions			-	
	Power Production			-	
	Transmission Expense			-	
	Distribution Expense			1,483	
	Gas Operations			-	
	Customer Accounts			-	
	Customer Service & Informational Expension	ses		1,660	
	Sales Expenses			67,012	
35	Maintenance of General Plant				
	Tota	I Expense - Income Statement	t \$	70,155	
VDEM	CE Delenes Sheet				
	SE - Balance Sheet		¢	_	
07	Construction Work in Progress	utility plant	\$	-	
07 08	Construction Work in Progress Accumulated provision for depreciation of	utility plant	\$	-	
07 08 63	Construction Work in Progress Accumulated provision for depreciation of Stores Expense Undistributed	utility plant	\$	- - -	
07 08 63 82	Construction Work in Progress Accumulated provision for depreciation of Stores Expense Undistributed Other Regulatory Assets		\$	- - -	
07 08 63 82 83	Construction Work in Progress Accumulated provision for depreciation of Stores Expense Undistributed Other Regulatory Assets Preliminary Survey and investigation char		\$	- - -	
07 08 63 82 83 84	Construction Work in Progress Accumulated provision for depreciation of Stores Expense Undistributed Other Regulatory Assets Preliminary Survey and investigation char Clearing accounts		\$	- - - -	
EXPEN 07 08 63 82 83 83 84 86	Construction Work in Progress Accumulated provision for depreciation of Stores Expense Undistributed Other Regulatory Assets Preliminary Survey and investigation char Clearing accounts Miscellaneous Deferred Debits			- - - - - -	

FERC FORM NO. 60 (NEW 12-05)

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Jame of	Respondent	This Report is:	Resubr	nission Date	Year of Report
		(1) <u>X</u> An Original		o, Da, Yr)	
Duke E	nergy Shared Services, Inc.	(2) A Resubmission	05	5/01/2007	2006
-		FOOTNOTE DATA			
Schodul	e Page: 305 Line No.: 22 Colu	mn: y			
	Engineering and Construction				
	SE - Income Statement				
401	Operation Expense		\$	57,295	
415	Jobbing and Contract Work			(511)	
416	Costs and expenses of merchandis	ing, jobbing, and contract work		186,038	
417	Revenues from Nonutility Operation			-	
419	Interest and Dividend Income			-	
421	Miscellaneous non-operating incom	e		-	
432	Allowance for borrowed funds used	during construction - Credit		-	
435	Extraordinary Deductions			-	
500-557	Power Production			6,202,020	
560-573	Transmission Expense			308,343	
580-598	Distribution Expense			475,085	
807-894	Gas Operations			926,061	
901-905	Customer Accounts			3,922	
908-910	Customer Service & Informational I	Expenses		-	
911-916	Sales Expenses			-	
935	Maintenance of General Plant			1,688	
		Total Expense - Income Statem	ent \$	8,159,941	

FYPEN	SE - Balance Sheet	
107	Construction Work in Progress	\$ 33,694,331
108	Accumulated provision for depreciation of utility plant	75,762
163	Stores Expense Undistributed	
182	Other Regulatory Assets	-
183	Preliminary Survey and investigation charges	1,437,291
184	Clearing accounts	34
186	Miscellaneous Deferred Debits	 636,509
	Total Expense - Balance Sheet	\$ 35,843,927

Schedu	le Page: 305 Line No.: 23 Column: y	
Public .	Affairs	
EXPEN	SE - Income Statement	r
401	Operation Expense	<u>\$</u>
415	Jobbing and Contract Work	
416	Costs and expenses of merchandising, jobbing, and contract work	_
417	Revenues from Nonutility Operations	-
419	Interest and Dividend Income	
421	Miscellaneous non-operating income	
432	Allowance for borrowed funds used during construction - Credit	
435	Extraordinary Deductions	-
500-557	Power Production	5
560-573	Transmission Expense	-
580-598	Distribution Expense	
807-894	Gas Operations	
901-905	Customer Accounts	589
908-910	Customer Service & Informational Expenses	59,999
911-916	Sales Expenses	-
935	Maintenance of General Plant	-

				Page 1 of 76	
Name o	fRespondent	This Report is:	Resubn	nission Date	Year of Report
	1	(1) <u>X</u> An Original	(Mo	, Da, Yr)	
Duke I	Energy Shared Services, Inc.	(2) A Resubmission	05	/01/2007	2006
		FOOTNOTE DATA			
	To	tal Expense - Income Statement	\$	60,593	
XPEN	SE - Balance Sheet				
07	Construction Work in Progress		\$	-	
08	Accumulated provision for depreciation of	of utility plant		_	
63	Stores Expense Undistributed			-	
82	Other Regulatory Assets			-	
83	Preliminary Survey and investigation cha	arges		-	
84	Clearing accounts			-	
86	Miscellaneous Deferred Debits				
		Total Expense - Balance Sheet	\$	~	
chedu	le Page: 305 Line No.: 24 Column:	V			
Rates		A			
	SE - Income Statement		*		
01	Operation Expense		\$	~	
15	Jobbing and Contract Work				
16	Costs and expenses of merchandising, j	obbing, and contract work		~	
17	Revenues from Nonutility Operations			-	
19	Interest and Dividend Income			-	
21	Miscellaneous non-operating income			~	
32	Allowance for borrowed funds used durin	ng construction - Credit		~	
35	Extraordinary Deductions			-	
	7 Power Production			-	
	3 Transmission Expense			-	
	3 Distribution Expense			-	
	4 Gas Operations			-	
	5 Customer Accounts			434,807	
	Customer Service & Informational Expe	nses		-	
	6 Sales Expenses			-	
935	Maintenance of General Plant				
	lo	tal Expense - Income Statement	t \$	434,807	
EXPEN	SE - Balance Sheet				
107	Construction Work in Progress		\$	-	
108	Accumulated provision for depreciation	of utility plant		-	
63	Stores Expense Undistributed			-	
182	Other Regulatory Assets			816	
183	Preliminary Survey and investigation cha	arges			
184	Clearing accounts			-	
86	Miscellaneous Deferred Debits				
		Total Expense - Balance Sheel	t \$	816	
Schedu	Ile Page: 305 Line No.: 25 Column:	У			
Tranen	ortation				
	SE - Income Statement		*	o 4 · -	
EXPEN			\$	2,443	
EXPEN 401	Operation Expense				
EXPEN 401 415	Jobbing and Contract Work			-	
EXPEN 101 115 116	Jobbing and Contract Work Costs and expenses of merchandising,	jobbing, and contract work		-	
EXPEN 401 415	Jobbing and Contract Work	jobbing, and contract work		-	

				age 1 01 /0	
Vame of				mission Date	Year of Report
		1) <u>X</u> An Original		o, Da, Yr)	
Duke E	nergy Shared Services, Inc.	2) A Resubmission	0	5/01/2007	2006
		FOOTNOTE DATA			
21	Miscellaneous non-operating income			-	
32	Allowance for borrowed funds used during of	construction - Credit		_	
35	Extraordinary Deductions				
	Power Production			-	
	Transmission Expense			102	
	Distribution Expense			58,154	
	Gas Operations			-	
	Customer Accounts			-	
	Customer Service & Informational Expenses	e e		_	
	Sales Expenses	3		54	
) 11-310)35	Maintenance of General Plant			-	
			 ۲		
	i otal E	Expense - Income Statemen	t\$	60,753	
XPENS	SE - Balance Sheet				
07	Construction Work in Progress		\$	43,445	
08	Accumulated provision for depreciation of ut	tility plant		5,269	
63	Stores Expense Undistributed			-	
82	Other Regulatory Assets				
83	Preliminary Survey and investigation charge	S		-	
84	Clearing accounts			7,535,962	
86	Miscellaneous Deferred Debits			-	
		tal Expense - Balance Shee	t \$	7,584,676	

	ne of Respondent		This Report (1) X An	ls: F Original	Resubmission Date (Mo, Da, Yr)	Year/Period of Repo
Du	ke Energy Shared Services, Inc.			Resubmission		Dec 31, <u>2006</u>
		Account 920 – Depar	tmental Analysis of S	Salaries (continued	i)	
1.	For the name of department (Colum	n A), list each depart	ment or service fun	ction.		
	Name of Department	Dept Salary Expense Included	Dept Salary Expense	Dept Salary Expense	Dept Salary Expense	Number of Personnel
ine		in Amounts Bill to Others	Included in Amounts Bill to Others	Included in Amounts Bill Others	 Included in Amounts Bill to Others 	End of Year
No.	(a)	Total Amount	Devest Commonly	Other Associates	Necessiates	(1)
		(b)	Parent Company (c)	Other Associates (d)	Nonassociates (e)	(1)
1	Accounting	27,156,978	558,952	26,598,0	26	
2	Marketing and Customer Relations	888,952	31	888,9	21	;
3	Elect Trans and Dist Engineering and Construction	123,967	53	123,9	114	
4	Power Planning and Operations	14,554,614	11,514	14,543,1	00	5
5	Electric System Maintenance	1,339,463	75	1,339,3	88	
6	Environmental Affairs	2,098,105	1,030	2,097,0	75	
7	Executive	25,318,036	171,340	25,146,6		
8	Facilities	3,525,910	14,878	3,511,0	32	
9	Finance	78,372,586	30,907,270	47,465,3		
10	Fuels	482,459		482,4	59	
11	Generation and Transmission Right of Way	4,122		4,1		
12	Human Resources	56,656,839	1,588,957	55,067,8		
13	Internal Auditing	580,705	15,453	565,2		
14	Investor Relations	126,156	9,948	116,2		
15	Information Systems	14,983,202	29,382	14,953,8		
16	Legal	7,678,984	19,935	7,659,0		.
17	Materials Management	1,099,979	4,105	1,095,8		
18	Meters	6,662		6,6		
19	Planning	2,185,300 828,524	102	2,185,3		
20	Power Engineering and Construction	3,085,408	123	828,4		· · · · · · · · · · · · · · · · · · ·
21 22	Rates	2,223,660	24,462	2,223,6		
22 23	Transportation	4,723			15	
23 24						
25						
<u></u> 26						
27						
28						1
29						
30			····			
31						1
32	· · · · · · · · · · · · · · · · · · ·					
33						
34			······································			
35			······································			
36						
37						
38						
39						
40	Total	243,325,334	33,357,517	209,967,8	17	2,6
		1				1

					1 of 76	attacminent
Nam		This F	Report Is:	Resubmission E (Mo, Da, Yr))ate Year/	Period of Report
Duk	e eneruv anareg services, inc.	(1) (2)	X An Original A Resubmission	05/01/2007	Dec 3	81, <u>2006</u>
	Account 930.2 Miscellan					

their	rovide a listing of the amount included in miscellaneous general nature. Payments and expenses permitted by Section 321(b)(2) 83 in 1976 (2 U.S.C. 441(b)(2)) shall be separately classified.					
	Title of Account		••••••••••••••••••••••••••••••••••••••			punt c)
Line No.	(a)				()	וב
1	Information Systems Consulting and Services					1,618
2	Company Membership Fees and Dues					2,938,362
3	Directors' Fees					670,713
4	Miscellaneous Stores and Transportation Expenses					(34,712)
5	Licenses, Permits, Regulation					503,124
6	Director and Officer Liability Coverage					6,993,636
7	Merger Related Communications					3,720,199
8	Other Miscellaneous Items					929,118
9						
10						
11						
12 13						
13						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34					······	
35					<u></u>	
36 37						
37 38						
38 39						
······	Total				·····	15,722,058
40	Total		<u></u>			
				1		

		Case No. 2011-124 AG-DR-01-037 (i) attachment Page 1 of 76			
Name of Respondent	This Report is:	Resubmission Date	Year of Report		
	(1) <u>X</u> An Original	(Mo, Da, Yr)			
Duke Energy Shared Services, Inc.	(2) _ A Resubmission	05/01/2007	2006		
Sc	hedule XVIII Notes to Statement of Inco	ome			

Use the space below for important notes regarding the statement of income or any account thereof.
 Furnish particulars as to any significant increase in services rendered or expenses incurred at the end of the year.
 Notes relating to financial statements shown elsewhere in this report may be indicated here by reference.

See Schedule XIV - Notes to Financial Statements

Case No. 2011-124
AG-DR-01-037 (i) attachment
Page 1 of 76

Name of Respondent	This Report is:	Resubmission Date	Year of Report
	(1) X An Original	(Mo, Da, Yr)	
Duke Energy Shared Services, Inc.	(2) A Resubmission	05/01/2007	2006
	Organization Chart		

1. Attach a copy of service company's current organization chart.

ORGANIZATION CHART

Chairman of the Board, President, and Chief Executive Officer

- Executive

Group Executive & Chief Financial Officer	Group Executive & Chief Legal Officer	Group Executive & Chief Strategy & Policy & Regulatory Officer	Group Executive & Chief Nuclear Officer	Group Executive & Chief Administrative Officer	Group Executive & President, US Franchised Electric & Gas	Group Executive & President, Commercial Businesses	Executive Advisor to Chairman President & CEO
-Accounting -Finance -Information Systems -Investor Relations -Materials Management -Planning -Rates	-Internal Audit -Legal	-Planning -Public Affairs		-Facilities -Human Resources -Information Systems -Meters -Transportation -Rights of Way	 Electric System Maintenance Electric Transmission Distribution, Engineering & Construction Environmental Health & Safety Fuels Marketing and Customer Relations Meters and Transportation Planning Power Engineering and Construction Power Planning and Operations 	-Planning -Power Planning	

Name of Respondent	This Report is:	Resubmission Date	Year of Report
Duke Energy Shared Services, Inc.	(1) <u>X</u> An Original (2) A Resubmission	(Mo, Da, Yr) 05/01/2007	2006
	Methods of Allocation	<u></u>	

1.	List the currently effective methods of allocation being used by the service company.	
	METHODS OF ALLOCATION	

The allocation of expenses not directly attributable to a particular Client Company are based on the following factors:

1. Sales Ratio

A ratio, based on the applicable domestic firm kilowatt-hour electric sales (and/or the equivalent cubic feet of gas sales, where applicable), excluding intra-system sales, for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all utility Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually, or at such time as may be required due to a significant change.

2. Electric Peak Load Ratio

A ratio, based on the sum of the applicable monthly domestic firm electric maximum system demands for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all utility Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually, or at such time as may be required due to a significant change.

3. Number of Customers Ratio

A ratio, based on the sum of the applicable domestic firm electric customers (and/or gas customers, where applicable) at the end of a recent month in the preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all domestic utility Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually, or at such time as may be required due to a significant change.

4. Number of Employees Ratio

A ratio, based on the applicable number of employees at the end of a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually, or at such time as may be required due to a significant change.

5. Construction Expenditures Ratio

A ratio, based on the applicable projected construction expenditures, net of reimbursements, for the following twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). Separate ratios will be computed for total construction expenditures and appropriate functional plant (i.e., production, transmission, distribution, and general) classifications. This ratio will be determined annually, or at such time as may be required due to a significant change.

6. Circuit Miles of Electric Distribution Lines Ratio

A ratio, based on the applicable installed circuit miles of domestic electric distribution lines at the end of the preceding calendar year, the numerator of which is for a Client Company and the denominator of which is for all domestic utility Client Companies. This ratio will be determined annually, or at such time as may be required due to a significant change.

	Page 1 of 76		
Name of Respondent	This Report is: (1) X An Original	Resubmission Date (Mo, Da, Yr)	Year of Report
Duke Energy Shared Services, Inc.	(2) A Resubmission	05/01/2007	2006
	Methods of Allocation		

Case No. 2011-124

7. Circuit Miles of Electric Transmission Lines Ratio

A ratio, based on the applicable installed circuit miles of domestic electric transmission lines at the end of the preceding calendar year, the numerator of which is for a Client Company and the denominator of which is for all domestic utility Client Companies. This ratio will be determined annually, or at such time as may be required due to a significant change.

8. Number of Central Processing Unit Seconds Ratio

A ratio, based on the sum of the applicable number of central processing unit seconds expended to execute mainframe computer software applications for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company or Service Company Function, and the denominator of which is for all Client Companies, (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually, or at such time as may be required due to a significant change.

9. Revenues Ratio

A ratio, based on the total applicable revenues for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

10. Inventory Ratio

A ratio, based on the total applicable inventory balance for the preceding year, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). Separate ratios will be computed for total inventory and the appropriate functional plant (i.e., production, transmission, distribution, and general) classifications. This ratio will be determined annually or at such time as may be required due to a significant change.

11. Procurement Spending Ratio

A ratio, based on the total amount of applicable procurement spending for the preceding year, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. Separate ratios will be computed for total procurement spending and appropriate functional plant (i.e., production, transmission, distribution, and general) classifications. This ratio will be determined annually or at such time as may be required due to a significant change.

12. Square Footage Ratio

A ratio, based on the total amount of applicable square footage occupied in a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

13. Gross Margin Ratio

A ratio, based on the total applicable gross margin for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

Name of Respondent	This Report is:	Resubmission Date	Year of Report
	(1) <u>X</u> An Original	(Mo, Da, Yr)	
Duke Energy Shared Services, Inc.	(2) A Resubmission	05/01/2007	2006
	Methods of Allocation		

14. Labor Dollars Ratio

A ratio, based on the total applicable labor dollars for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

15. Number of Personal Computer Work Stations Ratio

A ratio, based on the total number of applicable personal computer work stations at the end of a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

16. Number of Information Systems Servers Ratio

A ratio, based on the total number of applicable servers at the end of a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

17. Total Property, Plant and Equipment Ratio

A ratio, based on the total applicable Property, Plant and Equipment balance (net of accumulated depreciation and amortization) for the preceding year, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

18. Generating Unit MW Capability Ratio

A ratio, based on the total applicable installed megawatt capability for the preceding year, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

		AG-DR-01-03 Page 1 of 76	7 (i) attachment
Name of Respondent	This Report is:	Resubmission Date	Year of Report
Duke Energy Shared Services, Inc.	(1) <u>X</u> An Original (2) A Resubmission	(Mo, Da, Yr) 05/01/2007	2006
Annual St	atement of Compensation for Use of Ca	pital Billed	

Case No. 2011-124

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1. Attach a copy of the annual statement supplied to each associate service company in support of the amount of compensation for use of capital billed during the calendar year.

None

e.

Form 60 Approved OMB No. 1902-0215 Expires 02/28/2010

THIS FILING IS

Item 1: X An Initial (Original) Submission OR 🔲 Resubmission No.



FERC FINANCIAL REPORT FERC FORM No. 60: Annual Report of Centralized Service Companies

This report is mandatory under the Public Utility Holding Company Act of 2005, Section 1270, Section 309 of the Federal Power Act and 18 C.F.R. § 366.23. Failure to report may result in criminal fines, civil penalties, and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider this report to be of a confidential nature.

Exact Legal Name of Respondent (Company)

Duke Energy Shared Services, Inc.

Year of Report Dec 31, 2007

FERC FORM No. 60 (12-06)

GENERAL INSTRUCTIONS FOR FILING FERC FORM NO. 60

I. Purpose

Form No. 60 is an annual regulatory support requirement under 18 CFR 366.23 for centralized service companies. The report is designed to collect financial information from centralized service companies subject to the jurisdiction of the Federal Energy Regulatory Commission. The report is considered to be a non-confidential public use form.

II. Who Must Submit

Unless the holding company system is exempted or granted a waiver by Commission rule or order pursuant to §§ 18 CFR 366.3 and 366.4 of this chapter, every centralized service company in a holding company system must prepare and file electronically with the Commission the FERC Form No. 60 then in effect pursuant to the General Instructions set out in this form.

III. How to Submit

Submit FERC Form No. 60 electronically through the Form No. 60 Submission Software. Retain one copy of each report for your files. For any resubmissions, submit the filing using the Form No. 60 Submission Software including a justification.

IV. When to Submit

Submit FERC Form No. 60 according to the filing date contained § 18 CFR 366.23 of the Commission's regulations.

V. Preparation

Prepare this report in conformity with the Uniform System of Accounts (18 CFR 101 and/or 17 CFR 256) (USof A). Interpret all accounting words and phrases in accordance with the USof A.

VI. Time Period

This report covers the entire calendar year.

VII. Whole Dollar Usage

Enter in whole numbers (dollars) only, except where otherwise noted. The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting period, and use for statement of income accounts the current year's amounts.

VIII. Accurateness

Complete each question fully and accurately, even if it has been answered in a previous report. Enter the word "None" where it truly and completely states the fact.

IX. Applicability

For any page(s) that is not applicable to the respondent, omit the page(s) and enter "NONE," or "Not Applicable" in column (c) on the List of Schedules, page 2.

X. Date Format

Enter the month, day, and year for all dates. Use customary abbreviations. The "Resubmission Date" included in the header of each page is to be completed only for resubmissions (see III. above).

XI. Number Format

Generally, except for certain schedules, all numbers, whether they are expected to be debits or credits, must be reported as positive. Numbers having a sign that is different from the expected sign must be reported by use of a minus sign.

XII. Required Entries

Do not make references to reports of previous years or to other reports instead of required entries, except as specifically authorized.

XIII. Prior Year References

Wherever (schedule) pages refer to figures from a previous year, the figures reported must be based upon those shown by the report of the previous year, or an appropriate explanation given as to why the different figures were used.

XIV. Where to Send Comments on Public Reporting Burden

The public reporting burden for the Form No. 60 collection of information is estimated to average 75 hours per response, including

- the time for reviewing instructions, searching existing data sources,
- · gathering and maintaining the data-needed, and
- completing and reviewing the collection of information.

Send comments regarding these burden estimates or any aspect of this collection of information, including suggestions for reducing burden, to:

Federal Energy Regulatory Commission, 888 First Street NE Washington, DC 20426 (Attention: Mr. Michael Miller, ED-33);

And to:

Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503 (Attention: Desk Officer for the Federal Energy Regulatory Commission).

No person shall be subject to any penalty if any collection of information does not display a valid control number (44 U.S.C. 3512(a)).

DEFINITIONS	
I. Respondent The person, corporation, or other legal entity in whose behalf the report is made.	

FERC FORM NO. 60 ANNUAL REPORT FOR SERVICE COMPANIES

	IDENTIFICATION		
01 Exact Legal Name of Respondent		02 Year	of Report
Duke Energy Shared Services, Inc.			Dec 31, <u>2007</u>
03 Previous Name (If name changed during the year)		04 Date of Name Chan	ige
05 Address of Principal Office at End of Year		11	
(Street, City, State, Zip Code)			
526 South Church Street, Charlotte, NC 28201			
06 Name of Contact Person	07 Title of Con	tact Person	
Michael S. Hendershott	Director Servi	ce Company Financial Acco	ounting & Reporting
08 Address of Contact Person	09 Telephone N	lumber of Contact Person	
400 South Tyron Street, Charlotte, NC 28201	(980) 37	'3-7703	
10 This Report is:	11 Date of Rep	ort	
(1) XAn Original	(Month, Day, Y		
(2) A Resubmission	04/30/2008		
12 Date of Incorporation	13 If Not Incorporated	, Date of Organization	
02/23/1994	11		
14 State or Sovereign Power Under Which Incorporated or Organ	nized		
DELAWARE			
15 Name of Principal Holding Company Under Which Reporting (Company is Organized:		
Duke Energy Corporation			
	Signature Clause	of 200E and the rules	and requilations of the
Pursuant to the requirements of the Public Utility H Federal Energy Regulatory Commission issued the			
be signed on its behalf by the undersigned officer t			
16 Name of Signing Officer	18 Signature of Sign	ing Officer	19 Date Signed
Steven K. Young	To Signature of Sign	ng Onicer	(Month, Day, Year)
			04/30/2008
17 Title of Signing Officer Senior Vice President, Controller	Steven K. Young		

Case No. 2011-124 AG-DR-01-037 (ii) attachment

Dame of Respondent This Report Is: (2) The Report Is: (3) Resubmission Date (Mo, Da. Y) Year/Period of Rep (Mo, Da. Y) List of Schedules and Accounts Enter In Column (c) the terms "None" or "Not Applicable" as appropriate, where no information or amounts have been reported for ertain pages. Omit pages where the responses are "None" or "Not Applicable." Page Reference (b) Remarks (c) ne for Description (a) Description Page Reference (b) Remarks (c) Remarks (c) schedule I: Comparative Balance Sheet 101-102 Schedule II: Accumulated Provision for Depreciation and Amotization of Service Company Property 103 Schedule IV: Accumulated Provision for Depreciation and Amotization of Service Company Property 104 Schedule II: Accumulated Provision for Depreciation and Amotization of Service Company Property 104 Schedule V: Accumulated Provision for Depreciation and Amotization of Service Company Property 104 Schedule VI: Accumulated Provision for Depreciation and Amotization of Service Company Property 104 Schedule VI: Accumulated Provision for Depreciation and Amotization of Service Company Property 104 Schedule VI: Sectore Expenses Undistributed 106 Schedule VI: Accumulated Provision for Depreciation and Account Assets 108 None 108 Schedule VII: Inscelements Usuret and Accrued Assets 108 None				AG-DR-01 Page 1 of 8	-037 (ii) attachment
Date Energy Shared Services, Inc. (2) A Resubmission 04/30/2008 Dec 31, 2007 List of Schedules and Accounts Enter in Column (c) the terms "None" or "Not Applicable" as appropriate, where no information or amounts have been reported for artain pages. Omit pages where the responses are "None" or "Not Applicable." ne loss Description Page Reference Remarks (a) Description (b) Col Schedule II - Comparative Balance Sheet 101-102 Schedule II - Accumulated Provision for Depreciation and Anonization of Service Company Property 103 Schedule IV - Investments 106 Schedule II - Accumulated Provision for Depreciation and Anonization of Service Company Property 104 Schedule VI - FuerSize Expense Undistributed 107 Not Applicable Schedule VI - Morestments 106 None Schedule VI - Miscellaneous During and Accound Assist 109 Not Applicable Schedule VI - Miscellaneous During and Accound Assist 109 Not Applicable Schedule VI - Miscellaneous During and Accound Assist 109 Not Applicable Schedule VI - Miscellaneous During and Accound Assist 109 Not Applicable Sche	lam	e of Respondent This R	eport Is:	Resubmission Date	Year/Period of Rep
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Enter in Column (c) the terms "None" or "Not Applicable" as appropriate, where no information or amounts have been reported for entain pages. Omit pages where the responses are "None" or "Not Applicable." ne lo Description		(2)		04/30/2006	<u> </u>
ne (a) (b) (c) Schedule 1 - Comparative Balance Sheet 101-102 Schedule II - Service Company Property 103 Schedule II - Accumulated Provision for Depreciation and Amorization of Service Company Property 104 Schedule IV - Investments 105 Schedule V - Accounts Receivable from Associate Companies 106 Schedule V - Scouts Expenses Undistributed 108 Schedule VI - Stores Expense Undistributed 108 Schedule XII - Miscellaneous Current and Accrued Assets 109 Schedule XI - Research, Development, or Demonstration Expenditures 111 Schedule XII - Current and Accrued Liabilities 201 Schedule XII - Long-Term Debt 201 Schedule XII - Current and Accrued Liabilities 203 Schedule XIV - Notes to Financial Statements 204 Schedule XIV - Notes to Financial Statements 301 Schedule XVI - Analysis of Billing - Nonassociate Companies 302 Account 457 - Analysis of Statement 302 Schedule XVI - Notes to Financial Statements 304 Schedule XVI - Analysis of Statement 304 Account 458 - Analysis of Statement 305 Account 458 -	Er	nter in Column (c) the terms "None" or "Not Applicable" as appropriate,	where no informati	on or amounts have	been reported for
ne (a) (b) (c) Schedule 1 - Comparative Balance Sheet 101-102 Schedule II - Service Company Property 103 Schedule III - Accumulated Provision for Depreciation and Amorization of Service Company Property 104 Schedule V - Investments 105 Schedule V - Accounts Receivable from Associate Companies 106 Schedule V - Scouts Expense Undistributed 108 Schedule V - Miscellaneous Current and Accrued Assets 109 Schedule X - Research, Development, or Demonstration Expenditures 111 Schedule X - Research, Development, or Demonstration Expenditures 1111 Schedule XII - Long-Term Debt 2002 Schedule XIV - Notes for Financial Statements 2003 Schedule XVI - Notes for Financial Statements 2004 Schedule XVI - Notes for Financial Statements 3001 Schedule XVI - Notes for Financial Statements 302 Schedule XVI - Notes for Statement 301 Schedule XVI - Notes for Statement 302 Schedule XVI - Notes for Statement 304 Schedule XVI - Notes for Statement 304 Schedule XVI - Notes for Statement 305 Schedule XVI - Notes for Stat	1	Description		Page Reference	Remarks
io. Schedule I · Comparative Balance Sheet 101-102 Schedule II · Service Company Property 103 Schedule II · Service Company Property 104 Schedule II · Accumulated Provision for Depreciation and Amortization of Service Company Property 104 Schedule IV · Investments 105 Schedule VI · Accumulated Provision for Depreciation and Amortization of Service Company Property 104 Schedule VI · Accumulated Provision for Depreciation and Amortization of Service Company Property 106 Schedule VI · Accumuls Receivable from Associate Companies 106 Schedule VI · Stores Expense Undistributed 108 Schedule VII · Stores Expense Undistributed 108 Schedule VII · Stores Expense Undistributed 109 Not Applicable 110 Schedule VII · Stores Expense Undistributed 108 Schedule VII · Niscellaneous Current and Accrued Assets 109 Not Applicable 110 Schedule XI · Research, Development, or Demonstration Expenditures 111 Not Applicable 202 Schedule XII - Long-Term Debt 202 Schedule XII - Current and Accrued Liabilities 203 Schedule XIV - Notes to Financial Statements 301 Account 458 - Analysis of Billing - Nanasociate Companies 302 Account 450 - Analysis of Statement or Servi	ne				
Schedule II - Service Company Property 103 Schedule III - Accumulated Provision for Depreciation and Amorization of Service Company Property 104 Schedule IV - Investments 105 Schedule VI - Fuel Stock Expenses Undistributed 106 Schedule VI - Fuel Stock Expenses Undistributed 107 Not Applicable 108 Schedule VI - Stores Expenses Undistributed 108 Schedule VI - Stores Expenses Undistributed 108 Schedule VI - Miscellaneous Current and Accrued Assets 109 Schedule XI - Miscellaneous Deferred Debits 110 Schedule XI - Inscritting Capital 201 Schedule XI - Inscritting Capital 201 Schedule XI - Inorg-Term Debit 202 Schedule XII - Comparative Income Statements 204 Schedule XVI - Notes to Financial Statements 204 Schedule XVI - Notes to Financial Statements 301 Schedule XVI - Notes to Financial Statements 302 Schedule XVI - Notes to Financial Statements 302 Account 457 - Analysis of Billing - Associate Companies 303 Account 458 - Analysis of Charges for Service - Associate Companies 304 Schedule XVI - Notes to Statement I Analysis o	lo.				
Schedule II - Service Company Property 103 Schedule III - Accumulated Provision for Depreciation and Amortization of Service Company Property 104 Schedule IV - Investments 105 Schedule VI - Fuel Stock Expenses Undistributed 106 Schedule VI - Fuel Stock Expenses Undistributed 107 Schedule VII - Stores Expenses Undistributed 108 Schedule VII - Stores Expenses Undistributed 108 Schedule VII - Miscellaneous Current and Accrued Assets 109 Schedule VII - Miscellaneous Deferred Debits 110 Schedule VII - Proprietary Capital 201 Schedule XI - Proprietary Capital 201 Schedule XII - Current and Accrued Liabilities 203 Schedule XII - Not Applicable 204 Schedule XII - Current and Accrued Liabilities 203 Schedule XII - Not Applicable 204 Schedule XVI - Notes to Financial Statements 204 Schedule XVI - Notes to Financial Statements 301 Account 457 - Analysis of Billing - Associate Companies 302 Account 457 - Analysis of Charges for Service - Associate Companies 304 Schedule XVI - Analysis of Charges for Service - Associate Companies 304 <t< td=""><td></td><td>Schedule I - Comparative Balance Sheet</td><td></td><td>101-102</td><td></td></t<>		Schedule I - Comparative Balance Sheet		101-102	
Schedule IV - Investments105Schedule V - Accounts Receivable from Associate Companies106Schedule VI - Fuel Stock Expenses Undistributed107Not ApplicableSchedule VII - Stores Expense Undistributed108NoneSchedule VIII - Miscellaneous Current and Accrued Assets109Not ApplicableSchedule XII - Stores Expense Undistributed110Not ApplicableSchedule XI - Miscellaneous Current and Accrued Assets110Not ApplicableSchedule XI - Research, Development, or Demonstration Expenditures111Not ApplicableSchedule XI - Proprietary Capital201202Not ApplicableSchedule XII - Long-Term Debt202Not ApplicableSchedule XIV - Notes to Financial Statements203204Schedule XIV - Notes to Financial Statement301301Schedule XVI - Analysis of Billing - Associate Companies302303Account 458 - Analysis of Billing - Nonassociate Companies304304Schedule XVI - Schedule of Expense Instruction by Department or Service Function305305Account 920 - Departmental Analysis of Stateres307307Account 920 - Department of Income308308Account 920 - Department of Income308307Schedule XVIII - Notes to Statement of Income308307Schedule XV				103	
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	4		······	402	
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					Page 1 of 83	
		(1)	Report Is: [X] An Original	Res	(Mo, Da, Yr)	Year/Period of Repo
Duke	e Energy	/ Shared Services, Inc. (1) (2)	A Resubmissio		04/30/2008	Dec 31, 2007
		Schedule I - Comparative	Balance Sheet			
		ance sheet of the Company as of December 31 of the current nal accounts are needed, provide them in a footnote on the ap				
	Account	Description		Reference	As of Dec 31	As of Dec 31
ine	Number	(b)		Page No.	Current	Prior
No.	(a)			(c)	(d)	(e)
1		Service Company Property				
2	101	Service Company Property		103	103,074,681	99,701,6
3	107	Construction Work In Progress		103	21,654,733	19,278,2
4		Other Accounts (provide details in a footnote)		103	105,575	36,0
5		Total Property (Total of Lines 2-4)			124,834,989	119,015,9
6		Less: Accumulated Provision for Depreciation and Amortization of Service Company	Property	104	46,369,386	45,523,3
7		Less: Other Accounts (provide details in a footnote)			26,356,894	9,108,0
8		Net Service Company Property (Total of Lines 5-7)			52,108,709	64,384,6
9		Investments				
10	123	Investments In Associate Companies		105		
11	124	Other Investments		105	15,740,672	15,030,0
12		Other Accounts (provide details in a footnote)				
13		Total Investments (Total of Lines 10-12)			15,740,672	15,030,0
14		Current and Accrued Assets				
15	131	Cash	······································		61,173	67,4
16	134	Other Special Deposits				
17		Working Funds				5
18	136	Temporary Cash Investments		105		
19	141	Notes Receivable				
20	143	Accounts Receivable			4,476,938	3,700,1
21	144	Less: Accumulated Provision For Uncollectible Accounts			45	
22		Accounts Receivable From Associate Companies		106	99,338,314	126,437,4
23		Fuel Stock Expenses Undistributed		107		
24		Materials and Supplies				
25		Stores Expense Undistributed		108		
26		Prepayments			282,490	673,3
27		Miscellaneous Current and Accrued Assets		109		
28		Other Accounts (provide details in a footnote)				
29		Total Current and Accrued Assets (Total of Lines 15-28)			104,158,870	130,878,9
30		Deferred Debits			101,100,010	100,010,0
31	181	Unamortized Debt Expense				
32		Clearing Accounts				
33		Miscellaneous Deferred Debits		110	17,552,446	2,043,8
33 34	188	Research, Development, or Demonstration Expenditures		110	17,002,740	2,043,0
35 35		Accumulated Deferred Income Taxes			113,012,785	170,885,5
35 36	150	Other Accounts (provide details in a footnote)			110,012,700	C.600,01
36 37		Total Deferred Debits (Total of Lines 31-36)	~		130,565,231	172,929,3
37 38		TOTAL ASSETS AND OTHER DEBITS (TOTAL OF LINES 8, 13, 29 and 37)			302,573,482	383,222,9

Case No. 2011-124 AG-DR-01-037 (ii) attachment

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2007
of Dec 31
Prior
(e)
221,452,39
38,114,094
259,566,48
·····
154,044,59
45,498,88
77,887,68
13,137,00
28,459,655
9,756,08
48,849,38
320,713,97
321,853,55
321,853,55
221,94
383,222,99

Name of Respondent	This Report is:	Resubmission Date	Year of Report
Duke Energy Shared Services, Inc.	(1) <u>X</u> An Original (2) A Resubmission	(Mo, Da, Yr) 04/30/2008	2007
	FOOTNOTE DATA		

Schedule Page: 101 Line No.: 2 Column: e
The prior year amount for account 101 has been restated by \$44,887,435 to reflect
reclassification of purchase accounting adjustments from the 101 to 108 account.
Schedule Page: 101 Line No.: 4 Column: d
106 Completed Construction Not Classified - Electric \$105,575
Schedule Page: 101 Line No.: 4 Column: e
106 Completed Construction Not Classified - Electric \$36,090
Schedule Page: 101 Line No.: 6 Column: e
The prior year amount for account 108 has been restated by \$44,887,436 to reflect
reclassification of purchase accounting adjustments from the 101 to 108 account.
Schedule Page: 101 Line No.: 7 Column: d
111 Accumulated Provision for amortization of electric utility plant \$26,356,894
Schedule Page: 101 Line No.: 7 Column: e
111 Accumulated Provision for amortization of electric utility plant \$9,108,033
Schedule Page: 101 Line No.: 44 Column: d
208 Donations Received from Stockholders \$46,530,776
219 Accumulated Other Conprehensive Income (Loss) (\$25,296,021)
Schedule Page: 101 Line No.: 44 Column: e
208 Donations Received from Stockholders (\$669,224)
219 Accumulated Other Comprehensive Income (Loss) (\$37,444,870)
Schedule Page: 101 Line No.: 71 Column: d
Includes 283 Accumulated Deferred Income Taxes - Other of \$358,241
Schedule Page: 101 Line No.: 71 Column: e
Includes 283 Accumulated Deferred Income Taxes - Other of \$20,991

							Page 1 of 83	
		pondent		This Report I (1) X An C	s: Driginal		omission Date lo, Da, Yr)	Year/Period of Report
Duk	e Energy	/ Shared Services, Inc.			esubmission			Dec 31, <u>2007</u>
				ervice Company P				
2. 8 equ 3. [Subacco ipment Describe	an explanation of Other Changes bunts are required for each class of additions during the year and bal e other property (Account 311) in e each construction work in progre	of equipment owned ance at the close o a footnote.	d. The service co f the year.	ompany shall	footnote provide	e. e a listing by sub	paccount of
	Acct	Title of Account	Balance at Beginning	Additions	Retirements or	Sales	Other Changes	Balance at End of Year
Line No.	# (a)	(b)	of Year (c)	(d)	(e)		(f)	(g)
1	301	Organization						
2	303	Miscellaneous Intangible Plant	87,002,479	3,373,069				90,375,548
3	304	Land and Land Rights						
4	305	Structures and Improvements						
5	306	Leasehold Improvements	5,740,669	69,485				5,810,154
6	307	Equipment						
7	308	Office Furniture and Equipment	6,994,554					6,994,554
8	309	Automobiles, Other Vehicles and Related Garage Equipment						
9	310	Aircraft and Airport Equipment						
10	311	Other Property						
11		Other Accounts (provide details in a footnote)						
12		Total Service Company Property (Total of Lines 1-11)	99,737,702	3,442,554	1999 10-5-2000 11-10-11-11-11-11-11-11-11-11-11-11-11-1			103,180,256
13	107	Construction Work in Progress:						
14		Computer Software		10,677,808				21,278,665
15		Facility Enhancements		358,509				376,068
16								
17								
18								
19			e -					
20								
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22								
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24								
25								
26								
27	 							
28	ļ							
29	<u> </u>						anning and anna anna anna an	
30	ļ							
31	ļ	Total Account 107 (Total of Lines 14-30)		11,036,317				21,654,733
32	ļ	Total (Lines 12 and Line 31)		14,478,871				124,834,989

Name of Respondent	This Report is:	Resubmission Date	Year of Report
	(1) <u>X</u> An Original	(Mo, Da, Yr)	
Duke Energy Shared Services, Inc.	(2) A Resubmission	04/30/2008	2007
	FOOTNOTE DATA		

Schedule Page: 103 Line No.: 12						
Beginning property balances were restated from the 2006 Form 60. In 2006 amounts were transferred out of Accumulated						
Depreciation (108) to Plant in Service (101) as a result of Duke Energy's purchase of Cinergy Corp. Amounts should have						
remained in FERC accounts 101 and	108 and should not	have been transferred. The records were subsequently corrected to				
reverse the initial transfer. Adjustme	nt total was \$44,887,	435.				
Schedule Page: 103 Line No.: 14	Column: g					
	Beginning	Other				
	Balance	Changes				
107 Construction Work in Progress	\$19,187,918	(8,587,061)				
Schedule Page: 103 Line No.: 15	Column: g					
	Beginning	Other				
	Balance	Changes				
107 Construction Work in Progress	\$90,320	(72,761)				

						Page 1 of 83	3
		pondent		This Report Is (1) X An O	; riginal	Resubmission Date (Mo, Da, Yr)	Year/Period of Repo
Duk	e Energy	/ Shared Services, Inc.		(1) A Re	submission	04/30/2008	Dec 31, <u>2007</u>
		Schedule III – Accumulate				rvice Company Proper	rty
		an explanation of Other Charges e other property (Account 311) in		lered material in a	a footnote.		
ine No.	Account Number (a)	Description (b)	Balance at Beginning of Year (c)	Additions Charged To Account 403 (d)	Retirements (e)	Other Changes Additions (Deductions) (f)	Balance at Close of Year (g)
1	301	Organization	0				
		Miscellaneous Intangible Plant	47,561,670	17,248,862			64,810,5
	304	Land and Rights	11,001,010				
 1	305	Structures and Improvements					
	306	Leasehold Improvements	3,008,797	516,084			3,524,8
;	307	Equipment	0,000,101				
		Office Furniture and Equipment	4,060,873	329,994			4,390,8
	309	Automobiles, Other Vehicles and Related Garage Equipment					
)	310	Aircraft and Airport Equipment					
0	311	Other Property					
1		Other Accounts (provide details in a footnote)					
2		(Total of Lines 1-10)	54,631,340	18,094,940			72,726,2

Name of Respondent	This Report is:	Resubmission Date	Year of Report
	(1) <u>X</u> An Original	(Mo, Da, Yr) 04/30/2008	2007
Duke Energy Shared Services, Inc.	(2) A Resubmission	04/30/2008	2007
	FOOTNOTE DATA		

Schedule Page: 104 Line No.: 1 Column: c

Beginning Accumulated depreciation and amortization balances were restated from the 2006 Form 60. In 2006 amounts were transferred out of Accumulated Depreciation (108) to Plant in Service (101) as a result of Duke Energy's purchase of Cinergy Corp. Amounts should have remained in FERC accounts 101 and 108 and should not have been transferred. The records were subsequently corrected to reverse the initial transfer. Adjustment total was \$44,887,435.

		Page 1 of 83	
Name of Re		Resubmission Date Year	Period of Repor
Duke Energ	y Shared Services, Inc. (1) X An Origin (2) A Resubr		31, <u>2007</u>
	Schedule IV – Investments		
issuing co	her Investments (Account 124), in a footnote state each investment separa npany, number of shares held or principal investment amount. emporary Cash Investments (Account 136), list each investment separately		name of the
Account		Balance at Beginning Ba of Year	alance at Close of Year
No. (a)	(b)	(c)	(d)
1 123	Investment In Associate Companies		
2 124	Other Investments	15,030,078	15,740,67
3 136	Temporary Cash Investments		
4	(Total of Lines 1-3)	15,030,078	15,740,672

Name of Respondent	This Report is:	Resubmission Date	Year of Report
	(1) <u>X</u> An Original	(Mo, Da, Yr)	
Duke Energy Shared Services, Inc.	(2) A Resubmission	04/30/2008	2007
	FOOTNOTE DATA		

Schedule Page: 105 Line No.: 2	Column: d		
	Balance at Beginning of Year	Balance at Close of Year	
Rabbi Trust	\$11,336,455	\$12,004,622	
Cash Surrender Value of Executive Life Insurance Policies	\$3,693,623	\$3,736,050	

Jame of Respondent This Report Is: Duke Energy Shared Services, Inc. (1) [] An Original 2) A Resubmission Schedule V – Accounts Receivable from Associate Company. 1. List the accounts receivable from each associate company. 2. If the service company has provided accommodation or convenience payments for associate company by subaccount. Balance In Number Title of Account Balance Number (b) Balance 1 146 Accounts Receivable From Associate Companies 2000 2 Associate Company: 2000 2000 3 Concery Comp 2000 2000 4 Duke Energy Chio, Inc 2000 2000 5 Duke Energy Company: 2000 2000 6 Duke Energy Company: 2000 2000 7 KO Transision Company 2000 2000 2000 8 Conery Limitel Holdings, LLC 2000 2000 2000 2000 10 Duke Energy Month Aneaton, LLC 2000 2000 2000 2000 2000 2000 11 Duke Energy Month Aneaton, LLC	Page 1 o	
Interpretation of the service of the service of the service company. (c) A Resubmission 1. List the accounts receivable from each associate company. (c) Balance 2. If the service company has provided accommodation or convenience payments for associate company by subaccount. Balance ine Account Title of Account Balance ine Account Title of Account Balance ine Accounts receivable From Associate Companies Image: Service Company: Image: Service Company: 3 Cinergy Corp Image: Service Company: Image: Service Company: Image: Service Company: 3 Cinergy Corp Image: Service Company: Image: Service Company: Image: Service Company: 4 Date Energy Network, Inc. Image: Service Company: Image: Service Company: Image: Service Company: 5 Date Energy Unitides, LLC Image: Service Company: Image: Service Company: Image: Service Company: 6 Date Energy Contines, LLC Image: Service Company: Image: Service Company: Image: Service Company: 11 Date Energy North America, LLC Image: Service Company: Image: Service Company: Image: Service Company: 12<	Resubmission Dat (Mo, Da, Yr)	e Year/Period of Report
Schedule V – Accounts Receivable from Associate Company. 1. List the accounts receivable from each associate company. 2. If the service company has provided accommodation or convenience payments for associate company by subaccount. Account Title of Account Balance (a) (b) Balance 1 146 Accounts Receivable From Associate Company by subaccount. Balance (a) (b) (c) Balance 1 146 Accounts Receivable From Associate Companies Second to the Energy Chil, Inc. 5 Duke Energy Chil, Inc. Energy Chil, Inc. Energy Chil, Inc. 6 Duke Energy Child, Inc. Energy Child, Inc. Energy Child, Inc. 7 KO Transmission Company Energy Child, Inc. Energy Child, Inc. 6 Duke Energy Contina, LLC Energy Contina, LLC Energy Contina, LLC 10 Duke Energy Corolina, LLC Energy Corolina, LLC Energy Corolina, LLC 11 Duke Energy Corolina, LLC Energy Corolina, LLC Energy Corolina, LLC 12 Duke Energy Corolina, LLC Energy Corolina, LLC Energy Energy Energy Energy Energy Energy En		Dec 31, 2007
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2. If the service company has provided accommodation or convenience payments for associate company by subaccount. Balance Account Number Title of Account Balance (a) Control Company Control Company Balance 1 146 Accounts Receivable From Associate Companies Control Company Control Company 3 Cinergy Corp. Control Company Control Company Control Company 4 Duke Energy Indiana, Inc. Control Company Control Company Control Company 6 Duke Energy Uninted Holdings, LLC Control Company Control Company Control Company 9 Duke Energy Controlas, LLC Control Company Control Company Control Company 14 Duke Energy Controlas, LLC Control Company Control Company Control Company 10 Duke Energy North America, LLC Control Company Control Company Control Company 14 Control Company North America, LLC Control Company Control Company Control Company 12 Duke Energy North America, LLC Control Company Control Company Control Company 14 Contro Company Control Com		
Number (a) (b) 1 146 Accounts Receivable From Associate Companies (b) 2 Associate Company: (b) 3 Cinetry Corp. (c) 4 Duke Energy Mentucky, Inc. (c) 5 Duke Energy Mentucky, Inc. (c) 6 Duke Energy Mentucky, Inc. (c) 7 KO Transmission Company (c) 8 Cinergy Unidian, Inc. (c) 9 Duke Energy Business Services, LLC (c) 10 Duke Energy Dusines, LLC (c) 11 Duke Energy Corporation (c) 12 Duke Energy North America, LLC (c) 13 (c) (c) 14 (c) (c) (c) 15 (c) (c) (c) 16 (c) (c) (c) 17 (c) (c) (c) 18 (c) (c) (c) 19 (c) (c) (c) 12 <td>ciate companies, pro</td> <td>ovide in a separate</td>	ciate companies, pro	ovide in a separate
Instruction Image: Comparise of the image o	ce at Beginning of Year (c)	Balance at Close of Year (d)
2 Associate Company: Second S		
3 Cinergy Corp. 4 Duke Energy Ohio, Inc. 5 Duke Energy Kentucky, Inc. 6 Duke Energy Kentucky, Inc. 7 KO Transmission Company 8 Cinergy Limited Holdings, LLC 9 Duke Energy Business Services, LLC 10 Duke Energy Corporation 12 Duke Energy North America, LLC 13		
4 Duke Energy Kentucky, Inc.		
5 Duke Energy Kentucky, Inc.	7,328,465	15,979,78
6 Duke Energy Indiana, Inc.	9,465,127	9,601,87
7 KO Transmission Company	2,540,179	2,237,94
8 Cinergy Limited Holdings, LLC	16,286,300	11,912,75
9 Duke Energy Business Services, LLC	1,104	6,42
0 Duke Energy Carolinas, LLC 11 Duke Energy North America, LLC 33	195,188	195,18
11 Duke Energy Corporation 12 Duke Energy North America, LLC 13	90,430,177	50,161,02
12 Duke Energy North America, LLC 13	(710,657)	1,129,84
3	969,992	8,181,89
4	(68,420)	(68,420
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344		
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39		
40 Total		
	126,437,455	99,338,31

Name of Respondent	This Report is:	Resubmission Date	Year of Report
	(1) <u>X</u> An Original	(Mo, Da, Yr)	2007
Duke Energy Shared Services, Inc.	(2) A Resubmission	04/30/2008	2007
	FOOTNOTE DATA		

Schedule Page: 106Line No.: 9Column: dDuke Energy Business Services, LLC receivable includes amounts from other associate companies detailed in Account 457.

					Page 1 of 83	
Nam	e of Respo	ndent	This Rep	ort Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report
Duke	e Energy S	hared Services, Inc.		An Original	(Mo, Da, Yr) 04/30/2008	Dec 31, <u>2007</u>
			the second se	A Resubmission	04/30/2008	
		Schedule VI – Fuel Stor	ck Expense	es Undistributed		
1. L	ist the am	ount of labor in Column (c) and expenses in Column	(d) incurre	ed with respect to	fuel stock expenses o	luring the year and
		unt attributable to each associate company.	. ,			
2. Ir	n a separa	ate footnote, describe in a narrative the fuel functions	performed	d by the service co	ompany.	
	Account	Title of Account		Labor	Expenses	Total
Line	Number					
No.	(a)	(b)		(c)	(d)	(e)
	.,			1		
1	152	Fuel Stock Expenses Undistributed				
2		Associate Company:				
3						
4						
5						
6 7						
8				<u></u>		<u> </u>
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40	Total					*******
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				Page 1 of 8	3
	ne of Response te Energy S	ondent Shared Services, Inc.	This Report Is: (1) X An Original	Resubmission Date (Mo, Da, Yr) 04/30/2008	Year/Period of Repo Dec 31, <u>2007</u>
			(2) A Resubmission	04/30/2008	500 51, 2001
1. L	_ist the ar	nount of labor in Column (c) and expenses in Column nount attributable to each associate company.		o stores expense duri	ng the year and
шu	icale anto				
_ine	Account Number	Title of Account	Labor	Expenses	Total
No.	(a)	(b)	(c)	(d)	(e)
1	163	Stores Expense Undistributed			
2		Associate Company:			
4					
5			******		
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13 14					
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35 36					
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39					
40	Total				
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					Page 1 of	[83
Nam	e of Respo	ndent	This R	eport Is:	Resubmission Date	Year/Period of Report
1		hared Services, Inc.	(1)	X An Original	Resubmission Date (Mo, Da, Yr)	
Duk	e Energy S	nared Services, Inc.	(2)	A Resubmission	04/30/2008	Dec 31, 2007
		Schedule VIII - Miscellaneo		with the second se		
1. F	Provide de	tail of items in this account. Items less than \$10,000	may be	grouped, showin	g the number of item	s in each group.
	Account	Title of Account		Balan	ce at Beginning of Year	Balance at Close of Year
Line	Number				(C)	(d)
No.	(a)	(b)				
	. /					
	174	Miscellaneous Current and Accrued Assets		1982 Albim		121 Delis (LARIA STRATEGICAL
1	174					
2		Item List:				
3						
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40	Total					

					Page 1	of 83	(II) attachment
Nam	ne of Respo	of Respondent This Report Is: Energy Shared Services Inc. (1) X An Origina			Resubmission Da (Mo, Da, Yr)	Date Year/Period of Re	
Duk	e Energy S	hared Services, Inc.		riginal submission	04/30/2008		ec 31, <u>2007</u>
		Schedule IX - Miscell			04/00/2000		
						-	
1. F	Provide de	tail of items in this account. Items less than \$10,000 r	nay be groupe	ed, showing	the number of ite	ms in e	ach group.
	Account	Title of Account		Balanc	e at Beginning of Year	Bala	nce at Close of Year
Line	Number				(C)		(d)
No.	(a)	(b)					
1	186	Miscellaneous Deferred Debits					
2	[Items List:					
3		Other Miscellaneous Deferred Debits			61,722		162,933
4		Life Insurance / Policy Loans	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		1,107,140		1,118,985
5		Intangible Asset - Non-complete agreement			875,000		208,334
6		Vacation Accrual Regulatory Asset				353300	16,062,194
7							
8							
9							
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13							
14							
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37							
38							
39							
40	Total				2,043,862		17,552,446
40	Total				2,043,862		17,352,446
				1			

Name of Respondent	This Report is:	Resubmission Date	Year of Report				
	(1) <u>X</u> An Original	(Mo, Da, Yr)					
Duke Energy Shared Services, Inc.	(2) _ A Resubmission	04/30/2008	2007				
FOOTNOTE DATA							

Schedule Page: 110Line No.: 6Column: dBalance represents the portion of the vacation liability that gets allocated to regulated companies.

				Page 1 of	
Nam	e of Resp	ondent	This Report Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report
Duk	e Energy S	hared Services, Inc.	(1) X An Original (2) A Resubmission	(Mo, Da, Yr) 04/30/2008	Dec 31, <u>2007</u>
		Schedule X - Research, Developn		I <u></u>	
		· · · · · · · · · · · · · · · · · · ·			
1. L yea		each material research, development, or demonstration	n project that incurred cos	its by the service corp	poration during the
	Account	Title of Account	nt		Amount
line No.	Number (a)	(b)			(c)
110.	(4)	(0)			
1	188	Research, Development, or Demonstration Expenditures			
2		Project List:			
3					
4 5					
5 6					
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26 27					******
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33 34					
34 35					
36					
37					
38					
39					
40	Total				
		1			

			Page 1 of	83	
Name of Respo	ondent	This Report Is:	Resubmission Date	Year/Period o	f Report
Duke Energy S	hared Services, Inc.	(1) X An Original	(Mo, Da, Yr) 04/30/2008	Dec 31, 2007	
	D-L	(2) A Resubmission			
with a brief e 2. For the un year, distingu General Instr	laneous paid-in capital (Account 211) and ap xplanation, disclosing the general nature of tr appropriated retained earnings (Account 216) uishing between compensation for the use of uctions of the Uniform System of Accounts. I amount of dividend, date declared and date	propriate retained earnings (Account ansactions which give rise to the re), in a footnote, give particulars cor capital owed or net loss remaining For dividends paid during the year	eported amounts. Icerning net income of from servicing nonas	or (loss) during sociates per th	the
Account	Title of Account	Description		Amount (d)	
No. (a)	(b)	(C)		(0)	
1 201	Common Stock Issued	Number of Shares Authorized		100	# shares
2		Par or Stated Value per Share		0.05	dollars
3		Outstanding Number of Shares		70	# shares
4		Close of Period Amount		4	dollars
5 211	Miscellaneous Paid-In-Capital			(208,255,056)	dollars
6 215	Appropriated Retained Earnings				dollars
7 216	Unnappropriated Retained Earnings	Balance at Beginning of Year		(5,869,173)	dollars
8		Net Income or (Loss)			dollars
9		Dividend Paid			dollars
10		Balance at Close of Year		(5,869,173)	dollars

Name of Respondent	This Report is:	Resubmission Date	Year of Report			
	(1) <u>X</u> An Original	(Mo, Da, Yr)	-			
Duke Energy Shared Services, Inc.	(2) A Resubmission	04/30/2008	2007			
FOOTNOTE DATA						

Schedule Page: 201 Line No.: 5 Column: d	
208 Donations Received from Stockholders	\$46,530,776
211 Miscellaneous Paid-in-Capital	(\$229,489,811)
219 Accumulated Other Comprehensive Income (Loss)	(\$25,296,021)

Schedule Page: 201 Line No.: 7 Column: d Reflects the adoption of measurement date transition requirements of SFAS No. 158 effective January 1, 2007 by remeasuring plan assets and benefit obligations as of that date. Previously, a September 30 measurement date was used for the defined benefit and other post-retirement plans. This change is reflected as an adjustment to opening retained earnings and reflects expense that would otherwise have been recorded and allocated from DESS for the three months from September 30 to January 1.

							ge 1 of 83		
				(1) 区/	An Original) (Mo, Da, Yr)		ear/Period of Report Dec 31, <u>2007</u>	
		Scheo					·····		
 For the advances from associate companies (Account 223), describe in a footnote the advances on notes and advances on open accounts. Names of associate companies from which advances were received shall be shown under the class and series of obligation in Column (c). For the deductions in Column (h), please give an explanation in a footnote. For other long-term debt (Account 224), list the name of the creditor company or organization in Column (b). 									
1		+	•	-1	T	~~	r	ctions Balance at Close of	
Number		Class & Series of Obligation		Rate		of Year	Housions Dead	Year	
(a)	(b)	(c)	(d)	(e)	(1)	(g)	(h)	(i)	
223	Advances from Associate Companies								
	Associate Company:								
				1					
				<u> </u>					
				1					
				-					
	TOTAL						<u> </u>		
224	Other Long-Term Debt								
	List Creditor:								
				+					
				+					
				<u> </u>					
	TOTAL			· · ·					
	e Energ	counts. Names of associate companies from Column (c). For the deductions in Column (h), please gi For other long-term debt (Account 224), list Account Account (a) (b) 223 Advances from Associate Companies Associate Company: Associate Company: Associate Company: Com	e Energy Shared Services, Inc. Scher For the advances from associate companies (Account 2, ounts, Names of associate companies from which advacount) (c). Solution (c). For the deductions in Column (h), please give an explan or other long-term debt (Account 224), list the name of Obligation (c) Trite of Account Term of Obligation (c) as a Series of Obligation (c) (a) (b) Term of Obligation (c) Class & Series of Obligation (c) 223 Advances from Associate Companies Image: Solution (c) Solution (c) 223 Advances from Associate Companies Image: Solution (c) Solution (c) 223 Advances from Associate Companies Image: Solution (c) Solution (c) 224 Advances from Associate Companies Image: Solution (c) Image: Solution (c) 224 Other Long-Term Debt Image: Solution (c) Image: Solution (c) 224 Other Long-Term Debt Image: Solution (c) Image: Solution (c) 224 Other Long-Term Debt Image: Solution (c) Image: Solution (c) 225 Image: Solution (c) Image: Solution (c) Image: Solution (c) 226 Image: Solution (c) Image: Solution (c) Image:	e Energy Shared Services, Inc. Schedule XII – 1 Column (b), please give an explanation in a cor other long-term debt (Account 224), list the name of the credit Account Title of Account Term of Obligation (c) Date of Malurity (d) Associate Company: Advances from Associate Companies Associate Company: Ass	e Energy Shared Services, Inc. (1) [1) [2]	e Energy Shared Services, Inc. (1) X An Original (2) A Resubmission Schedule XII - Long Term Debt Schedule XII - Long Term Debt For the advances from associate companies (Account 223), describe in a footnote the advounts. Names of associate companies from which advances were received shall be shot olumn (c). Schedule XII - Long Term Debt For the advances from associate companies from which advances were received shall be shot olumn (c). The other company or organiza cont long-term debt (Account 224), list the name of the creditor company or organiza Account (a) (b) The other companies (a) (b) Immonf Authorized (b) (c) (d) (e) 223 Advances from Associate Companies Immonf Authorized (a) (b) Immonf Authorized Immonf Authorized (a) Immonf Authorized	e G Respondent e E nergy Shared Services, Inc. This Report Is: (1) ☐ A Resubmission A Resubmission Counts. Names of associate companies from which advances were received shall be shown under the cloumn (c). Resubmission Counts. Names of associate companies from which advances were received shall be shown under the cloumn (c). Resubmission Counts. Names of associate companies from which advances were received shall be shown under the cloumn (c). Image: Count 224, list the name of the creditor company or organization in Column (h), please give an explanation in a footnote. Resubmission (c) or the deductions in Column (h), please give an explanation in a footnote. Image: Count 224, list the name of the creditor company or organization in Column (c) Image: Count 224, list the name of the creditor company or organization in Column (c) Image: Count 224, list the name of the creditor company or organization in Column (c) Acceart The of Acceart The of Oblightin (c) Image: Count 224, list the name of the creditor company or organization in Column (c) Image: Count 224, list the name of the creditor company or organization in Column (c) 223 Advaces from Associate Comparies Image: Count 224, list the name of the creditor company or organization in column (c) Image: Count 224, list the name of the creditor company or organization in Column (c) 224 Advaces from Associate Comparies Image: Count 224, list the name of the creditor company or organization in column (c) Image: Count 224, list the name of the creditor company or organization in column (c) Image: Count 224, list the name	e of Respondent This Report Is: This Report Is: Resubmission Resubmission Resubmission 2 A nonginal (2) A nonginal (2) A nonginal (2) Resubmission No. Da, V() (4/30/2008 I 3 Schedule XII - Long Term Debt A nonginal (2) A nonginal (2) Resubmission No. Da, V() (4/30/2008 I I 5 Control 2:33, describe in a foothole the advances on notes and advances were received shall be shown under the class and sector other long-ferm debt (Account 2:24), list the name of the creditor company or organization in Column (b). 7 The decout The decout The of Account 2:24, list the name of the creditor company or organization in Column (b). 8 The decout The of Account 2:24, list the name of the creditor company or organization in Column (b). 10 (b) (b) (c) (c)	

			Page 1 of 83	037 (ii) attachment
Name of I	Respondent	This Report Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Repor
Duke Ene	ergy Shared Services, Inc.	(1) X An Original (2) A Resubmission		Dec 31, 2007
	Schedule XIII – Curre	nt and Accrued Liabilities	-4	
2. In a fo	ribe in a footnote the balance of notes and accounts payab ootnote, give description and amount of miscellaneous cur grouped, showing the number of items in each group.			
ne ^{Numi} Io. (a)	(b)		Balance at Beginning of Year (c)	g Balance at Close of Year (d)
233	Notes Payable to Associates Companies		77,887,68	3 51,367,647
234	Accounts Payable to Associate Companies		13,137,00	
3 242	Miscellaneous Current and Accrued Liabilities		48,849,38	6 54,537,284
	(Total)		139,874,07	1 123,333,812

Name of Respondent	This Report is:	Resubmission Date	Year of Report
	(1) <u>X</u> An Original	(Mo, Da, Yr)	
Duke Energy Shared Services, Inc.	(2) A Resubmission	04/30/2008	2007
	FOOTNOTE DATA		

Schedule Page: 203 Line No.: 1	Column: c
Duke Energy Indiana, Inc.	26,445,587
Cinergy Corp.	51,442,096
Schedule Page: 203 Line No.: 1	Column: d
Cinergy Corp.	\$51,367,647
Schedule Page: 203 Line No.: 2	Column: c
Cinergy Wholesale Energy, Inc.	\$143,922
Duke Energy Carolinas, LLC	(\$8,128)
Duke-Energy-Corporation	\$13,001,208
Schedule Page: 203 Line No.: 2	Column: d
Cinergy Wholesale Energy, Inc.	\$5,222
Duke Energy Carolinas, LLC	(\$8,128)
Duke Energy Corporation	\$17,431,787
Schedule Page: 203 Line No.: 3	Column: c
Reserve for Employee Retirement an	d Vacation Entitlement \$29,256,137
Reserve for Severance - Purchase A	ccounting \$15,722,353
Reserve for Incurred But Not Reported	ed Medical/Dental Costs \$3,868,349

(1) The beginning balance for Other Miscellaneous Current and Accrued Liabilities is made up of a grouping of two items.

Schedule Page: 203 Line No.: 3 Column: d		
Reserve for Employee Retirement and Vacation Entitlement	\$38,250,185	
Reserve for Severance - Purchase Accounting	\$4,307,148	
Reserve for Incurred But Not Reported Medical/Dental Costs	\$3,187,806	
OPEB FAS 106 - Current Liabilities	\$95,022	
OPRB FAS 112 - Current Liabilities	\$941,705	
NQ FAS 87 - Current Liabilities	\$4,949,022	
Accrued Salaries and Wages	\$2,762,922	
Accrual for Joint Owner Audit	\$22,500	
Other Miscellaneous Current and Accrued Liabilities (1)	\$20,974	

(1) The balance at the close of the year for Other Miscellaneous Current and Accrued Liabilities is made up of a grouping of seven items.

Name of Respondent	This Report is:	Resubmission Date	Year of Report				
	(1) <u>X</u> An Original	(Mo, Da, Yr)					
Duke Energy Shared Services, Inc.	(2) _ A Resubmission	04/30/2008	2007				
Schedule XIV- Notes to Financial Statements							

1. Use the space below for important notes regarding the financial statements or any account thereof.

2. Furnish particulars as to any significant contingent assets or liabilities existing at the end of the year.

3. Notes relating to financial statements shown elsewhere in this report may be indicated here by reference.

1. Summary of Significant Accounting Policies

(a) Nature of Operations

Cinergy, a Delaware corporation organized in 1993, owns directly or indirectly all outstanding common stock of its public utility subsidiaries, Duke Energy Ohio, Inc (Duke Energy Ohio) and its wholly owned public utility subsidiary, Duke Energy Kentucky, Inc. (Duke Energy Kentucky) and Duke Energy Indiana, Inc. (Duke Energy Indiana) (formerly PSI Energy, Inc.), as well as Cinergy Investments, Inc. (Investments) and Duke Energy Shared Services, Inc. (DESS). Investments, which is Cinergy's non-regulated investment holding company, is involved in cogeneration and energy efficiency investments and energy marketing. DESS provides administrative, management, and support services to Cinergy's subsidiaries.

On April 3, 2006, in accordance with their previously announced merger agreement, Duke Energy Corporation (Old Duke Energy) and Cinergy merged into wholly owned subsidiaries of Duke Energy Holding Corp. (Duke Energy HC), resulting in Duke Energy HC becoming the parent entity. In connection with the closing of the merger transactions, Duke Energy HC changed its name to Duke Energy Corporation (New Duke Energy or Duke Energy) and Old Duke Energy converted into a limited liability company named Duke Power Company LLC (subsequently renamed Duke Energy Carolinas, LLC). As a result of the merger transactions, each outstanding share of Cinergy common stock was converted into 1.56 shares of common stock of Duke Energy, which resulted in the issuance of approximately 313 million shares of Duke Energy common stock. See Note 2 for additional information regarding the merger.

(b) Use of Estimates.

To conform to generally accepted accounting principles (GAAP) in the United States, management makes estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and Notes. Although these estimates are based on management's best available knowledge at the time, actual results could differ.

(c) Regulation

DESS was subject to regulation by the Securities and Exchange Commission (SEC) under the Public Utility Holding Company Act of 1935 (PUHCA 1935), through February 8, 2006. The PUHCA 1935 was replaced with the Utility Holding Company Act of 2005 (PUCHA 2005), under the Federal Energy Regulatory Commission's (FERC) jurisdiction. In 2005, as approved by the SEC, Cinergy began using the FERC chart of accounts for reporting purposes and is now under the FERC's jurisdiction pursuant to PUHCA 2005.

(d) Service Company Property

DESS' property includes computer software, property and equipment that is in use, being held for future use, or under construction and is recorded at its original cost, which includes:

- □ materials;
- □ contractor fees;
- □ salaries;
- payroll taxes;
- □ fringe benefits; and
- □ other miscellaneous amounts.

Depreciation and Amortization

Provisions for depreciation are determined by using the straight-line method applied to the cost of depreciable plant in service. The effective annual depreciation rate for 2007 was 6.60% and for 2006 was 8.40%. Software is amortized over a five-year period at an

Name of Respondent	This Report is:	Resubmission Date	Year of Report			
	(1) <u>X</u> An Original	(Mo, Da, Yr)				
Duke Energy Shared Services, Inc.	(2) A Resubmission	04/30/2008	2007			
Schedule XIV- Notes to Financial Statements						

annual rate of 20%.

(e) Federal and State Income Taxes

As a result of Duke Energy's merger with Cinergy, Cinergy entered into a tax sharing agreement with Duke Energy, where the separate return method is used to allocate tax expense or benefits to the subsidiaries whose investments or results of operations provide these tax expenses or benefits. The accounting for income taxes essentially represents the income taxes that Cinergy would incur if Cinergy was a separate company filing its own tax return as a C-corporation.

Management evaluates and records contingent tax liabilities and related interest based on the probability of ultimately sustaining the tax deductions or income positions. Management assesses the probabilities of successfully defending the tax deductions or income positions based upon statutory, judicial or administrative authority.

(f) Employee Benefit Obligations

SFAS No. 158, issued in October 2006 by the FASB, changes the recognition and disclosure provisions and measurement date requirements for an employer's accounting for defined benefit pension and other postretirement plans. The recognition and disclosure provisions require an employer to (1) recognize the funded status of a benefit plan—measured as the difference between plan assets at fair value and the benefit obligation—in its statement of financial position, (2) recognize as a component of other comprehensive income, net of tax, the gains or losses and prior service costs or credits that arise during the period but are not recognized as components of net periodic benefit cost, and (3) disclose in the notes to financial statements certain additional information. SFAS No. 158 does not change the amounts recognized in the income statement as net periodic benefit cost. Cinergy recognized the funded status of its defined benefit pension and other postretirement plans and provided the required additional disclosures as of December 31, 2006. The adoption of SFAS No. 158 recognition and disclosure provisions resulted in an increase in total assets of approximately \$71 million (consisting of an increase in regulatory assets of \$45 million and an increase in deferred tax assets of \$26 million), an increase in total liabilities of approximately \$112 million and a decrease in accumulated other comprehensive income (AOCI), net of tax, of approximately \$42 million as of December 31, 2006. The adoption of SFAS No. 158 did not have any material impact on Cinergy's consolidated results of operations or cash flows.

Under the measurement date requirements of SFAS No. 158, an employer is required to measure defined benefit plan assets and obligations as of the date of the employer's fiscal year-end statement of financial position (with limited exceptions). Historically, Cinergy has measured its plan assets and obligations up to three months prior to the fiscal year-end, as allowed under the authoritative accounting literature. Cinergy adopted the change in measurement date effective January 1, 2007 by remeasuring plan assets and benefit obligations as of that date, pursuant to the transition requirements of SFAS No. 158. For additional information on employee benefit obligations, see Note 6.

(g) Income and Expenses

DESS provides to the affiliated companies a variety of centralized administrative, management, and support services in accordance with agreements approved by the FERC under the PUHCA 2005. The costs of these services are charged on a direct basis or, for general costs which cannot be directly attributed, based on predetermined allocation factors defined in the service agreements between DESS and the client companies. (See Methods of Allocation.)

(h) Predecessor and Successor Reporting

Due to the impact of push-down accounting, the financial statements and certain note presentations separate Cinergy's presentations into two distinct periods, the period before the consummation of the merger (labeled "Predecessor") and the period after that date (labeled "Successor"), to indicate the application of different basis of accounting between the periods presented.

2. Duke Energy/Cinergy Merger

On April 3, 2006, the merger between Duke Energy and Cinergy was consummated. For accounting purposes, the effective date of the nerger was April 1, 2006. The merger combined the Duke Energy and Cinergy regulated franchises as well as deregulated generation in the Midwestern United States (Midwest).

FERC FORM 60 (NEW 12-05)

Name of Respondent	This Report is:	Resubmission Date	Year of Report				
Duke Energy Shared Services, Inc.	(1) <u>X</u> An Original (2) A Resubmission	(Mo, Da, Yr) 04/30/2008	2007				
Schedule XIV- Notes to Financial Statements							

Based on the market price of Duke Energy common stock during the period, including the two trading days before, through the two trading days after, May 9, 2005, the date Duke Energy and Cinergy announced the merger, the transaction is valued at approximately \$9.1 billion and has resulted in goodwill recorded at Cinergy of approximately \$4.5 billion, none of which is deductible for tax purposes.

The amount of goodwill results from significant strategic and financial benefits expected to be realized by Cinergy including:

- □ increased financial strength and flexibility;
- □ stronger utility business platform;
- greater scale and fuel diversity, as well as improved operational efficiencies for the merchant generation business;
- broadened electric distribution platform;
- improved reliability and customer service through the sharing of best practices;
- increased scale and scope of the electric and gas businesses with stand-alone strength;
- □ complementary positions in the Midwest;
- □ greater customer diversity;
- \Box combined expertise; and
- □ significant cost savings synergies.

3. Common Stock

DESS is authorized to issue 100 shares of Common Stock at a par value of five cents (\$.05) per share and had 70 shares outstanding at December 31, 2007, and December 31, 2006. Cinergy holds all of DESS' outstanding common stock.

4. Notes Receivable from Associate Companies

DESS participates with Duke Energy and other Duke Energy subsidiaries in a money pool arrangement to better manage cash and working capital requirements. Under this arrangement, those companies with short-term funds may provide short-term loans to affiliates participating under this arrangement. Prior to the merger, DESS participated in a similar money pool arrangement with Cinergy and other Cinergy subsidiaries. As of December 31, 2007 and December 31, 2006, all short-term loans outstanding under this arrangement were among Cinergy and its consolidated subsidiaries.

5. Leases

DESS has entered into operating lease agreements for various facilities and properties, such as computer, communication and transportation equipment, and office space. Total rental payments on operating leases for each of the past two years are detailed below. The following is also a summary of future minimum lease payments under operating leases, which at inception had a noncancelable term of more than one year, as of December 31, 2007, for DESS:

Lease Expense Estimated Minimum Payments									
	2006	2007	2008	2009 (i	2010 n millions)	2011	2012	There- after	Total
DESS	\$ 47	\$ 39	\$ 10	\$5	\$3	\$2	\$1	\$ 18	\$ 39

6. Employee Benefit Obligations

Cinergy Retirement Plans. Cinergy maintains qualified, non-contributory defined benefit retirement plans. The plans cover employees using a cash balance formula. Under a cash balance formula, a plan participant accumulates a retirement benefit consisting of pay credits that are based upon a percentage (which varies with age and years of service) of current eligible earnings and current interest credits. Certain legacy Cinergy employees are covered under plans that use a final average earnings formula. Under a final average earnings formula, a plan participant accumulates a retirement benefit equal to a percentage of their highest 3-year average

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Name of Respondent	This Report is:	Resubmission Date	Year of Report				
Dute France Obered Consistent Inc.	(1) <u>X</u> An Original	(Mo, Da, Yr) 04/30/2008	2007				
Duke Energy Shared Services, Inc.	(2) A Resubmission	04/30/2008	2007				
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earnings, plus a percentage of their highest 3-year average earnings in excess of covered compensation per year of participation (maximum of 35 years), plus a percentage of their highest 3-year average earnings times years of participation in excess of 35 years. Cinergy also maintains non-qualified, non-contributory defined benefit retirement plans which cover certain executives.

Duke Energy's policy is to fund amounts on an actuarial basis to provide assets sufficient to meet benefits to be paid to plan participants. Duke Energy contributed to the legacy Cinergy qualified retirement plans, approximately \$350 million and \$124 million for the twelve months ended December 31, 2007 and the nine months ended December 31, 2006, respectively. No amounts were contributed for the three months ended March 31, 2006.

Actuarial gains and losses are amortized over the average remaining service period of the active employees. The average remaining service period of the active employees covered by the retirement plan is 11 years. Cinergy determines the market-related value of plan assets using a calculated value that recognizes changes in fair value of the plan assets over five years.

Cinergy adopted the funded status recognition and disclosure provisions of SFAS No. 158 effective December 31, 2006. Cinergy adopted the change in measurement date transition requirements of SFAS No. 158 effective January 1, 2007 by remeasuring plan assets and benefit obligations as of that date. Previously, Cinergy used a September 30 measurement date for its defined benefit and other post-retirement plans.

As a result of the change in measurement date, net periodic benefit cost of approximately \$21 million for the three month period between September 30, 2006 and December 31, 2006 was recognized, net of tax, as a separate reduction of retained earnings as of January 1, 2007. Approximately \$10 million in deferred tax assets were recorded during the second quarter of 2007, as a separate reduction of retained earnings as of January 1, 2007. In addition, as reflected in the table below, changes in plan assets and plan obligations between September 30, 2006 and December 31, 2006 not related to net periodic benefit cost were recognized, net of tax, as an adjustment to AOCI and regulatory assets.

The table below identifies significant changes to the individual line items in Cinergy's Consolidated Balance Sheets during the twelve months ended December 31, 2007 due to the factors above, for the Cinergy retirement and other post-retirement plans (amounts in brackets represent credits).

		Successor(a)	
	December 31, 2006	Adoption of SFAS No. 158 measurement date provisions	January 1, 2007
		(in millions)	
Accrued pension & other postretirement benefit costs	(1,273)	(78)	(1,351)
Regulatory Assets	45	(22)	23
Deferred income tax assets	25	35	60
Accumulated other comprehensive loss, net of tax	42	51	93
Retained earnings		11	ar an

(a) See Note 1 for additional information on Predecessor and Successor reporting.

Qualified Pension Plans

Components of Net Periodic Pension Costs for Qualified Pension Plans

	Successor(a)		Predecessor(a)
	Twelve Months	Nine Months	Three Months
	Ended	Ended	Ended
	December 31,	December 31,	March 31,
	2007	2006	2006
		(in millions)	
FERC FORM 60 (NEW 12-05)	204.4		······································

Name of Respondent		This Repo (1) <u>X</u> An O		Res	submissio (Mo, Da,	1	Year of Report
Duke Energy Shared Services, Inc.			submission		04/30/20		2007
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Service cost	\$	41	\$	37	\$	11	
Interest cost on projected benefit obligation		115		82		25	
Expected return on plan assets		(126)		(73)		(23)	
Amortization of prior service cost		5		2		1	
Amortization of loss				6	1	4	
Other		8					
Net Periodic Pension Costs(b)(c)	<u>\$</u>	43	<u>\$</u>	54	<u>\$</u>	18	

(a) See Note 1 for additional information on Predecessor and Successor reporting.

(b) Includes immaterial amounts reflected in Income (Loss) From Discontinued Operations, net of tax, in the Consolidated Statements of Operations.

(c) Excludes approximately \$17 million for the twelve months ended December 31, 2007 and approximately \$15 million for the nine months ended December 31, 2006 of regulatory asset amortization resulting from purchase accounting.

Net Periodic Pension Costs for Cinergy and DESS for Qualified Pension Plans were as follows:

	 Successor(a)	 	Pred	ecessor(a)
	Twelve Months Ended December 31, 2007	Nine Months Ended December 31, 2006	M	ee Months Ended arch 31, 2006
			(in	millions)
Cinergy(b)	\$ 43	\$ 61	\$	18
DESS	18	20		6

(a) See Note 1 for additional information on Predecessor and Successor reporting.

(b) Includes amounts related to DESS

Qualified Pension Plans—Other Changes in Plan Assets and Projected Benefit Obligations Recognized in Accumulated Other Comprehensive Income and Regulatory Assets and Regulatory Liabilities

	the year ended ember 31, 2007 (in millions)
Regulatory assets, net decrease	\$ (59)
Regulatory liabilities, net increase	(27)
Accumulated other comprehensive loss	
Deferred income tax liability	\$ 22
Adoption of SFAS No.158 measurement date provisions	24
Actuarial gains and prior service cost arising during 2007	(77)
Amortization of prior year prior service cost	(4)
Net amount recognized in Accumulated other comprehensive loss	\$ (35)

Reconciliation of Funded Status to Net Amount Recognized: Qualified Pension Plans

and the second	
FERC FORM 60 (NEW 12-05)	204.5

Name of Respondent	This Report is:	Resubmission Date	Year of Report				
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	As of and	essor (a) for the Years ecember 31 <u>2006</u>
	(in 1	millions)
Change in Projected Benefit Obligation		
Obligation at prior measurement date	\$ 1,976	\$ 1,751
Adoption of SFAS No. 158 measurement date provisions	77	
Service cost	41	48
Interest cost	115	107
Actuarial losses / (gains)	(151)	137
Benefits paid	(117)	(83)
Amendments	Versioner	3
Curtailments	100000/10100	13
Obligations at measurement date	\$ 1,941	\$ 1,976
Change in Fair Value of Plan Assets		
Plan assets at prior measurement date	\$ 1,302	\$ 1,169
Adoption of SFAS No. 158 measurement date provisions	49	
Actual return on plan assets	117	92
Benefits paid	(117)	(83)
Employer contributions	350	124
Plan assets at measurement date	\$ 1,701	\$ 1,302

(a) See Note 1 for additional information on Predecessor and Successor reporting.

The accumulated benefit obligation was \$1,753 million at December 31, 2007 and \$1,688 million at September 30, 2006.

Qualified Pension Plans—Amounts Recognized in the Consolidated Balance Sheets Consist of:

As of and	essor (a) for the Years
ended D 2007	ecember 31 2006
(in	millions)
\$ (240)	\$ (674)
\$ (240)	\$ (674)

(a) See Note 1 for additional information on Predecessor and Successor reporting.

As a result of the adoption of SFAS No. 158, certain previously unrecognized amounts were recognized in the amounts noted above with an offset to AOCI, Deferred Income Taxes and Regulatory Assets as of December 31, 2006.

The following table provides the amounts related to Cinergy's qualified pension plans that are reflected in Other Regulatory Assets and Deferred Debits, Deferred Credits and Other Liabilities and Accumulated Other Comprehensive Loss on the Consolidated Balance Sheets at December 31, 2007:

Qualified Pension Plans—Amounts Recognized in Accumulated Other Comprehensive Loss and Regulatory Assets Consist of:

		Successor (a)
	As of and for	• the Years ended December 31
	2007	2006
		(in millions)
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	his Report is: I) <u>X</u> An Original		ssion Date Da, Yr)	Year of Repor
	2) _ A Resubmission		0/2008	2007
	- Notes to Financial Statem	ents		
Regulatory assets	\$	(27)	\$	32
Regulatory liabilities		(27)		National Activity of Control of C
Accumulated other comprehensive loss				
Deferred income tax asset	\$	(3)	\$	(22)
Prior service cost		38		2
Net actuarial (gain) loss		(30)		60
Net amount recognized—Accumulated other comprehensiv	e loss \$	5	\$	40

(a) See Note 1 for additional information on Predecessor and Successor reporting.

Of the amounts above, approximately \$4 million of unrecognized prior service cost and approximately \$1 million of regulatory assets will be recognized in net periodic pension costs in 2008.

Additional Information:

Qualified Pension Plans—Information for Plans with Accumulated Benefit Obligation in Excess of Plan Assets as of December 31,

	Successor (a)	
	2007	2006
	(in	millions)
Projected benefit obligation	\$ 1,619	\$ 1,976
Accumulated benefit obligation	1,444	1,688
Fair value of plan assets	1,392	1,302

(a) See Note 1 for additional information on Predecessor and Successor reporting.

Qualified Pension Plans— Assumptions Used for Cinergy's Pension Benefits Accounting

	Successor (a)	
	2007	2006
	(pei	rcentages)
Benefit Obligations		-
Discount rate	6.00	5.75
Salary increase	5.00	5.00
Determined Expense		
Discount rate(b)	5.75	5.50-6.00
Salary increase	5.00	5.00
Expected long-term rate of return on plan assets	8.50	8.50

(a) See Note 1 for additional information on Predecessor and Successor reporting.

(b) Discount rate for Successor was 5.75% and 6.00% for the twelve months ended December 31, 2007 and nine months ended December 31, 2006, respectively. Discount rate for Predecessor was 5.50% for the three months ended March 31, 2006.

The discount rate used to determine the pension obligation is based on a AA bond yield curve. The yield is selected based on bonds with cash flows that match the timing and amount of the expected benefit payments under the plan. For legacy Cinergy plans, the discount rate used in 2006 to determine expense reflects remeasurement as of April 1, 2006 due to the merger between Duke Energy and Cinergy.

Qualified Pension Plan Assets:

		Successor (a)
	Target	Percentage of Plan Assets at
	Allocations	
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Name of Respondent	This Report is: (1) <u>X</u> An Original	Resubmission Date (Mo, Da, Yr)	Year of Report
Duke Energy Shared Services, Inc.	(2) _ A Resubmission	04/30/2008	2007
Sche	edule XIV- Notes to Financial Statemen	its	
Asset Category		December 31, <u>2007</u>	September 30, <u>2006</u>
U.S. equity securities	46%	46%	46%
Non-U.S. equity securities	18	18	19
Debt securities	32	32	32
Real Estate	4	4	3
Total	100%	100%	100%

(a) See Note 1 for additional information on Predecessor and Successor reporting.

Assets for both the pension and other post-retirement benefits are maintained in a Master Trust. The investment objective of the master trust is to achieve reasonable returns on trust assets, subject to a prudent level of portfolio risk, for the purpose of enhancing the security of benefits for plan participants. The asset allocation targets were set after considering the investment objective and the risk profile with respect to the trust. U.S. equities are held for their high expected return. Non-U.S. equities, debt securities, and real estate are held for diversification. Investments within asset classes are to be diversified to achieve broad market participation and reduce the impact of individual managers or investments. Cinergy regularly reviews its actual asset allocation and periodically rebalances its investments to the targeted allocation when considered appropriate.

The long-term rate of return of 8.5% as of December 31, 2007 was developed using a weighted-average calculation of expected returns based primarily on future expected returns across classes considering the use of active asset managers. The weighted-average returns expected by asset classes were 4.3% for U.S. equities, 1.7% for Non-U.S. equities, 2.2% for fixed income securities, and 0.3% for real estate.

Non-Qualified Pension Plans

Components of Net Periodic Pension Costs for Non-Qualified Pension Plans

		Succe	ssor(a))	Pred	lecessor(a)
	E Decer	e Months nded nber 31, 2007		Nine Months Ended December 31, <u>2006</u>		ee Months Ended Iarch 31, <u>2006</u>
				(in millions)	•	
Service cost	\$	1	\$	2	\$	1
Interest cost on projected benefit obligation		6		5		2
Amortization of prior service cost		1		3		1
Amortization of loss		<u> </u>		5		1
Net Periodic Pension Costs(b)	\$	8	<u>\$</u>	15	<u>\$</u>	5

(a) See Note 1 for additional information on Predecessor and Successor reporting.

(b) Includes immaterial amounts reflected in Income (Loss) From Discontinued Operations, net of tax, in the Consolidated Statements of Operations

Net Periodic Pension Costs for Cinergy and DESS for Non-Qualified Pension Plans were as follows:

	Succes	sor(a)	Predecessor(a)
	Twelve Months	Nine Months	Three Months
	Ended December 31,	Ended December 31,	Ended March 31,
	2007	2006	2006
FERC FORM 60 (NEW 12-05)	204	.8	

Name of Responde	ent		This Report is:	Resubmission Date	Year of Report
Duko Energy Cho	red Continen Inc		(1) <u>X</u> An Original (2) A Resubmission	(Mo, Da, Yr) 04/30/2008	2007
Duke Energy Sha	reu Services, inc.	Cohodu	le XIV- Notes to Financial Stateme		2007
		Scheuu	le AIV- Notes to Financial Stateme	1115	
	<u></u>				
				. (in millions)
Cinergy (b)	\$	8	\$6	\$	in millions) 2
Cinergy (b) DESS	\$	8 7	\$, i i	in millions) 2 2

(a) See Note 1 for additional information on Predecessor and Successor reporting.

(b) Includes amounts related to DESS.

Nonqualified Pension Plans—Other Changes in Plan Assets and Projected Benefit Obligations Recognized in Accumulated Other Comprehensive Income and Regulatory Assets

	For the year ended
	December 31, 2007
	(in millions)
Regulatory assets, net decrease	\$ (4)
Accumulated other comprehensive loss	
Deferred income tax asset	(2)
Adoption of SFAS No.158 measurement date provisions	15
Actuarial gains arising during 2007	(3)
Amortization of prior year actuarial loss	(1)
Amortization of prior year prior service cost	(1)
Net amount recognized in Accumulated other comprehensive loss	\$ 8

Reconciliation of Funded Status to Net Amount Recognized: Non-Qualified Pension Plans

	Successor (a) As of and for the Yea ended December 33 <u>2007</u> <u>2006</u>		
	_(in m	illio	1s)
Change in Projected Benefit Obligation			
Obligation at prior measurement date	\$ 114	\$	147
Adoption of SFAS No. 158 measurement date provisions	(2)		
Service cost	1		3
Interest cost	6		7
Actuarial losses / (gains)	(3)		34
Benefits paid	(11)		(75)
Amendments			(2)
Obligation at measurement date	\$ 105	\$	114
Change in Fair Value of Plan Assets			
Plan assets at prior measurement date	\$ 	\$	
Benefits paid	(10)		(75)
Employer contributions	10		75
Plan assets at measurement date	\$ 	\$	—
Funded status	\$ (105)	\$	(114)
Contributions between measurement date and year end			19
Net amount recognized	\$ (105)	\$	(95)

(a) See Note 1 for additional information on Predecessor and Successor reporting.

Name of Respondent	This Report is:	Resubmission Date	Year of Report		
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The accumulated benefit obligation was \$102 million at December 31, 2007 and \$109 million at September 30, 2006.

Non-Qualified Pension Plans-Amounts Recognized in the Consolidated Balance Sheets Consist of:-as of December 31,

	Successor (a) <u>2007</u> <u>2006</u> _ _(in millions)
Accrued pension liability ^(b)	\$ (105) \$ (95)
Net amount recognized	
-	\$ (105) \$ (95)

(a) See Note 1 for additional information on Predecessor and Successor reporting.

(b) Includes approximately \$7 million and \$28 million recognized in Other within Current Liabilities on the Consolidated Balance Sheets as of December 31, 2007 and 2006, respectively.

As a result of the adoption of SFAS No. 158, certain previously unrecognized amounts were recognized in the amounts noted above with an offset to AOCI, Deferred Income Taxes and Regulatory Assets as of December 31, 2006.

The following table provides the amounts related to Cinergy's non-qualified pension plans that are reflected in Other Regulatory Assets and Deferred Debits and Accumulated other comprehensive loss on the Consolidated Balance Sheets at December 31, 2007:

Non-Qualified Pension Plans—Amounts Recognized in Accumulated Other Comprehensive Loss and Regulatory Assets Consist of: — as of December 31,

	Successor (a)			
	2007			2006
		(in m	illions)	
Regulatory assets	\$		\$	4
Accumulated other comprehensive loss/(income)				
Deferred income tax liability (asset)	\$	(5)	\$	1
Prior service cost (credit)		10		(1)
Net actuarial loss (gain)		2		(1)
Net amount recognized—Accumulated other comprehensive loss/(income)	<u>\$</u>	7	\$	(1)

(a) See Note 1 for additional information on Predecessor and Successor reporting.

Of the amounts above, approximately \$1 million of prior service cost will be recognized in net periodic pension costs in 2008.

Additional Information:

Non-Qualified Pension Plans—Information for Plans with Accumulated Benefit Obligation in Excess of Plan Assets: — as of December 31,

		Successor (a) <u>20072006 _</u>
		(in millions)
Projected benefit obligation		\$ 105 \$ 114
Accumulated benefit obligation		102 109
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Name of Respondent	This Report is:	Resubmission Date	Year of Report		
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Fair value of plan assets

(a) See Note 1 for additional information on Predecessor and Successor reporting.

Non-Qualified Plans—Assumptions Used for Cinergy's Pension Benefits Accounting

	Successor (a)		
	<u>2007</u>	2006	
	(per	centages)	
Benefit Obligations			
Discount rate	6.00	5.75	<u> </u>
Salary increase	5.00	5.00	
Determined Expense			
Discount rate(b)	5.75	5.50-6.00	
Salary increase	5.00	5.00	

(a) See Note 1 for additional information on Predecessor and Successor reporting.

(b) Discount rate for Successor was 5.75% and 6.00% for the twelve months ended December 31, 2007 and nine months ended December 31, 2006, respectively. Discount rate for Predecessor was 5.50% for the three months ended March 31, 2006.

The discount rate used to determine the pension obligation is based on a AA bond yield curve. The yield is selected based on bonds with cash flows that match the timing and amount of the expected benefit payments under the plan. For legacy Cinergy plans, the discount rate used in 2006 to determine expense reflects remeasurement as of April 1, 2006 due to the merger between Duke Energy and Cinergy.

Other Post-Retirement Benefit Plans

Cinergy provides some health care and life insurance benefits for retired employees on a contributory and non-contributory basis. Employees are eligible for these benefits if they meet age and service requirements at retirement, as defined in the plans.

During the year ended December 31, 2007, Duke Energy contributed approximately \$32 million to the legacy Cinergy other post-retirement plans.

These benefit costs are accrued over an employee's active service period to the date of full benefits eligibility. The net unrecognized transition obligation is amortized over approximately 20 years. Actuarial gains and losses are amortized over the average remaining service period of the active employees. The average remaining service period of the active employees covered by the plan is 12 years.

Components of Net Periodic Other Post-Retirement Benefit Costs

	Successor(a)			Predecessor(a)
	Twelve Months Ended December 31, <u>2007</u>		Nine Months Ended December 31, <u>2006</u>	Three Months Ended March 31, <u>2006</u>
			(in millions)	
Service cost	\$ 6	\$	5	\$ 2
Interest cost on projected benefit obligation	30		20	6
Amortization of loss			3	2
Net periodic other post-retirement benefit costs(b)(c)	\$ 36	\$	28	\$ 10

(a) See Note 1 for additional information on Predecessor and Successor reporting.

(b) Includes immaterial amounts reflected in Income (Loss) From Discontinued Operations, net of tax, in the Consolidated Statements of

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Name of Respondent	This Report is:	Resubmission Date	Year of Report		
	(1) <u>X</u> An Original	(Mo, Da, Yr)			
Duke Energy Shared Services, Inc.	(2) A Resubmission	04/30/2008	2007		
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Operations.

(c) Excludes approximately \$11 million for the twelve months ended December 31, 2007 and approximately \$7 million for the nine months ended December 31, 2006 of regulatory asset amortization resulting from purchase accounting.

Net Periodic Other Post-Retirement Benefit Costs for Cinergy and DESS were as follows:

	Successor(a)			Pro	edecessor(a)
	Twelve Months Ended December 31, 2007		Nine Months Ended December 31, 2006		hree Months Ended March 31, 2006
	 			()	in millions)
Cinergy (b)	\$ 36	\$	33	\$	10
DESS	10		6		2

(a) See Note 1 for additional information on Predecessor and Successor reporting.

(b) Includes amounts related to DESS.

Other Post-Retirement Benefit Plans—Other Changes in Plan Assets and Projected Benefit Obligations Recognized in Accumulated Other Comprehensive Income and Regulatory Assets

	For the year end <u>December 31, 20</u>	
		(in millions)
Regulatory assets, net decrease	\$	(53)
Accumulated other comprehensive loss		
Deferred income tax asset	\$	(3)
Adoption of SFAS No.158 measurement date provisions		39
Actuarial gains and prior service cost arising during 2007		(34)
Net amount recognized in accumulated other comprehensive loss	\$	2

Reconciliation of Funded Status to Accrued Other Post-Retirement Benefit Costs

	,	Successor (a) As of and for the Yea ended December 31 <u>2007</u> <u>2006</u>		
Change in Projected Benefit Obligation		(m)		ns)
Obligation at prior measurement date	\$	497	\$	414
Adoption of SFAS No. 158 measurement date provisions		26		
Service cost		6		7
Interest cost		30		26
Actuarial losses / (gains)		(75)		73
Participant contributions		15		11
Benefits paid		(38)		(34)
Accrued Retiree Drug Subsidy		3		
Obligation at measurement date	\$	464	\$	497
Change in Fair Value of Plan Assets				
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Name of Respondent	This Report is:	R	esubmise		Year of Report
Duke Energy Shared Services, Inc.	(1) <u>X</u> An Original (2) A Resubmission		(Mo, D 04/30/)	2007
	ule XIV- Notes to Financial Stateme	ents		 I	
Plan assets at prior measurement date		\$		\$ 	
Benefits paid			(38)	(34)	
Employer contributions			55	23	
Plan participants' contributions			15	11	
Plan assets at measurement date		\$	32	\$ 	
Funded status		\$	(432)	\$ (497)	
Contributions between measurement date a	ind year end			8	
Net amount recognized		\$	(432)	\$ (489)	
a) See Note 1 for additional information on Prede	access and Successor reporting				

(a) See Note 1 for additional information on Predecessor and Successor reporting.

Other Post-Retirement Benefit Plans—Amounts Recognized in the Consolidated Balance Sheets Consist of:—as of December 31,

	Successor (a)			
	<u>2007</u>	2006		
	(in millions)_			
Accrued post-retirement liability(b)	\$ (432)	\$ (489)		
Net amount recognized	\$ (432)	\$ (489)		

(a) See Note 1 for additional information on Predecessor and Successor reporting.

(b) Includes approximately \$2 million and \$27 million recognized in Other within Current Liabilities on the Consolidated Balance Sheets as of December 31, 2007 and 2006, respectively.

As a result of the adoption of SFAS No. 158, certain previously unrecognized amounts were recognized in the amounts noted above with an offset to AOCI, Deferred Income Taxes and Regulatory Assets as of December 31, 2006.

The following table provides the amounts related to Cinergy's other post-retirement benefit plans that are reflected in Other Regulatory Assets and Deferred Debits and Accumulated other comprehensive loss on the Consolidated Balance Sheets at December 31, 2007:

Other Post-Retirement Benefit Plans—Amounts Recognized in Accumulated Other Comprehensive Loss and Regulatory Assets Consist of: — as of December 31,

	Successor (a)		
	2007		2006
	(in	millions)	
Regulatory assets	(44)	\$	9
Accumulated other comprehensive income			
Deferred income tax asset	(6)	\$	(4)
Net actuarial loss	15		11
Net amount recognized—accumulated other comprehensive loss	9	\$	7

(a) See Note 1 for additional information on Predecessor and Successor reporting.

Of the amounts above, approximately \$1 million of regulatory assets will be recognized in net periodic pension costs in 2008.

Assumptions Used in Cinergy's Other Postretirement Benefits Accounting

Succe	ssor (a)
<u>2007</u>	2006

Name of Respondent	This Report is:	Resubmission Date	Year of Report		
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			centages)		
В	Senefit Obligations	*	5,		
D	Discount rate	6.00	5.75		
S	alary increase	5.00	N/A		
D	Determined Expense				
D	Discount rate(b)	5.75	5.50-6.00		
S	alary increase	5.00	N/A		
E	xpected long-term rate of return on plan assets	N/A	N/A		
(a) Ser	e Note 1 for additional information on Prodecessor and Successor .	anorting			

(a) See Note 1 for additional information on Predecessor and Successor reporting.

(b) Discount rate for Successor was 5.75% and 6.00% for the twelve months ended December 31, 2007 and nine months ended December 31, 2006, respectively. Discount rate for Predecessor was 5.50% for the three months ended March 31, 2006.

The discount rate used to determine the pension obligation is based on a AA bond yield curve. The yield is selected based on bonds with cash flows that match the timing and amount of the expected benefit payments under the plan. For legacy Cinergy plans, the discount rate used in 2006 to determine expense reflects remeasurement as of April 1, 2006 due to the merger between Duke Energy and Cinergy.

Other Post-Retirement Plan Assets

Asset Category	Target	Percentage of Plan Assets at December 31			
	Allocation	<u>2007</u>	2006		
U.S. equity securities	46%	46%	46%		
Non-U.S. equity securities	18	18	19		
Debt securities	32	32	32		
Real estate	4	4	3		
Total	100%	100%	100%		

Assets for both the pension and other post-retirement benefits are maintained in a Master Trust. The investment objective of the trust is to achieve reasonable returns on trust assets, subject to a prudent level of portfolio risk, for the purpose of enhancing the security of benefits for plan participants. The asset allocation targets were set after considering the investment objective and the risk profile with respect to the trust. U.S. equities are held for their high expected return. Non-U.S. equities, debt securities, and real estate are held for diversification. Investments within asset classes are to be diversified to achieve broad market participation and reduce the impact of individual managers or investments. Cinergy regularly reviews its actual asset allocation and periodically rebalances its investments to the targeted allocation when considered appropriate. The long-term rate of return of 8.5% as of December 31, 2007 for the Cinergy U.S. assets was developed using a weighted-average calculation of expected returns based primarily on future expected returns across asset classes considering the use of active asset managers. The weighted-average returns expected by asset classes were 4.3% for U.S. equities, 1.7% for Non-U.S. equities, 2.2% for fixed income securities, and 0.3% for real estate.

Assumed Health Care Cost Trend Rates (b)

		<u>Frend Rate</u> _{ssor} (a)	Drug <u>P</u>	cription 3 Trend <u>tate</u> 2550r (a)
an a	2007	<u>2006</u>	2007	2006
Health care cost trend rate assumed for next year Rate to which the cost trend is	8.00%	8.50%	12.50%	13.00%
assumed to decline (the	5.00%	4.75%	5.00%	4.75%
RC FORM 60 (NEW 12-05)		204.14		

Name of Respondent	This Report is:	Resubmission Date	Year of Report
	(1) <u>X</u> An Original	(Mo, Da, Yr)	
Duke Energy Shared Services, Inc.	(2) A Resubmission	04/30/2008	2007
Sc	hedule XIV- Notes to Financial Statement	nts	
ultimate trend rate)			
Year that the rate reaches the			

ultimate trend rate 2013 2013 2022 2022

(a) See Note 1 for additional information on Predecessor and Successor reporting.

(b) Health care cost trend rates include prescription drug trend rates due to the effect of the Modernization Act.

Sensitivity to Changes in Assumed Health Care Cost Trend Rates (in millions)

	Successor (a))		
	1-Perc	1-Percentage-		ercentage-	age-	
	Point]	ncrease	<u>Poi</u>	nt Decrease		
Effect on total service and interest costs	\$	4	\$	(3)		
Effect on post-retirement benefit obligation		41		(36)		

(a) See Note 1 for additional information on Predecessor and Successor reporting.

Cinergy expects to make the future benefit payments, which reflect expected future service, as appropriate. Cinergy expects to receive future subsidies under Medicare Part D. The following benefit payments and subsidies are expected to be paid (or received) over each of the next five years and thereafter.

Expected Benefit Payments

The following table presents Cinergy's expected benefit payments to participants in its qualified, non-qualified and other post-retirement benefit plans over the next 10 years. These benefit payments reflect expected future service, as appropriate.

	 Qualified Plans	J	otal		
		(in millions)			
Years Ended					
December 31,					
2008	\$ 119	\$ 7	\$ 27	\$	153
2009	126	12	28		166
2010	134	7	31		172
2011	140	7	33		180
2012	141	7	35		183
2013 - 2016	711	40	197		948

(a) Cinergy expects to receive future subsidies under Medicare Part D of approximately \$1 million in each of the years 2008 – 2012, and a total of approximately \$8 during the years 2013-2016.

7. Income Taxes

DESS' net deferred income tax asset at December 31, 2007, and 2006, is as follows:

	2007	2006
Deferred Income Tax Liability	\$ (1,239,421)	\$ 221,942
Deferred Income Tax Asset		
Accrued pension and other benefit costs	95,161,671	137,965,905

FERC FORM 60 (NEW 12-05)

Case No. 2011-124
AG-DR-01-037 (ii) attachment
Page 1 of 83

		ort is:		nission Date	Year of Report		
Duke Energy Shared Services, Inc.	(1) <u>X</u> An ((2) A R	Driginal esubmission		o, Da, Yr) /30/2008	2007		
Schedul	e XIV- Notes to	Financial Statemen	ts				
Other		17,851,114		32,919,60	7		
Other Total deferred income tax assets		<u>17,851,114</u> 113,012,785		<u>32,919,60</u> 170,885,512			

DESS will participate in the filing of a consolidated federal income tax return with Duke Energy for the year ended December 31, 2007. The current tax liability is allocated among the members of the Duke consolidated group pursuant to a tax sharing agreement.

A summary of federal and state income taxes charged (credited) to income and the allocation of such amounts is as follows:

	<u>2007</u>	2006
Current Income Taxes		
Federal	\$ (51,280,135)	\$ (20,870,988)
State	(6,372,669)	(3,701,899)
Total current income taxes	 (57,652,804)	(24,572,887)
Deferred Income Taxes		
Federal		
Pension and other benefit costs	36,918,425	25,674,475
Other	15,727,527	(2,860,774)
State		
Pension and other benefit costs	2,694,976	3,589,814
Other	2,118,570	(399,995)
Total deferred income taxes	 57,459,498	26,003,520
Total Income Taxes	\$ (193,306)	\$

8. Severance and Merger-Related Obligation

Severance. During the year ended December 31, 2007, DESS recorded approximately \$3 million of severance charges under Duke Energy and Cinergy's ongoing severance plan. Future severance costs under this plan, if any, are currently not estimable.

	Successor (a)									
	Bala	ince at January 1, 2007	<u>Pro</u>	vision/ Adjustments	Cas	h Reductions	l	Balance at December 31, 2007		
Severance Reserve	\$	16	\$	 (in mill 3	ions) \$	(15)	\$	Ĩ.		

(a) See Note 1 for additional information on Predecessor and Successor reporting.

During the period from the effective date of the merger with Duke Energy through December 31, 2006, DESS accrued approximately \$49 million related to voluntary and involuntary severance as a result of the merger with Duke Energy (see Note 2), of which

FEDG FODM CO (NEW 42 OF)	204.16
FERC FORM 60 (NEW 12-05)	204.10

Name of Respondent	This Report is:	Resubmission Date	Year of Report					
	(1) <u>X</u> An Original	(Mo, Da, Yr)						
Duke Energy Shared Services, Inc.	(2) A Resubmission	04/30/2008	2007					
Schedule XIV- Notes to Financial Statements								

approximately \$33 million was paid out as of December 31, 2006. Additionally, DESS recorded approximately \$48 million as a charge to income of which \$43 million was allocated to the client companies as goodwill, and approximately \$1 million was deferred as a regulatory asset.

Merger-Related Obligations. Several of Cinergy's benefit plans contained "change-in-control" clauses that provided enhanced, and/or accelerated benefits to management level employees in the event of a qualifying transaction such as occurred with the consummation of the merger with Duke Energy as discussed in Note 2. These included benefits paid pursuant to the Long-term Incentive Plan (LTIP) and certain payments under Cinergy's Annual Incentive Plan. Certain employees were also entitled to additional severance and benefits in the event they were involuntarily terminated without "cause" or voluntarily terminated for "good reason" (as such terms are defined in their employment agreements) in connection with or following the merger.

9. Comprehensive Income

Comprehensive income includes all changes in equity during a period except those resulting from investments by and distributions to shareholders. The major components include net income, minimum pension liability adjustments and unrealized gains and losses on investment trusts.

DESS records a minimum pension liability adjustment associated with our defined benefit pension plans when the unfunded accumulated benefit obligation is in excess of our accrued pension liabilities and the unrecognized prior service costs recorded as an intangible asset. The corresponding offset is recorded on the Balance Sheets in *Accumulated Provisions for Pensions and Benefits* and *Other Deferred Credits (Pensions and Benefits)*.

DESS records unrealized gains and losses on equity investments in trusts we have established for our benefit plans.

For further details of the pension plans' assets and obligations see Note 5.

The elements of *Comprehensive income* and their related tax effects for the years ended 2007 and 2006 are as follows:

	Comprenens					ave income						
		Before-tax <u>Amount</u>		2007 Tax (Expense) <u>Benefit</u>		Net-of-Tax <u>Amount</u>		Before-tax <u>Amount</u>		2006 Tax (Expense) <u>Benefit</u>		Net-of-Tax <u>Amount</u>
DESS												
Net income	\$	-	\$	-	\$	-	\$	-	\$	-	\$	~
Other comprehensive income (loss):												
Minimum pension liability adjustment		20,349,426		(7,562,275)		12,787,151		28,211,712		(9,208,248)		19,003,464
Unrealized gain (loss) on investment trusts		414,565		(1,052,867)		(638,302)		656,034		(254,475)		401,559
Total other comprehensive income (loss)		20,763,991		(8,615,142)		12,148,849		28,867,746		(9,462,723)		19,405,023
Total comprehensive income (loss)	\$	20,763,991	\$	(8,615,142)	\$	12,148,849	\$	28,867,746	\$	(9,462,723)	\$	19,405,023

Comprehensive Income

FERC	FORM	60	NEW	12-05)
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Name of Respondent	This Report is:	Resubmission Date	Year of Report					
	(1) <u>X</u> An Original	(Mo, Da, Yr)	·					
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Schedule XIV- Notes to Financial Statements								

The after-tax components of Accumulated other comprehensive income (loss) as of December 31, 2007 and 2006 are as follows:

	 Accumulated Other Comprehensive Income (Loss) Classification				
	Minimum Pension Liability		Unrealized Gain (Loss) on Investment	(Total Accumulated Other Comprehensive
	 <u>Adjustment</u>		<u>Trusts</u>		Income (Loss)
DESS					
Balance at December 31, 2005	\$ (56,869,502)	\$	19,609	\$	(56,849,893)
Current-period change	 19,003,464		401,559		19,405,023
Balance at December 31, 2006	\$ (37,866,038)	\$	421,168	\$	(37,444,870)
Current-period change	 12,787,151		(638,302)		12,148,849
Balance at December 31, 2007	\$ (25,078,887)	\$	(217,134)	\$	(25,296,021)

INdii	ne of Res	spondent This Report Is:	Resubmission Date	Year/Period of Repo
Duk	e Energ	y Shared Services, Inc. (1) X An Original (2) A Resubmission	(Mo, Da, Yr) 04/30/2008	Dec 31, 2007
		Schedule XV- Comparative Income Statement	04/00/2000	
Line	Account Number	Title of Account	Current Year	Prior Year
No.	(a)	(b)	(c)	(d)
1		INCOME		
2	457	Services Rendered to Associate Companies	539,823,955	755,781,8
3	458	Services Rendered to Non-Associate Companies		
4	421	Miscellaneous Income or Loss		
5		TOTAL (Income)		755,781,8
6		EXPENSE		
7	920	Salaries and Wages	135,448,515	243,325,3
8	921	Office Supplies and Expense	30,885,552	55,809,50
9	922	Administrative Expense Transferred – Credit	(14,084)	(258,55
10	923	Outside Services Employed	53,219,722	98,811,8
11	924	Property Insurance		
12	925	Injuries and Damages	852,419	1,621,5
13	926	Employee Pensions and Benefits	54,982,553	67,642,7
14	928	Regulatory Commission Expense		701,73
15	930.1	General Advertising Expense	407	49,04
16	930 2	Miscellaneous General Expenses	2,827,757	15,722,05
17	931	Rents	28,819,068	39,400,65
18	403	Depreciation and Amortization Expense	18,094,939	13,098,70
19	408	Taxes Other Than Income Taxes	13,978,540	15,284,0
20	409	Income Taxes	(57,652,804)	(26,777,97
21	410	Provision for Deferred Income Taxes	12,961,763	(3,395,28
22	411	Provision for Deferred Income Taxes – Credit	44,497,735	29,398,80
23	411.5	Investment Tax Credit		
24	426.1	Donations	5,940	1,60
25	426.5	Other Deductions	2,132,555	1,017,82
26	427	Interest on Long-Term Debt		
27	430	Interest on Debt to Associate Companies	8,782,381	2,153,65
28	431	Other Interest Expense	142,000	132,61
29		Other Expenses:	189,858,997	202,041,92
		TOTAL (Expense)	539,823,955	755,781,82
30		NET INCOME OR (LOSS)		

Name of Respondent	This Report is:	Resubmission Date	Year of Report
Duke Energy Shared Services, Inc.	(1) <u>X</u> An Original (2) A Resubmission	(Mo, Da, Yr) 04/30/2008	2007
	FOOTNOTE DATA		

Schedule Page: 301 Line No.: 18 Column: c Includes both 403 and 404 account. Schedule Page: 301 Line No.: 18 Column: d Includes both 403 and 404 account. Schedule Page: 301 Line No.: 25 Column: c Includes 426.2 - 426.5 accounts. Schedule Page: 301 Line No.: 25 Column: d Includes 426.2 - 426.5 accounts. Schedule Page: 301 Line No.: 25 Column: c Schedule Page: 301 Line No.: 25 Column: c Schedule Page: 301 Includes 426.2 Schedule Page: 301 Line No.: 29 Column: c Schedule Page: 301 Includes 426.2 Schedule Page: 301 Line No.: 29 Column: c Schedule Page: 301 Includes 426.2 Schedule Page: 301 Line No.: 29 Column: c Schedule Page: 301 Includes 426.2 Schedule Page: 301 Line No.: 29 Column: c Schedule Page: 301 Schedule Page: 301 Schedule Page: 301 Line No.: 29 Column: c Schedule Page: 301 Schedule Page: 301 Schedule Page: 301 Line No.: 29 Column: c Schedule Page: 301 Schedule Page: 301 Schedule Page: 301 Line No: 29 Column: c S	1,501,023
Includes both 403 and 404 account. Schedule Page: 301 Line No.: 25 Column: c Includes 426.2 - 426.5 accounts. Schedule Page: 301 Line No.: 25 Column: d Includes 426.2 - 426.5 accounts. Schedule Page: 301 Line No.: 29 Column: c EXPENSE - Income Statement 401 Operation expense \$ 415 Jobbing and contract work 416 Costs and expenses of merchandising, jobbing and contract work 417 Revenues from non-utility operations 419 Interest and dividend income 421 Miscellaneous one-operating income 422 Allowance for borrowed funds used during construction - credit 435 Extraordinary deductions 500-557 Power production 500-557 Power production 500-557 Power production 500-557 Distribution expense 807-894 Gas operations 901-905 Customer accounts 908-910 Customer accounts 908-910 Customer service & informational expenses 935 Maintenance of general plant Total Expense - Income Statement 107 Construction work in progress 108 Accumulated provision for depreciation of utility plant 163 Stores expense undistributed 182 Other regulatory assets 183 Preliminary survey and investigation charges 184 Clearing accounts 195 Accumulated miscellaneous operating provisions	1 501 022
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419 Interest and dividend income 421 Miscellaneous non-operating income 432 Allowance for borrowed funds used during construction - credit 435 Extraordinary deductions 500-557 Power production 560-573 Transmission expense 580-598 Distribution expense 807-894 Gas operations 901-905 Customer accounts 908-910 Customer service & informational expenses 911-916 Sales expenses 935 Maintenance of general plant Total Expense - Income Statement \$ - EXPENSE - Balance Sheet 107 Construction work in progress 108 Accumulated provision for depreciation of utility plant 163 Stores expense undistributed 182 Other regulatory assets 183 Preliminary survey and investigation charges 184 Clearing accounts 185 Miscellaneous deferred debits 228 Accumulated miscellaneous operating provisions	518,544
419 Interest and dividend income 421 Miscellaneous non-operating income 432 Allowance for borrowed funds used during construction - credit 435 Extraordinary deductions 500-557 Power production 560-573 Transmission expense 580-598 Distribution expense 807-894 Gas operations 901-905 Customer accounts 908-910 Customer service & informational expenses 911-916 Sales expenses 935 Maintenance of general plant Total Expense - Income Statement \$ - EXPENSE - Balance Sheet 107 Construction work in progress 108 Accumulated provision for depreciation of utility plant 163 Stores expense undistributed 182 Other regulatory assets 183 Preliminary survey and investigation charges 184 Clearing accounts 185 Miscellaneous deferred debits 228 Accumulated miscellaneous operating provisions	642
421 Miscellaneous non-operating income 432 Allowance for borrowed funds used during construction - credit 435 Extraordinary deductions 500-557 Power production 560-573 Transmission expense 580-598 Distribution expense 807-894 Gas operations 901-905 Customer accounts 908-910 Customer accounts 908-910 Customer service & informational expenses 935 Maintenance of general plant Total Expense - Income Statement 935 Stores expense undistributed 107 Construction work in progress 108 Accumulated provision for depreciation of utility plant 163 Stores expense undistributed 182 Other regulatory assets 183 Preliminary survey and investigation charges 184 Clearing accounts 186 Miscellaneous deferred debits 228 Accumulated miscellaneous operating provisions	(318,639
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580-598 Distribution expense 807-894 Gas operations 901-905 Customer accounts 908-910 Customer service & informational expenses 911-916 Sales expenses 935 Maintenance of general plant Total Expense - Income Statement \$ EXPENSE - Balance Sheet 107 Construction work in progress 108 Accumulated provision for depreciation of utility plant 163 Stores expense undistributed 182 Other regulatory assets 183 Preliminary survey and investigation charges 184 Clearing accounts 186 Miscellaneous deferred debits 228 Accumulated miscellaneous operating provisions	6,796,279
807-894 Gas operations 901-905 Customer accounts 908-910 Customer service & informational expenses 911-916 Sales expenses 935 Maintenance of general plant Total Expense - Income Statement \$ EXPENSE - Balance Sheet 107 Construction work in progress 108 Accumulated provision for depreciation of utility plant 163 Stores expense undistributed 182 Other regulatory assets 183 Preliminary survey and investigation charges 184 Clearing accounts 186 Miscellaneous deferred debits 228 Accumulated miscellaneous operating provisions	11,939,916
901-905Customer accounts908-910Customer service & informational expenses911-916Sales expenses935Maintenance of general plantTotal Expense - Income Statement EXPENSE - Balance Sheet 107Construction work in progress108Accumulated provision for depreciation of utility plant163Stores expense undistributed182Other regulatory assets183Preliminary survey and investigation charges184Clearing accounts186Miscellaneous deferred debits228Accumulated miscellaneous operating provisions	1,181,537
908-910Customer service & informational expenses911-916Sales expenses935Maintenance of general plantTotal Expense - Income StatementEXPENSE - Balance Sheet107Construction work in progress108Accumulated provision for depreciation of utility plant163Stores expense undistributed182Other regulatory assets183Preliminary survey and investigation charges184Clearing accounts186Miscellaneous deferred debits228Accumulated miscellaneous operating provisions	19,426,332
911-916 Sales expenses 935 Maintenance of general plant Total Expense - Income Statement \$	4,206,613
935Maintenance of general plant Total Expense - Income Statement\$EXPENSE - Balance Sheet107Construction work in progress\$108Accumulated provision for depreciation of utility plant\$163Stores expense undistributed\$182Other regulatory assets\$183Preliminary survey and investigation charges\$184Clearing accounts\$186Miscellaneous deferred debits\$228Accumulated miscellaneous operating provisions\$	
Total Expense - Income StatementEXPENSE - Balance Sheet107108Accumulated provision for depreciation of utility plant163Stores expense undistributed182Other regulatory assets183Preliminary survey and investigation charges184Clearing accounts186Miscellaneous deferred debits228Accumulated miscellaneous operating provisions	60,662
EXPENSE - Balance Sheet107Construction work in progress\$108Accumulated provision for depreciation of utility plant\$163Stores expense undistributed\$182Other regulatory assets\$183Preliminary survey and investigation charges\$184Clearing accounts\$186Miscellaneous deferred debits\$228Accumulated miscellaneous operating provisions\$	7,247,047
107Construction work in progress\$108Accumulated provision for depreciation of utility plant\$163Stores expense undistributed\$182Other regulatory assets\$183Preliminary survey and investigation charges\$184Clearing accounts\$186Miscellaneous deferred debits\$228Accumulated miscellaneous operating provisions\$	102,539,91
108Accumulated provision for depreciation of utility plant163Stores expense undistributed182Other regulatory assets183Preliminary survey and investigation charges184Clearing accounts186Miscellaneous deferred debits228Accumulated miscellaneous operating provisions	
 163 Stores expense undistributed 182 Other regulatory assets 183 Preliminary survey and investigation charges 184 Clearing accounts 186 Miscellaneous deferred debits 228 Accumulated miscellaneous operating provisions 	72,494,586
 182 Other regulatory assets 183 Preliminary survey and investigation charges 184 Clearing accounts 186 Miscellaneous deferred debits 228 Accumulated miscellaneous operating provisions 	185,344
 183 Preliminary survey and investigation charges 184 Clearing accounts 186 Miscellaneous deferred debits 228 Accumulated miscellaneous operating provisions 	1,631,262
 184 Clearing accounts 186 Miscellaneous deferred debits 228 Accumulated miscellaneous operating provisions 	730,960
186 Miscellaneous deferred debits 228 Accumulated miscellaneous operating provisions	324,763
228 Accumulated miscellaneous operating provisions	8,966,062
228 Accumulated miscellaneous operating provisions	2,978,359
	7,750
	87,319,086
Schedule Page: 301 Line No.: 29 Column: d	
EXPENSE - Income Statement	
401 Operation expense \$	1,654,421
415 Jobbing and contract work	(511
416 Costs and expenses of merchandising, jobbing and contract work	623,76 ⁻
417 Revenues from non-utility operations	41,634
419 Interest and dividend income	(953,077
421 Miscellaneous non-operating income	45,416
432 Allowance for borrowed funds used during construction - credit	(865,596
432 Allowance for borrowed funds used during construction - credit 435 Extraordinary deductions	5,697,895
	48,584,458
500-557 Power production 560-573 Transmission expense	
FERC FORM NO. 60 (NEW 12-05) Footnotes.1	6,479,663

Name of F	Respondent	This Report is:	Resubmission Date	Year of Report
		(1) <u>X</u> An Original	(Mo, Da, Yr)	
Duke En	ergy Shared Services, Inc.	(2) A Resubmission	04/30/2008	2007
		FOOTNOTE DATA		
580-598	Distribution expense			8,074,73
807-894	Gas operations			1,209,85
901-905	Customer accounts			20,187,70
908-910	Customer service & informational	expenses		5,138,08
911-916	Sales expenses	•		174,13
935	Maintenance of general plant			5,227,89
		Total Expense - Income S	Statement \$	5 101,320,48
EXPENSE	- Balance Sheet			
107	Construction work in progress		\$	6 86,760,30
108	Accumulated provision for deprec	iation of utility plant		611,63
163	Stores expense undistributed			565,14
182	Other regulatory assets			587,66
183	Preliminary survey and investigation	on charges		(122,24
184	Clearing accounts			8,429,72
186	Miscellaneous deferred debits			3,889,23
		Total Expense - Balance	Sheet \$	

					Page 1 of 83	37 (ii) attachment
	e of Respo e Energy S	ondent Shared Services, Inc.		ort Is: Re An Original A Resubmission	esubmission Date (Mo, Da, Yr) 04/30/2008	Year/Period of Repo Dec 31, 2007
		Account 45	7 – Analysis of Billing – As	sociate Companies		
1. F	For servic	es rendered to associate companies (A	ccount 457), list all of the	e associate compani	es.	
	Account	Description	Direct Costs Charged	Indirect Costs Charged	Compensation For Use	Total Amount Billed
Line No.	Number		(c)	(d)	of Capital (e)	(f)
	(a)	(b)				
	457	Name of Associate Companies:				
2		3036243 Novia Scotia Company	3,485			3,48
3		Brownsville Power I, LLC Caledonia Power I, LLC	126,756			492,01
4 5		Cinergy Canada, Inc.	8,946			9,03
6		Cinergy Capital & Trading, Inc	(6,545	<u></u>		(6,545
7		Cinergy Climate Change Investments, LLC	(669,302	<u> </u>		(644,551
8		Cinergy Corp.	200			20
<u> </u>		CinCap IV LLC	200	· · · · · · · · · · · · · · · · · · ·		1,820,01
9 10		CinCap V LLC	349	-		34
11		Cinergy General Holdings LLC	200			20
12		Cinergy Global Power, Inc.	49,735			49,73
13		Cinergy Global Resources, Inc.	3.607			49,73
14		Cinergy Investments, Inc.	12,353			12,35
15		Cinergy Limited Holdings LLC	200			20
16		Cinergy Power Generation Services, LLC	138,500			138,50
17		Cinergy Solutions - Utility, Inc.	902,408			902,40
18		Cinergy Wholesale Energy, Inc.	200			20
19		CinFuel Resources, Inc.	81			8
20		CinTec LLC	975	_		97
21		Crescent Resources, LLC	578			57
22		CSGP Limited LLC	200			20
23		CSGP of Southeast Texas, LLC	1,836,147			1,836,14
24		CSGP Services, L.P.	200			20
25		CST Green Power, L.P.	600			60
26		DEGS EPCOM College Park, LLC	200)		20
27		DEGS GASCO, LLC	474			47
28		DEGS O&M, LLC	161,754			161,75
29		DEGS of Boca Raton, LLC	9,081	-		9,08
30		DEGS of Cincinnati, LLC	102,074	~ _		102,07
31		DEGS of Delta Township, LLC	160,237			160,23
32		DEGS of Lansing, LLC	164,022			164,02
33		DEGS of Monaca, LLC	7,033			7,03
34		DEGS of Narrows, LLC	600,478			600,47
35		DEGS of Oklahoma. LLC	166,653			166,65
36		DEGS of Parlin, LLC	9,561			9,56
37		DEGS of Philadelphia, LLC	301,074			301,074
38		DEGS of San Diego, Inc.	412,792			412,792
39		DEGS of Shreveport, LLC	495,209			495,209

Resubmission Date (Mo, Da, Yr) 04/30/2008 Year/Period of Repo Dec 31, 2007 s (continued) Dec 31, 2007 s (continued) Total Amount Billed of Capital (e) Total Amount Billed (f) a 137,34 a 203,74 b 203,74 a 314,844 a 203,74 b 203,74 a 38,99 a 43,444 2,165 2,166 7,583 7,583 a 36,76 a 38,99 a 43,444 2,165 2,166 7,583 7,583 a 36,76 a 38,99 a 36,76 a 36,76 a 38,91 a 7,949,851 a 373,70
On 04/30/2008 Dec 31, 2007 s (continued) s (continued) Total Amount Billed of Capital (f) charged Compensation For Use of Capital (e) Total Amount Billed (f) charged 137,34 charged 203,74 charged 203,74 charged 38,99 charged 203,74 charged 216,75 charged 216,75 charged 310,75 charged 33,97,93 charged 39,97,93 charged
Charged Compensation For Use of Capital (e) Total Amount Billed (f) (f) 137,34 314,84 203,74 314,84 203,74 38,99 43,44 38,99 43,44 2,165 7,583 7,58 30,019,080 110,379,91 789,81 7,949,85 ,164,791 3,967,93 7,949,85 7,949,85 ,043,398 174,839,75
Charged Compensation For Use of Capital (e) Total Amount Billed (f) (f) 137,34 314,84 203,74 203,74 203,74 785,96 38,99 34,44 2,165 2,16 7,583 7,58 30,019,080 110,379,91 789,81 3,967,93 7,949,85 7,949,85 ,043,398 174,839,75
of Capital (e) (f) 137,34 137,34 137,34 314,84 203,74 203,74 1203,74 785,96 38,99 38,99 43,444 2,165 2,165 2,16 7,583 7,58 019,080 110,379,91 789,81 3,967,93 164,791 3,967,93 0,043,398 174,839,75
(e) (f) 137,34 137,34 137,34 314,84 203,74 203,74 785,96 38,99 2 34,44 2,165 2,16 7,583 7,58 36,76 36,76 1019,080 110,379,91 789,81 7,949,85 ,043,398 174,839,75
137,34 137,34 314,84 203,74 785,96 38,99 43,44 2,165 7,583 7,583 36,76 36,76 110,379,91 789,81 ,164,791 3,967,93 7,949,85 ,043,398
314,84 203,74 785,96 38,99 43,44 2,165 7,583 7,583 36,76 36,76 1019,080 110,379,91 789,81 ,164,791 3,967,93 7,949,85 ,043,398
203,74 785,96 38,99 43,44 2,165 2,16 7,583 7,56 36,76 36,76 36,76 1019,080 110,379,91 7,89,81 ,164,791 3,967,93 7,949,85 ,043,398 174,839,75
785,96 38,99 43,44 2,165 2,16 7,583 7,58 36,76 36,76 ,019,080 110,379,91 ,164,791 3,967,93 ,043,398 174,839,75
785,96 38,99 43,44 2,165 2,16 7,583 7,58 36,76 36,76 ,019,080 110,379,91 ,164,791 3,967,93 ,043,398 174,839,75
38,99 43,44 2,165 2,16 7,583 7,58 36,76 36,76 ,019,080 110,379,91 ,164,791 3,967,93 ,043,398 174,839,75
43,44 2,165 2,16 7,583 7,58 36,76 3 ,019,080 110,379,91 ,164,791 3,967,93 ,043,398 174,839,75
2,165 2,16 7,583 7,58 36,76 36,76 30,019,080 110,379,91 789,81 ,164,791 3,967,93 7,949,85 ,043,398 174,839,75
7,583 7,583 36,76 36,76 31 36,76 31 36,76 32 31 33 31 34 31 35 31 36,76 33 36,76 33 37 39,99 37 39,99 37,949,85 31,74,839,75
36,76 33 019,080 110,379,91 789,81 ,164,791 3,967,93 7,949,85 ,043,398 174,839,75
019,080 33 019,080 110,379,91 789,81 ,164,791 3,967,93 7,949,85 ,043,398 174,839,75
019,080 110,379,91 789,81 ,164,791 3,967,93 7,949,85 ,043,398 174,839,75
789,81 ,164,791 3,967,93 7,949,85 7,949,85 ,043,398 174,839,75
164,791 3,967,93 7,949,85 ,043,398 174,839,75
7,949,85 ,043,398 174,839,75
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,003,955 3,922,77
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109,867 124,02
,446,557 195,392,90
177,44
80,27
27,589 27,33
143,75
33
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105,685 1,365,41
104,24
336,967 441,51
80
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66,01
29,789 65,43
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359,78
53,09

AG-DR-01-037 (ii) attachment Page 1 of 83 Resubmission Date (Mo, Da, Yr) Name of Respondent This Report Is: Year/Period of Report (1) X An Original Duke Energy Shared Services, Inc. Dec 31, 2007 04/30/2008 A Resubmission (2) Account 457 - Analysis of Billing - Associate Companies (continued) Description Direct Costs Charged Indirect Costs Charged Compensation For Use Total Amount Billed Account Line Number of Capital No. (d) (e) (f) (C) (a) (b) 457 Name of Associate Companies: 1 Ohio River Valley Propane, LLC 2 5,975 5,975 3 Spruce Mountain Products LLC 50 50 4 Teak Mountain Products LLC 1,417 1,417 Tri-State Improvement Company 112,082 112,022 5 60) (6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 Total 216,113,242 323,710,713 539,823,955

Case No. 2011-124

							Page 1 of 83	
	e of Respo			This Repor	t ls:	Re	esubmission Date (Mo, Da, Yr)	Year/Period of Report
Duke	e Energy S	hared Services, Inc.		(1) XA (2) ∏A	n Original Resubmission		04/30/2008	Dec 31, <u>2007</u>
		Account 458 – Analys	sis of Bill	here here here here here here here		anies	; ;	
1. F the	For servic services i	es rendered to nonassociate companies (Acc endered to each respective nonassociate cor	ount 458					otnote, describe
Line	Account Number	Description	Direct C	osts Charged	Indirect Costs Cha	irged	Compensation For Use of Capital	Total Amount Billed
No.	(a)	(b)		(c)	(d)		(e)	(f)
1	458	Name of Non-associate Companies:						
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Name of Respondent	This Report Is:	Resubmission Date	Year/Period of Report					
Duke Energy Shared Services, Inc.	(1) X An Original (2) A Resubmission	(Mo, Da, Yr) 04/30/2008	Dec 31, <u>2007</u>					
Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies								

1. Total cost of service will equal for associate and nonassociate companies the total amount billed under their separate analysis of billing schedules.

	Associate Company Direct Cost	Associate Company Indirect Cost	Associate Company Total Cost	Nonassociate Company Direct Cost	Nonassociate Company	Nonassociate Company Total Cost
(b)	(c)	(d)	(e)	(f)	(g)	(h)
Salaries and Wages	48,579,569	86,868,946	135,448,515			
Office Supplies and Expenses	6,213,658	24,671,894	30,885,552			
Administrative Expense Transferred - Credit	(10,759)	(3,325)	(14,084)			
Outside Services Employed	2,101,462	51,118,260	53,219,722			
Property Insurance						
Injuries and Damages	849,891	2,528	852,419			-
Employee Pensions and Benefits	12,614,204	42,368,349	54,982,553			
Regulatory Commission Expense						
General Advertising Expenses	407		407			
Miscellaneous General Expenses	1,023,419	1,804,338	2,827,757	***		
Rents	363,387	28,455,681	28,819,068			
Other Accounts (provide details in a footnote)						
Depreciation and Amortization Expense		18,094,939	18,094,939			-
Taxes Other Than Income Taxes	6,639,516	7,339,024	13,978,540		<u> </u>	
Income Taxes	(57,652,804)		(57,652,804)			
Provision For Deferred Income Taxes	12,961,763		12,961,763			
Provision For Deferred Income Taxes - Credit	44,497,735		44,497,735			
Investment Tax Credit						
Donations	390	5,550	5,940			
Other Deductions	2,012,379	120,176	2,132,555			
Interest on Long-Term Debt						-
Interest on Debt to Associate Companies		8,782,381	8,782,381			
Other Interest Expense	140,982	1,018	142,000			
Other Accounts (provide details in a footnote)	135,778,043	54,080,954	189,858,997	******		
TOTAL EXPENSE	216,113,242	323,710,713	539,823,955			
			No. Constant	den de la com		
Compensation for Use of Equity Capital						
Interest on Debt to Associate Companies						
Other Accounts (provide details in a footnote)						
TOTAL COST OF SERVICE	216,113,242	323,710,713	539,823,955			
TOTAL COST OF SERVICE	216,113,242	323,710,713	539,823,955			
	(b) Salaries and Wages Office Supplies and Expenses Administrative Expense Transferred - Credit Outside Services Employed Property Insurance Injuries and Damages Employee Pensions and Benefits Regulatory Commission Expense General Advertising Expenses Miscellaneous General Expenses Rents Other Accounts (provide details in a footnote) Depreciation and Amortization Expense Income Taxes Provision For Deferred Income Taxes Provision For Deferred Income Taxes - Credit Investment Tax Credit Donations Other Deductions Interest on Long-Term Debt Interest on Debt to Associate Companies Other Accounts (provide details in a footnote) TOTAL EXPENSE Compensation for Use of Equity Capital Interest on Debt to Associate Companies Other Accounts (provide details in a footnote)	per Direct Cost (b) (c) Salaries and Wages 48,579,565 Office Supplies and Expenses 6,213,652 Administrative Expense Transferred - Credit (10,759) Outside Services Employed 2,101,462 Property Insurance 1 Injuries and Damages 849,891 Employee Pensions and Benefits 12,614,204 Regulatory Commission Expense 407 General Advertising Expenses 407 Miscellaneous General Expenses 407 Other Accounts (provide details in a footnote) 2 Depreciation and Amortization Expense 6,633,516 Income Taxes 6,639,516 Income Taxes 6,639,516 Income Taxes 12,961,763 Provision For Deferred Income Taxes 12,961,763 Investment Tax Credit 2 Donations 300 Other Deductions 2,012,375 Interest on Debt to Associate Companies 100,922 Other Interest Expense 140,982 Other Accounts (provide details in a footnote) 135,778,043 Other Interest Expense 140,982 Other Interest Expense 140,982 Other Interest Expense 140,982 Other Interest Expense	Per Direct Cost Indirect Cost (b) (c) (d) Salaries and Wages 48,579,568 86,688,946 Office Supplies and Expenses 6,213,656 24,671,894 Administrative Expense Transferred - Credit (10,759 (3,325) Outside Services Employed 2,101,462 51,118,260 Property Insurance	Direct Cost Indirect Cost Total Cost (b) (c) (d) (e) Salaries and Wages 48,579,566 86,686,946 135,448,515 Office Supplies and Expenses 6,213,655 24,671,994 30,985,552 Administrative Expense Transferred - Credit (10,759 (3,225 Outside Services Employed 2,101,462 51,118,260 53,218,722 Property Insurance 1 1 1 injuries and Damages 849,899 2,528 852,419 Employee Pensions and Benefits 12,614,200 42,688,348 54,982,553 Regulatory Commission Expense 1 1,804,338 2,827,757 Rents 363,333 28,455,681 28,819,086 Other Accounts (provide details in a footnote) 1 1,023,411 1,804,338 2,827,757 Rents 363,333 28,455,681 28,819,086 0 1,023,415 Other Accounts (provide details in a footnote) 1 1,023,415 1,024,413 1,397,85,401 Inome Taxes	Direct Cost (b) Direct Cost (c) Indirect Cost (d) Total Cost (e) Company Direct Cost (d) States and Wages 46.579,502 66.888,945 135,448,515 Otice Supplies and Expenses 6.213,882 24,671,894 30,885,552 Administrative Expense Transferred - Cred4 (10,753 (3,325 Oxide Services Employed 2,101,482 51,112,280 53,219,722 Property Insurance 1 Ippines and Banefils 12,614,280 42,388,34 54,982,553 General Advertising Expenses 400 42,388,34 54,982,553 General Advertising Expenses 407 407 General Advertising Expenses 407 407 General Advertising Expenses 1,023,445 1,804,333 2,887,767 Repulsiony Commission Expense 6,539,515 7,339,024 13,078,540 Oter Accounts (provide details in a lootnote) 1 Depreciation and Amortization Expense 6,539,515 7,339,024 13,078,540 Income Taxes (<	product of the second

						A P	G-DR-01- age 1 of 83	037 (ii) attachment
		sspondent gy Shared Services, Inc.		This Rep (1) X (2)	oort Is: An Original A Resubmission	Resubmiss (Mo, Da 04/30/20	ion Date , Yr)	Year/Period of Report Dec 31, 2007
		Schedule XVI- Analysis of Ch	arges for Service- As	sociate a	nd Non-Associate	Companies (continued)
	Account	Title of Account	Total Charges for Se Direct Cost	rvices	Total Charges for Indirect Co		Tota	Charges for Services Total Cost
_ine No.	Number (a)	(b)	(i)		(j)	sı		(k)
1	920	Salaries and Wages						
2	921	Office Supplies and Expenses						
3	922	Administrative Expense Transferred - Credit						
4	923	Outside Services Employed						
5	924	Property Insurance						
6	925	Injuries and Damages						
7	926	Employee Pensions and Benefits						
	928	Regulatory Commission Expense						
9	930 1	General Advertising Expenses						
10	930.2	Miscellaneous General Expenses						
	931	Rents						
12		Other Accounts (provide details in a footnote)						
13	403	Depreciation and Amortization Expense						
14	408	Taxes Olher Than Income Taxes						
	409	Income Taxes						
	410	Provision For Deferred Income Taxes						
	411	Provision For Deferred Income Taxes - Credit						
	411 5	Investment Tax Credit						
19	426 1	Donations						
	426 5	Other Deductions						
	420 3	Interest on Long-Term Debt						
		Interest on Debt to Associate Companies						
23	431	Other Interest Expense						
24		Other Accounts (provide details in a footnote)						
25		TOTAL EXPENSE						
26								
27		Compensation for Use of Equity Capital						
28		Interest on Debt to Associate Companies						
29		Other Accounts (provide details in a footnote)						
30		TOTAL COST OF SERVICE		-				

Case No. 2011-124

Name of Respondent	This Report is:	Resubmission Date	Year of Report
Duke Energy Shared Services, Inc.	(1) <u>X</u> An Original (2) A Resubmission	(Mo, Da, Yr) 04/30/2008	2007
	FOOTNOTE DATA		

Schedule	Page: 304 Line No.: 24 Column: c		
EXPENSE	- Income Statement		
401	Operation expense	\$	1,501,023
415	Jobbing and contract work		1,056
416	Costs and expenses of merchandising, jobbing and contract work		512,317
417	Revenues from non-utility operations		642
419	Interest and dividend income		(312,927)
421	Miscellaneous non-operating income		9,474
432	Allowance for borrowed funds used during construction - credit		0
435	Extraordinary deductions		0
500-557	Power production		42,608,511
560-573	Transmission expense		2,376,130
580-598	Distribution expense		6,820,529
807-894	Gas operations		468,604
901-905	Customer accounts		520,775
908-910	Customer service & informational expenses		1,455,436
911-916	Sales expenses		0
935	Maintenance of general plant		2,517,194
	Total Expense - Income Statement	\$	58,478,764
	- Balance Sheet		
107	Construction work in progress	\$	72,494,586
108	Accumulated provision for depreciation of utility plant		185,344
163	Stores expense undistributed		146,247
182	Other regulatory assets		730,675
183	Preliminary survey and investigation charges		324,763
184	Clearing accounts		432,441
186	Miscellaneous deferred debits		2,977,473
228	Accumulated miscellaneous operating provisions	_	7,750
	Total Expense - Balance Sheet	\$	77,299,279
	Page: 304 Line No.: 24 Column: d		
	- Income Statement	¢	-
401	Operation expense	\$	0
415	Jobbing and contract work		0
416	Costs and expenses of merchandising, jobbing and contract work		6,227
417	Revenues from non-utility operations		0
419	Interest and dividend income		(5,712)
421	Miscellaneous non-operating income		0
432	Allowance for borrowed funds used during construction - credit		(41,849)
435	Extraordinary deductions		0

435	Extraordinary deductions		0
500-557	Power production		7,402,769
560-573	Transmission expense		4,420,149
580-598	Distribution expense		5,119,387
807-894	Gas operations		712,933
901-905	Customer accounts		18,905,557
908-910	Customer service & informational expenses		2,751,177
911-916	Sales expenses		60,662
935	Maintenance of general plant		4,729,847
		Total Expense - Income Statement	\$ 44,061,147

Footnotes.1

Name of Respondent	This Report is:	Resubmission Date	Year of Report
Duke Energy Shared Services, Inc.	(1) <u>X</u> An Original (2) A Resubmission	(Mo, Da, Yr) 04/30/2008	2007
	FOOTNOTE DATA		

EXPENS	E - Balance Sheet	
107	Construction work in progress	\$ 0
108	Accumulated provision for depreciation of utility plant	0
163	Stores expense undistributed	1,485,015
182	Other regulatory assets	285
183	Preliminary survey and investigation charges	0
184	Clearing accounts	8,533,621
186	Miscellaneous deferred debits	886
228	Accumulated miscellaneous operating provisions	0
	Total Expense - Balance Sheet	\$ 10,019,807

Schedule I			
EXPENSE	- Income Statement		
401	Operation expense	\$	1,501,023
415	Jobbing and contract work		1,056
416	Costs and expenses of merchandising, jobbing and contract work		518,544
417	Revenues from non-utility operations		642
419	Interest and dividend income		(318,639)
421	Miscellaneous non-operating income		9,474
432	Allowance for borrowed funds used during construction - credit		(41,849)
435	Extraordinary deductions		0
500-557	Power production		50,011,280
560-573	Transmission expense		6,796,279
580-598	Distribution expense		11,939,916
807-894	Gas operations		1,181,537
901-905	Customer accounts		19,426,332
908-910	Customer service & informational expenses		4,206,613
911-916	Sales expenses		60,662
935	Maintenance of general plant		7,247,041
	Total Expense - Income Sta	atement \$	102,539,911
EXPENSE	- Balance Sheet		
107	Construction work in progress	\$	72,494,586
108	Accumulated provision for depreciation of utility plant		185,344
163	Stores expense undistributed		1,631,262
182	Other regulatory assets		730,960
183	Preliminary survey and investigation charges		324,763
184	Clearing accounts		8,966,062
186	Miscellaneous deferred debits		2,978,359
228	Accumulated miscellaneous operating provisions		7,750
	Total Expense - Balance Sh	neet \$	87,319,086

Nam	ne of Respondent			his Report Is:	Resubmi	Page 1 of 83 ssion Date Y Da, Yr)	ear/Period of Repo
Duk	e Energy Shared Services, Inc.		(1)ec 31, <u>2007</u>
	Schedule	e XVII – Schedule o		in the second		nction	
1. L	ist each department or service fi						
	Description/Department or Service	Salaries and Wages (920)	Office Supplies and Expenses	Administrative Expense Transferred – Credit	Outside Services Employed	Property Insurance (924)	Injuries and Damages (925)
_ine No.	(a)	(b)	(921) (c)	(922) (d)	(923) (e)	(f)	(g)
-	List Each Department/Service		.,		• •		
	Overheads						
	Accounting	(9,881,163)	2 095 724	(2,410)	2,738,532		
-		CONTRACTOR CONTRACTOR	3,085,734	(2,410)			
	Marketing and Customer Relations	1,816,124	571,949		98,062		
	Electric Trans and Dist Eng and Constr	138,281	44,629		40		
	Power Planning and Operations	5,478,438	1,425,163		126,038		
	Electric System Maintenance	1,339,374	314,263		700 500		
	Environmentall, Health and Safety	1,009,193	854,279		766,562		
	Executive	5,694,835	1,649,807		3,651,364		
	Facilities	2,499,580	5,322,790		1,976,673		
	Finance	14,484,607	4,940,933		4,125,169		851,2
	Fuels	1,095	79,975				
	Rights of Way	3,611	560				
	Human Resources	84,650,671	951,253		3,102,892		
	Internal Auditing	560,667	68,714		(43,508)		
	Investor Relations	78,950	33,490		1,319		
	Information Systems	11,725,309	7,347,900		30,349,349		
	Legal	6,786,239	1,216,673		3,760,823		5
	Materials Management	1,204,233	438,887		168,737		
	Meters	1,804	10,806				
	Planning	1,646,850	415,560		2,252,716		
	Power Engineering and Construction	1,756,149			96,020		6
	Public Affairs	2,418,153			12,425		
	Rates	2,035,515	54,497		36,509		
25	Transportation		11,340				
26							
27							
28	······································	ļ					
29		<u> </u>					
30							
31	· · · · · · · · · · · · · · · · · · ·						
32							
33							
34		<u></u>					
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36		L					_
37							
38							
39							
40	Total	135,448,515	30,885,552	14,084	53,219,722		852,4

	ne of Respondent ke Energy Shared Services, Inc.			his Report Is:	1 (Ма	ssion Date Ye	
			(1			Da, Yr)	c 31, <u>2007</u>
			(2				C 31, <u>2007</u>
		- Schedule of Expe				(continued)	
1.	List each department or service for	unction according	to the Uniform S	System of Accoun	ts.		
	Description/Department or Service	Employee Pensions and	Regulatory Commission	General Advertising	Miscellaneous General	Rents	Depreciation and
ine		Benefits	Expense	Expenses	Expenses	(931)	Amortization Expens
_ine No.	(a)	(926) (h)	(928) (i)	(930 1) (j)	(930.2) (k)	(1)	(403) (m)
			.,		.,		
						1	
1	List Each Department/Service						
2	Overheads						18,094,9
3	Accounting	(12,102,033)			174,060	18,111,133	\$
4	Marketing and Customer Relations	7,110,107		407	344,252	200,976	;
5	Electric Trans and Dist Eng and Constr	1,069,887				37,305	
6	Power Planning and Operations	18,593,481			170,379	161,614	k
7	Electric System Maintenance	1,582,532			126,646	88,709)
8	Environmentall, Health and Safety	1,240,454			554,068	22,785	
9	Executive	3,423,577			643,645	1,324,891	
10	Facilities	2,120,145			937	161,088	3
11	Finance	2,658,658			605,879	99,920)
12	Fuels	514,755				2,312	2
13	Rights of Way	331,356				918	3
14	Human Resources	9,791,818			2,885	123,667	
15	Internal Auditing	264,106				15,715	
16	Investor Relations	37,190				1,776	j
17	Information Systems	6,051,374			374	7,629,004	
18	Legal	3,103,215			32,692	56,758	
19	Materials Management	804,553			154,490	29,290	
20	Melers	1,081,935			10 1,100	33,437	
20	Planning	769,348				53,482	
21	Power Engineering and Construction	4,382,124			13,975	74,356	
					3,475	566,722	
23	Public Affairs	1,103,056			3,473		
24	Rates	1,030,757				23,210	*
25	Transportation	20,158					
26							
27							
28							
29							
30		_					
31							
32							ļ
33							
34							
35							
36							
37							
38							1
39]
40	Total	54,982,553		407	2,827,757	28,819,068	18,094,9
							<u>+</u>
							1

						Page 1 of 83	3) attachment
	ne of Respondent			his Report Is:) [X] An Original	Resubmi (Mo.	ssion Date Da, Yr)	Year/	Period of Repor
Duk	e Energy Shared Services, Inc.		(1			/2008	Dec 3	31, <u>2007</u>
	Schedule XVII	- Schedule of Expe			Service Function	(continued)		
1.1	ist each department or service f	unction according	to the Uniform S	system of Accour	nts.			
	Description/Department or Service	Taxes Other Than	Income Taxes	Provision For Deferred	Provision For Deferred	Investment Tax C	Credit	Donations
_ine	(a)	Income Taxes (408)	(409)	Income Taxes (410)	Income Taxes - Credit (411)	(411 5)		(426.1)
No.	(~ <i>y</i>	(n)	(o)	(p)	(q)	(r)		(s)
1	List Each Department/Service							
2	Overheads		(57,652,804)	12,961,763	44,497,735			
3	Accounting	(545,316)						39
4	Marketing and Customer Relations	1,147,469						
5	Electric Trans and Dist Eng and Constr	172,761						
6	Power Planning and Operations	2,968,582						
7	Electric System Maintenance	254,890						
8	Environmentall, Health and Safety	199,926						
9	Executive	567,177						5,55
10	Facilities	342,435						
11	Finance	945,539						
12	Fuels	82,954				······································		
13	Rights of Way	52,564						
14	Human Resources	4,772,787						······································
15	Internal Auditing	41,718						
16	Investor Relations	5,873						
17	Information Systems	961,827						
18	Legal	509,018						
19	Materials Management	128,979						
20	Meters	171,847						
21	Planning	121,499						
	Power Engineering and Construction	705,789						
23	Public Affairs	198,440						
24	Rates	168,380						
25	Transportation	3,402						
26						<u> </u>		
27								
28								
29								
30								
31								
32	· · · · · · · · · · · · · · · · · · ·							
33								
34		-						
35								
36								
37								
38								
39	Total	13,978,540	(57,652,804)	12,961,763	44,497,735			5,94
40		13,978,340	(57,052,004)	12,301,703				0,94

						Pag	e 1 of 83	
1	ne of Respondent			This Report	ls: Original	Resubmissior (Mo, Da, Y	Date Year/F	eriod of Repor
Duk	e Energy Shared Services, Inc.				Resubmission	04/30/200		, <u>2007</u>
	Schedule XVII	- Schedule of E	cpense Distrib			e Function (cor	ntinued)	
1. I	ist each department or service f	unction accordi	ng to the Unifo	orm System of	Accounts.			
Line	Description/Department or Service (a)	Other Deductions (426 5)	Interest on Long-Term Debt (427)	Interest on Debt to Associate Companies	Other Interest Expense (431)	Overhead	Other Accounts	Total Expense
No.		(t)	(u)	(430) (v)	(w)	(×)	(y)	(z)
1	List Each Department/Service							
2	Overheads	2,132,555					(318,639)	19,715,54
3	Accounting			8,782,381	142,000		(2,300,858)	8,207,2
4	Marketing and Customer Relations						22,225,587	33,514,93
5	Electric Trans and Dist Eng and Constr						14,469,877	15,932,78
6	Power Planning and Operations						55,297,427	84,221,12
7	Electric System Maintenance						8,133,670	11,840,08
8	Environmentall, Health and Safety						3,230,736	7,878,05
9	Executive						2,056,472	19,017,31
10	Facilities						4,859,282	17,282,93
11	Finance						6,096,780	34,808,71
	Fuels						1,103,120	1,784,21
13	Rights of Way						2,323,986	2,712,99
	Human Resources						2,766,165	106,145,64
15	Internal Auditing							907,41
16	Investor Relations							158,59
17	Information Systems						8,104,279	72,169,41
18	Legal						139,351	15,605,27
19	Materials Management						4,858,618	7,787,78
20	Meters						4,480,882	5,780,7
21	Planning						58,886	5,318,34
22	Power Engineering and Construction						43,756,108	51,354,08
	Public Affairs						162,757	5,942,44
	Rates						345,432	3,694,30
25	Transportation						8,009,079	8,043,97
26			i				0,000,070	0,010,01
27								
28								
29								
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32 33								
33 34								
35								
36		<u> </u>						
37								,, i
38	· · · · · · · · · · · · · · · · · · ·							
39	T-4-1	0.000		0 700 07			100.000.000	FOR 200
40	Total	2,132,555	-/	8,782,381	142,000		189,858,997	539,823,95

198,881 1,016

Name of Respondent	This Report is:	Resubmission Date	Year of Report
	(1) <u>X</u> An Original	(Mo, Da, Yr)	2007
Duke Energy Shared Services, Inc.	(2) A Resubmission	04/30/2008	2007
	FOOTNOTE DATA		

Schedule I	Page: 305 Line No.: 2 Column: y		
Overhead			
	- Income Statement	¢	0
401	Operation expense	\$	0
415	Jobbing and contract work		0
416	Costs and expenses of merchandising, jobbing and contract work		0
417	Revenues from non-utility operations		0
419	Interest and dividend income		(318,639)
421	Miscellaneous non-operating income		0
432	Allowance for borrowed funds used during construction - credit		0
435	Extraordinary deductions		0
500-557	Power production		0
560-573	Transmission expense		0
580-598	Distribution expense		0
807-894	Gas operations		0
901-905	Customer accounts		0
908-910	Customer service & informational expenses		0
911-916	Sales expenses		0
935	Maintenance of general plant	*	0
	Total Expense - Income Statement	\$	(318,639)
EXPENSE	- Balance Sheet		
107	Construction work in progress	\$	0
108	Accumulated provision for depreciation of utility plant		0
163	Stores expense undistributed		0
182	Other regulatory assets		0
183	Preliminary survey and investigation charges		0
184	Clearing accounts		0
186	Miscellaneous deferred debits		0
10.0	Total Expense - Balance Sheet	\$	0
Schodulo	Page: 305 Line No.: 3 Column: b		
The total d	epartmental salary amount for the Accounting function includes an adjustme	nt of \$((17,866,445) recorded durin
early 2007.	This adjustment was related to the prior year-end accrual for vacation entit	ement	reserve.
	Page: 305 Line No.: 3 Column: y		
Accountir	-		
EXPENSE	- Income Statement	<u>~</u>	0
401	Operation expense	\$	0
415	Jobbing and contract work		0
416	Costs and expenses of merchandising, jobbing and contract work		0
417	Revenues from non-utility operations		0
419	Interest and dividend income		0
421	Miscellaneous non-operating income		9,474
432	Allowance for borrowed funds used during construction - credit		(41,849)
435	Extraordinary deductions		0
500-557	Power production		130,027
560-573	Transmission expense		535,805
580-598	Distribution expense		309,696
807-894	Gas operations		25,263
			100 001

Customer	service	& informational	expenses
NO 60 (NEW	12-05)		Footnotes.1

901-905

908-910

FERC FORM NO. 60 (NEW 12-05)

Customer accounts

			Pa	ge 1 of 83	
Name of Re	espondent This Rep (1) X An		Resubmissi (Mo, Da		Year of Report
Duke Ener		Resubmission	04/30/2		2007
	<u>FOOTNO</u>		I		
11-916	Sales expenses				0
935	Maintenance of general plant			26	,693
	- ·	nse - Income Stater	ment \$	1,195	
				.,	,
	Balance Sheet				
07	Construction work in progress		\$	(3,558	,981)
08	Accumulated provision for depreciation of utility	olant			0
63	Stores expense undistributed			10	,950
82	Other regulatory assets				(83)
183	Preliminary survey and investigation charges			(24	,352)
184	Clearing accounts			•	,734
86	Miscellaneous deferred debits				,118
228					,750
	Total Exper	nse - Balance Shee	t \$	(3,495	
			•		· · ·
chedule F				m	
	and Customer Relations				
	Income Statement		*		0
401	Operation expense		\$		0
15	Jobbing and contract work				0
116	Costs and expenses of merchandising, jobbing a	and contract work		88	,333
117	Revenues from non-utility operations				368
119	Interest and dividend income				0
121	Miscellaneous non-operating income				0
432	Allowance for borrowed funds used during const	ruction - credit			0
435	Extraordinary deductions				0
500-557	Power production			6	,304
560-573	Transmission expense				5
580-598	Distribution expense			197	,104
307-894	Gas operations				,323
901-905	Customer accounts			16,879	
908-910	Customer service & informational expenses			4,112	
911-916	Sales expenses				2,045
	•			2	0
935	Maintenance of general plant	neo - Incomo Stato	ment \$	21,288	-
	rotai Exper	nse - Income Stater	nom Ø	∠1,200	,000
XPENSE	- Balance Sheet				
07	Construction work in progress		\$	393	,312
08	Accumulated provision for depreciation of utility	olant	*		887
163	Stores expense undistributed				0
182	Other regulatory assets			5/2	,352
183				040	0
	Preliminary survey and investigation charges				0
184 186	Clearing accounts Miscellaneous deferred debits				0
186		nse - Balance Shee	et \$	037	7,551
			νι ψ	331	,001
Schedule F	age: 305 Line No.: 5 Column: y				
Electric Tra	ansmission and Distribution Engineering and (Construction			
	- Income Statement				
401	Operation expense		\$,674
	1 1 1 1 1 1 1			1	,056
115	Jobbing and contract work				,000

			Page	e 1 of 83	
Name of R		1	Resubmissio		Year of Report
	$(1) \underline{X} \text{ An } C$		(Mo, Da, 04/30/200		2007
<u> </u>	rgy Shared Services, Inc. (2) _ A R FOOTNOT	esubmission	04/30/200		2007
	FOOINCI				
116	Costs and expenses of merchandising, jobbing a	ind contract work		74,6	511
417	Revenues from non-utility operations				0
419	Interest and dividend income				0
421	Miscellaneous non-operating income				0
432	Allowance for borrowed funds used during constr	ruction - credit			0
435	Extraordinary deductions				0
500-557	Power production			2,0	079
560-573	Transmission expense			733,3	
580-598	Distribution expense			1,618,8	
307-894	Gas operations				561
901-905	Customer accounts			41,	
008-910	Customer service & informational expenses				381
911-916	Sales expenses				0
935	Maintenance of general plant			1.(517
	v ,	se - Income Statem	ent \$	2,505,2	
				·	
EXPENSE	- Balance Sheet				
107	Construction work in progress		\$	11,749,	535
108	Accumulated provision for depreciation of utility p	blant		33,3	321
163	Stores expense undistributed				0
182	Other regulatory assets				0
183	Preliminary survey and investigation charges				0
184	Clearing accounts				11
186	Miscellaneous deferred debits			181,8	810
		se - Balance Sheet	\$ -	11,964,0	
Schedule H					
	nning and Operations				
	- Income Statement		<u></u>	202.4	247
401	Operation expense		\$	282,2	
415	Jobbing and contract work				0
416	Costs and expenses of merchandising, jobbing a	and contract work			0
417	Revenues from non-utility operations				0
419	Interest and dividend income				0
421	Miscellaneous non-operating income				0
432	Allowance for borrowed funds used during constr	ruction - credit			0
435	Extraordinary deductions			04 455	0
500-557	Power production			31,102,0	
560-573	Transmission expense			4,021,8	
580-598	Distribution expense			4,361,2	
807-894	Gas operations			4	451
901-905	Customer accounts				0
908-910	Customer service & informational expenses			4	564
911-916	Sales expenses				0
935	Maintenance of general plant		-	·	0
	Total Expen	nse - Income Statem	ient \$	39,768,3	316
EXPENSE	- Balance Sheet				
107	Construction work in progress		\$	13,550,	513
	Accumulated provision for depreciation of utility p	plant	Ψ		582
108				· · · ·	
108 163	Stores expense undistributed				0

			Pa	ge 1 of 83	
Name of R	espondent	This Report is:	esubmissi	on Date	Year of Report
		(1) X An Original	(Mo, Da		·
Duke Ene	rgy Shared Services, Inc.	(2) A Resubmission	04/30/2		2007
		FOOTNOTE DATA			
82	Other regulatory assets				0
83	Preliminary survey and investigation ch	harges		86,6	549
184	Clearing accounts				0
186	Miscellaneous deferred debits			1,889,3	
	Те	otal Expense - Balance Sheet	\$	15,529,1	111
Chedule F					
-	stem Maintenance				
	- Income Statement		¢	00	405
101	Operation expense		\$	60,4	
15	Jobbing and contract work			170	0
16	Costs and expenses of merchandising	, jobbing and contract work		178,6	
17	Revenues from non-utility operations				0
19	Interest and dividend income				0
21	Miscellaneous non-operating income				0
-32	Allowance for borrowed funds used du	ring construction - credit			0
35	Extraordinary deductions				0
500-557	Power production			483,7	
560-573	Transmission expense			596,3	
580-598	Distribution expense			1,349,2	
807-894	Gas operations			14,8	
901-905	Customer accounts			270,7	709
908-910	Customer service & informational expe	enses		11,	793
911-916	Sales expenses				0
935	Maintenance of general plant				791
	T	otal Expense - Income Statem	ent \$	2,966,0	612
	- Balance Sheet				
107	Construction work in progress		\$	5,116,1	
		£		14 (925
08	Accumulated provision for depreciation	n of utility plant			
	Accumulated provision for depreciation Stores expense undistributed	f of utility plant			830
63 82	Stores expense undistributed Other regulatory assets				0
163 182	Stores expense undistributed			1,8	0 0
163 182 183	Stores expense undistributed Other regulatory assets Preliminary survey and investigation ch Clearing accounts			1,8	0 0 103
63 82 83 84	Stores expense undistributed Other regulatory assets Preliminary survey and investigation ch			1,8	0 0 103 059_
63 82 83 84	Stores expense undistributed Other regulatory assets Preliminary survey and investigation ch Clearing accounts Miscellaneous deferred debits		\$	1,8	0 0 103 059_
63 82 83 84 86	Stores expense undistributed Other regulatory assets Preliminary survey and investigation ch Clearing accounts Miscellaneous deferred debits	narges	\$	1,8	0 0 103 059_
63 82 83 84 86 Schedule I	Stores expense undistributed Other regulatory assets Preliminary survey and investigation ch Clearing accounts Miscellaneous deferred debits T Page: 305 Line No.: 8 Column: y	narges	\$	1,8	0 0 103 059_
63 82 83 84 86 Schedule F Environme	Stores expense undistributed Other regulatory assets Preliminary survey and investigation ch Clearing accounts Miscellaneous deferred debits Tr Page: 305 Line No.: 8 Column: y ental, Health and Safety	narges	\$	1,8	0 0 103 059_
163 182 183 184 186 Schedule I Environme EXPENSE	Stores expense undistributed Other regulatory assets Preliminary survey and investigation ch Clearing accounts Miscellaneous deferred debits Te Page: 305 Line No.: 8 Column: y ental, Health and Safety - Income Statement	narges		1,8 34,0 5,167,0	0 0 103 059 058
63 82 83 84 86 Schedule I Environme EXPENSE 401	Stores expense undistributed Other regulatory assets Preliminary survey and investigation ch Clearing accounts Miscellaneous deferred debits Tr Page: 305 Line No.: 8 Column: y ental, Health and Safety - Income Statement Operation expense	narges	\$	1,8 34,0 5,167,0	0 0 103 059 058
63 82 83 84 86 Chedule I Environme EXPENSE 01 15	Stores expense undistributed Other regulatory assets Preliminary survey and investigation ch Clearing accounts Miscellaneous deferred debits Tr Page: 305 Line No.: 8 Column: y ental, Health and Safety - Income Statement Operation expense Jobbing and contract work	narges otal Expense - Balance Sheet		1,8 34,0 5,167,0	0 0 103 <u>059</u> 058
63 82 83 84 86 Schedule I Environme SXPENSE 401 415 416	Stores expense undistributed Other regulatory assets Preliminary survey and investigation ch Clearing accounts Miscellaneous deferred debits Tr Page: 305 Line No.: 8 Column: y ental, Health and Safety - Income Statement Operation expense Jobbing and contract work Costs and expenses of merchandising	narges otal Expense - Balance Sheet		1,8 34,0 5,167,0	0 0 103 059 058 000 0 0
63 82 83 84 86 Schedule I Environme EXPENSE 01 15 16 16	Stores expense undistributed Other regulatory assets Preliminary survey and investigation ch Clearing accounts Miscellaneous deferred debits Treage: 305 Line No.: 8 Column: y ental, Health and Safety - Income Statement Operation expense Jobbing and contract work Costs and expenses of merchandising Revenues from non-utility operations	narges otal Expense - Balance Sheet		1,8 34,0 5,167,0	0 0 103 059 058 000 0 0 0
63 82 83 84 86 Environme EXPENSE 01 15 16 17 19	Stores expense undistributed Other regulatory assets Preliminary survey and investigation ch Clearing accounts Miscellaneous deferred debits Tree Page: 305 Line No.: 8 Column: y Ental, Health and Safety - Income Statement Operation expense Jobbing and contract work Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income	narges otal Expense - Balance Sheet		1,8 34,0 5,167,0	0 0 103 059 058 000 0 0 0 0 0
63 82 83 84 86 Schedule I Environme EXPENSE 101 115 116 117 119 121	Stores expense undistributed Other regulatory assets Preliminary survey and investigation ch Clearing accounts Miscellaneous deferred debits Tree Page: 305 Line No.: 8 Column: y ental, Health and Safety - Income Statement Operation expense Jobbing and contract work Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income	narges otal Expense - Balance Sheet , jobbing and contract work		1,8 34,0 5,167,0	0 0 103 059 058 000 0 0 0 0 0 0 0
63 82 83 84 86 Schedule I Environme EXPENSE 101 115 116 117 119 121 132	Stores expense undistributed Other regulatory assets Preliminary survey and investigation ch Clearing accounts Miscellaneous deferred debits Tree Page: 305 Line No.: 8 Column: y ental, Health and Safety - Income Statement Operation expense Jobbing and contract work Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du	narges otal Expense - Balance Sheet , jobbing and contract work		1,8 34,0 5,167,0	0 0 103 059 058 000 0 0 0 0 0 0 0 0 0 0 0
63 82 83 84 86 Schedule I Environme EXPENSE 101 115 116 117 119 121 132	Stores expense undistributed Other regulatory assets Preliminary survey and investigation ch Clearing accounts Miscellaneous deferred debits Tree Page: 305 Line No.: 8 Column: y ental, Health and Safety - Income Statement Operation expense Jobbing and contract work Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income	narges otal Expense - Balance Sheet , jobbing and contract work		1,8 34,0 5,167,0 3,0	0 0 103 059 058 000 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
163 182 183 184 186 Schedule I Environme EXPENSE 401 415 416 417 419 421 432 435	Stores expense undistributed Other regulatory assets Preliminary survey and investigation ch Clearing accounts Miscellaneous deferred debits Tree Page: 305 Line No.: 8 Column: y ental, Health and Safety - Income Statement Operation expense Jobbing and contract work Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du	narges otal Expense - Balance Sheet , jobbing and contract work		1,8 34,0 5,167,0 3,0 3,0	0 0 103 059 058 000 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
	Stores expense undistributed Other regulatory assets Preliminary survey and investigation ch Clearing accounts Miscellaneous deferred debits Tree Page: 305 Line No.: 8 Column: y ental, Health and Safety - Income Statement Operation expense Jobbing and contract work Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions	narges otal Expense - Balance Sheet , jobbing and contract work		1,8 34,0 5,167,0 3,0	0 0 103 059 058 000 0 0 0 0 0 0 0 0 0 0 0

Name of Re				age 1 of 83		
Name of Re	espondent		Resubmiss		Yea	r of Report
		(1) <u>X</u> An Original	(Mo, Da			
Duke Ener	gy Shared Services, Inc.	(2) A Resubmission	04/30/2	2008	<u> </u>	2007
		FOOTNOTE DATA				
007 004	Can apparations				0	
807-894	Gas operations				0	
901-905	Customer accounts				0	
908-910	Customer service & informational exp	enses			0	
911-916	Sales expenses				0	
935	Maintenance of general plant				0	
		Total Expense - Income Statem	ent \$	2,600	1,852	
	- Balance Sheet					
107	Construction work in progress		\$	593	3,852	
108	Accumulated provision for depreciatio	n of utility plant	Ψ	000	,002 0	
163	Stores expense undistributed	IT OF duility plant			0	
182	Other regulatory assets				0	
1 62 183		hardes			0	
183	Preliminary survey and investigation of	inal yes			0	
	Clearing accounts			20	-	
186	Miscellaneous deferred debits	Tatal Evinancia - Palanca Chast	ድ		5,032	
	l l l l l l l l l l l l l l l l l l l	Total Expense - Balance Sheet	\$	629	9,884	
Schedule P	age: 305 Line No.: 9 Column: y					
Executive						
	Income Statement					
401	Operation expense		\$		0	
415	Jobbing and contract work				0	
T I U						
	-	g, jobbing and contract work			677	
416	Costs and expenses of merchandising	g, jobbing and contract work			677 71	
416 417	-	g, jobbing and contract work				
416 417 419	Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income	g, jobbing and contract work			71	
416 417 419 421	Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income				71 0 0	
416 417 419 421 432	Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du				71 0	
416 417 419 421 432 435	Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions			627	71 0 0 0 0	
416 417 419 421 432 435 500-557	Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions Power production				71 0 0 0 7,971	
416 417 419 421 432 435 500-557 560-573	Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions Power production Transmission expense			5	71 0 0 0 7,971 5,140	
416 417 419 421 432 435 500-557 560-573 580-598	Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions Power production Transmission expense Distribution expense			5 2	71 0 0 0 7,971 5,140 2,074	
416 417 421 432 435 500-557 560-573 580-598 807-894	Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions Power production Transmission expense Distribution expense Gas operations			5 2 92	71 0 0 7,971 5,140 2,074 2,053	
416 417 421 432 435 500-557 560-573 580-598 807-894 901-905	Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions Power production Transmission expense Distribution expense Gas operations Customer accounts	uring construction - credit		5 2 92 278	71 0 0 5,971 5,140 2,074 2,053 3,157	
416 417 421 432 435 500-557 560-573 580-598 807-894 901-905 908-910	Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions Power production Transmission expense Distribution expense Gas operations Customer accounts Customer service & informational exp	uring construction - credit		5 2 92 278	71 0 0 0 7,971 5,140 2,074 2,053 3,157 2,004	
416 417 419 421 432 435 500-557 560-573 580-598 807-894 901-905 908-910 911-916	Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions Power production Transmission expense Distribution expense Gas operations Customer accounts Customer service & informational exp Sales expenses	uring construction - credit		5 2 92 278 32	71 0 0 5,971 5,140 2,074 2,053 3,157 2,004 0	
416 417 421 432 435 500-557 560-573 580-598 807-894 901-905 908-910 911-916	Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions Power production Transmission expense Distribution expense Gas operations Customer accounts Customer service & informational exp Sales expenses Maintenance of general plant	uring construction - credit enses	ent [¢]	5 2 92 278 32 3	71 0 0 5,971 5,140 2,074 2,053 3,157 2,004 0 3,649	
416 417 419 421 432 435 500-557 560-573 580-598 807-894 901-905 908-910 911-916	Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions Power production Transmission expense Distribution expense Gas operations Customer accounts Customer service & informational exp Sales expenses Maintenance of general plant	uring construction - credit	ent \$	5 2 92 278 32	71 0 0 5,971 5,140 2,074 2,053 3,157 2,004 0 3,649	
416 417 421 432 435 500-557 560-573 580-598 807-894 901-905 908-910 911-916 935	Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions Power production Transmission expense Distribution expense Gas operations Customer accounts Customer service & informational exp Sales expenses Maintenance of general plant	uring construction - credit enses	ent \$	5 2 92 278 32 3	71 0 0 5,971 5,140 2,074 2,053 3,157 2,004 0 3,649	
416 417 419 421 432 435 500-557 560-573 580-598 307-894 901-905 908-910 911-916 935 EXPENSE -	Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions Power production Transmission expense Distribution expense Gas operations Customer accounts Customer service & informational exp Sales expenses Maintenance of general plant	uring construction - credit enses		5 2 92 278 32 3 1,041	71 0 0 5,971 5,140 2,074 2,074 2,074 2,074 2,074 2,074 2,074 2,074 2,074 2,074 2,074 2,074 2,074 2,074 2,074	
416 417 419 421 432 435 500-557 560-573 580-598 307-894 901-905 908-910 911-916 935 EXPENSE -	Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions Power production Transmission expense Distribution expense Gas operations Customer accounts Customer service & informational exp Sales expenses Maintenance of general plant	uring construction - credit enses ⁻ otal Expense - Income Statem	ent \$ \$	5 2 92 278 32 3 1,041	71 0 0 0 7,971 5,140 2,074 2,053 3,157 2,004 0 3,649 7,796	
416 417 419 421 432 435 500-557 560-573 580-598 307-894 901-905 908-910 911-916 935 EXPENSE - 107 108	Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions Power production Transmission expense Distribution expense Gas operations Customer accounts Customer service & informational exp Sales expenses Maintenance of general plant	uring construction - credit enses ⁻ otal Expense - Income Statem		5 2 92 278 32 3 1,041	71 0 0 0 5,971 5,140 2,074 2,053 3,157 2,004 0 3,649 7,796 5,771 0	
416 417 419 421 432 435 500-557 560-573 580-598 307-894 901-905 908-910 911-916 935 EXPENSE - 107 108 163	Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions Power production Transmission expense Distribution expense Gas operations Customer accounts Customer service & informational exp Sales expenses Maintenance of general plant Balance Sheet Construction work in progress Accumulated provision for depreciation Stores expense undistributed	uring construction - credit enses ⁻ otal Expense - Income Statem		5 2 92 278 32 3 3 1,041 805	71 0 0 0 7,971 5,140 2,074 2,053 3,157 2,004 0 3,649 7,796 5,771 0 0	
416 417 419 421 432 435 500-557 560-573 580-598 807-894 901-905 908-910 911-916 935 EXPENSE - 107 108 163 182	Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions Power production Transmission expense Distribution expense Gas operations Customer accounts Customer service & informational exp Sales expenses Maintenance of general plant Balance Sheet Construction work in progress Accumulated provision for depreciatio Stores expense undistributed Other regulatory assets	uring construction - credit enses ⁻ otal Expense - Income Statem n of utility plant		5 2 92 278 32 3 3 1,041 805	71 0 0 7,971 5,140 2,074 2,074 2,074 2,074 2,074 2,004 0 3,649 7,796 5,771 0 0 3,255	
416 417 419 421 432 435 500-557 560-573 580-598 807-894 901-905 908-910 911-916 935 EXPENSE - 107 108 163 182 183	Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions Power production Transmission expense Distribution expense Gas operations Customer accounts Customer service & informational exp Sales expenses Maintenance of general plant Balance Sheet Construction work in progress Accumulated provision for depreciation Stores expense undistributed Other regulatory assets Preliminary survey and investigation of	uring construction - credit enses ⁻ otal Expense - Income Statem n of utility plant		5 2 92 278 32 3 3 1,041 805	71 0 0 0 7,971 5,140 2,074 2,074 2,053 3,157 2,004 0 3,649 7,796 5,771 0 0 3,255 0	
416 417 419 421 432 435 500-557 560-573 580-598 807-894 901-905 908-910 911-916 935 EXPENSE - 107 108 163 182 183 184	Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions Power production Transmission expense Distribution expense Gas operations Customer accounts Customer service & informational exp Sales expenses Maintenance of general plant Balance Sheet Construction work in progress Accumulated provision for depreciation Stores expense undistributed Other regulatory assets Preliminary survey and investigation of Clearing accounts	uring construction - credit enses ⁻ otal Expense - Income Statem n of utility plant		5 2 92 278 32 3 3 1,041 805	71 0 0 0 5,971 5,140 2,074 2,074 2,074 2,074 2,074 2,074 0 3,649 7,796 5,771 0 0 5,255 0 0	
416 417 419 421 432 435 500-557 560-573 580-598 307-894 901-905 908-910 911-916 935 EXPENSE - 107 108 163 182 183	Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions Power production Transmission expense Distribution expense Gas operations Customer accounts Customer service & informational exp Sales expenses Maintenance of general plant Balance Sheet Construction work in progress Accumulated provision for depreciatio Stores expense undistributed Other regulatory assets Preliminary survey and investigation of Clearing accounts Miscellaneous deferred debits	uring construction - credit enses ⁻ otal Expense - Income Statem n of utility plant		5 2 92 278 32 3 3 1,041 805	$71 \\ 0 \\ 0 \\ 0 \\ 0 \\ 7,971 \\ 5,140 \\ 2,074 \\ 2,074 \\ 2,053 \\ 3,157 \\ 2,004 \\ 0 \\ 3,649 \\ 7,796 \\ 5,771 \\ 0 \\ 0 \\ 3,255 \\ 0 \\ 0 \\ 650 \\ 0 \\ 650 \\ 0 \\ 0 \\ 650 \\ 0 \\ 0 \\ 0 \\ 0 \\ 0 \\ 0 \\ 0 \\ 0 \\ 0 \\$	

Schedule Page: 305 Line No.: 10 Column: y Facilities EXPENSE - Income Statement

			Page	0183	
Name of R	espondent		Resubmission		ar of Report
		(1) <u>X</u> An Original	(Mo, Da, Y	(r)	0007
Duke Ene	rgy Shared Services, Inc.	(2) A Resubmission	04/30/2008	<u> </u>	2007
		FOOTNOTE DATA			
401	Operation expense		\$	0	
415	Jobbing and contract work			0	
416	-	ndising, jobbing and contract work		0	
417	Revenues from non-utility opera			0	
419	Interest and dividend income			0	
421	Miscellaneous non-operating inc	come		0	
432	Allowance for borrowed funds us			0	
435	Extraordinary deductions	C C		0	
500-557	Power production			(33)	
560-573	Transmission expense			753	
580-598	Distribution expense			1,430	
807-894	Gas operations			514	
901-905	Customer accounts			39	
908-910	Customer service & informationa	al expenses		22,405	
911-916	Sales expenses			0	
935	Maintenance of general plant			4,278,254	
		Total Expense - Income Stater	nent \$	4,303,362	
EXPENSE	- Balance Sheet				
107	Construction work in progress		\$	553,667	
108	Accumulated provision for depre	eciation of utility plant	·	2,253	
163	Stores expense undistributed	,		0	
182	Other regulatory assets			0	
183	Preliminary survey and investiga	tion charges		0	
184	Clearing accounts			0	
186	Miscellaneous deferred debits			0	
		Total Expense - Balance Shee	t \$	555,920	
Schedule I	Page: 305 Line No.: 11 Colu	mn: y			
Finance					
	- Income Statement				
401	Operation expense		\$	1,009,055	
415	Jobbing and contract work			0	
416	•	ndising, jobbing and contract work		0	
417	Revenues from non-utility opera	tions		0	
419	Interest and dividend income			0	
421	Miscellaneous non-operating inc			0	
432	Allowance for borrowed funds us	sed during construction - credit		0	
435	Extraordinary deductions			0	
E00 EE7	Dower production			3 112 713	

		Estastas C			
107	Construction work in progress		\$	959,770	
EXPENSE	- Balance Sheet				
	T	otal Expense - Income Statement	\$	4,987,948	
935	Maintenance of general plant		•	12,760	
911-916	Sales expenses			0	
908-910	Customer service & informational expe	enses		0	
901-905	Customer accounts			440,243	
807-894	Gas operations			71,977	
580-598	Distribution expense			10,436	
560-573	Transmission expense			30,734	
500-557	Power production			3,412,743	

			Page 1 of 83	
Name of R			Resubmission Date	e Year of Report
	1) <u>X</u> An Original	(Mo, Da, Yr)	
Duke Ene	ergy Shared Services, Inc. (2	2) A Resubmission	04/30/2008	2007
		FOOTNOTE DATA		
108	Accumulated provision for depreciation of	f utility plant		115
163	Stores expense undistributed	, P		0
182	Other regulatory assets			0
183	Preliminary survey and investigation cha	raes		8,920
184	Clearing accounts	5		0
186	Miscellaneous deferred debits		14	40,027
		al Expense - Balance Sheet		08,832
Schedule	Page: 305 Line No.: 12 Column: y			
Fuels				
	- Income Statement			
401	Operation expense		\$	0
415	Jobbing and contract work			0
416	Costs and expenses of merchandising, j	obbing and contract work		0
417	Revenues from non-utility operations			0
419	Interest and dividend income			0
421	Miscellaneous non-operating income			0
432	Allowance for borrowed funds used durir	ng construction - credit		0
435	Extraordinary deductions			0
500-557	Power production		1,1	01,909
560-573	Transmission expense			0
580-598	Distribution expense			0
807-894	Gas operations			0
901-905	Customer accounts			0
908-910	Customer service & informational expension	ses		1,211
911-916	Sales expenses			0
935	Maintenance of general plant			0
	Tot	al Expense - Income Statem	ent \$ 1,1	03,120
EXPENSE	- Balance Sheet			
107	Construction work in progress		\$	0
108	Accumulated provision for depreciation of	of utility plant		0
163	Stores expense undistributed			0
182	Other regulatory assets			0
183	Preliminary survey and investigation cha	rges		0
184	Clearing accounts			0
186	Miscellaneous deferred debits			0
	Tota	al Expense - Balance Sheet	\$	0

	Page: 305 Line No.: 13 Column: y		
Rights of	Way		
EXPENSE	- Income Statement		
401	Operation expense	\$ 0	
415	Jobbing and contract work	0	
416	Costs and expenses of merchandising, jobbing and contract work	0	
417	Revenues from non-utility operations	0	
419	Interest and dividend income	0	
421	Miscellaneous non-operating income	0	
432	Allowance for borrowed funds used during construction - credit	0	
435	Extraordinary deductions	0	
500-557	Power production	540,786	
	A NO. 60 (NEW 12-05) Footnotes.7		

			1 ag	e 1 01 65	
Name of Re	espondent	This Report is: (1) <u>X</u> An Original	Resubmissio (Mo, Da,		Year of Report
	gy Shared Services, Inc.	(1) $\underline{\land}$ An Original (2) $\underline{\land}$ A Resubmission	04/30/20		2007
	gy chared cervices, me.	FOOTNOTE DATA		L	
560-573	Transmission expense			268,7	702
580-598	Distribution expense			60,8	360
807-894	Gas operations				0
901-905	Customer accounts				0
908-910	Customer service & informational exp	benses			0
911-916	Sales expenses				0
935	Maintenance of general plant				0
		Total Expense - Income Statem	ient \$	870,3	348
	- Balance Sheet				
107	Construction work in progress		\$	1,461,2	219
108	Accumulated provision for depreciation	on of utility plant	T		581)
163	Stores expense undistributed			(-)-	0
182	Other regulatory assets				0
183	Preliminary survey and investigation of	charges			0
184	Clearing accounts				0
186	Miscellaneous deferred debits				0
		Total Expense - Balance Sheet	\$	1,453,0	638
N - L L - F					
Schedule P Human Re		/			
	- Income Statement				
401	Operation expense		\$		0
401 415	Jobbing and contract work		Ψ		0
415 416	Costs and expenses of merchandisin	a jobbing and contract work			0
417	Revenues from non-utility operations	g, jobbing and contract work			0
419	Interest and dividend income				0
421	Miscellaneous non-operating income				0
432	Allowance for borrowed funds used d	uring construction - credit			0
432 435		uning construction - creat			0
430 500-557	Extraordinary deductions Power production			1,761,4	-
	•			1,101,4	0
560-573	Transmission expense				
580-598	Distribution expense				0 92
807-894	Gas operations			601,4	
901-905	Customer accounts	22222		001,4	
908-910	Customer service & informational exp	JEIISES			0
911-916	Sales expenses				0
935	Maintenance of general plant	Total Expense - Income Statem	nent \$	2,362,	<u> 0 </u>
			Ψ	_,,	
	- Balance Sheet		*	100	
107	Construction work in progress		\$	403,	
108	Accumulated provision for depreciation	on of utility plant			0
	Stores expense undistributed				0
163					
163 182	Other regulatory assets				0
163 182 183	Other regulatory assets Preliminary survey and investigation of	charges			0
163 182	Other regulatory assets Preliminary survey and investigation of Clearing accounts	charges			0 0
163 182 183	Other regulatory assets Preliminary survey and investigation of Clearing accounts Miscellaneous deferred debits	charges Total Expense - Balance Sheet	\$	403,	0 0 0

Schedule Page: 305 Line No.: 17 Column: y

Name of Respondent	This Report is:	Resubmission Date	Year of Report
Duke Energy Charad Services Inc	(1) <u>X</u> An Original (2) A Resubmission	(Mo, Da, Yr) 04/30/2008	2007
Duke Energy Shared Services, Inc.		0 110012000	

Information Systems

Int	ormation	Systems			
EX	PENSE -	Income Statement		_	
401	1	Operation expense		\$ 0	
415		Jobbing and contract work		0	
416		Costs and expenses of merchandising, jobl	bing and contract work	92	
417	7	Revenues from non-utility operations		204	
419	9	Interest and dividend income		0	
421	1	Miscellaneous non-operating income		0	
432	2	Allowance for borrowed funds used during	construction - credit	0	
435	5	Extraordinary deductions		0	
500	0-557	Power production		173,832	
560	0 -573	Transmission expense		 	
580	0-598	Distribution expense		46,258	
807	7-894	Gas operations		64	
901	1-905	Customer accounts		96	
908	8-910	Customer service & informational expenses	S	1,726	
91 ⁻	1-916	Sales expenses		0	
935	5	Maintenance of general plant		 2,922,599	
		Total E	Expense - Income Statement	\$ 3,416,628	
EX	PENSE -	Balance Sheet			
107		Construction work in progress		\$ 4,687,395	
108	8	Accumulated provision for depreciation of u	utility plant	256	
163	3	Stores expense undistributed	• •	0	
182	2	Other regulatory assets		0	
183	3	Preliminary survey and investigation charge	es	0	
184		Clearing accounts		0	
186	6	Miscellaneous deferred debits		0	
		Total I	Expense - Balance Sheet	\$ 4,687,651	

Schedule Page: 305 Line No.: 18 Column: y

Legal		
EXPENSE	- Income Statement	
401	Operation expense	\$ 89,493
415	Jobbing and contract work	0
416	Costs and expenses of merchandising, jobbing and contract work	0
417	Revenues from non-utility operations	0
419	Interest and dividend income	0
121	Miscellaneous non-operating income	0
132	Allowance for borrowed funds used during construction - credit	0
35	Extraordinary deductions	0
600-557	Power production	0
560-573	Transmission expense	0
580-598	Distribution expense	0
807-894	Gas operations	0
901-905	Customer accounts	0
908-910	Customer service & informational expenses	0
911-916	Sales expenses	325
935	Maintenance of general plant	0
	Total Expense - Income Statement	\$ 89,818

Name of	Respondent	This Report is:	Resubmission Date	Year of Report
	•	(1) <u>X</u> An Original	(Mo, Da, Yr)	
Duke E	nergy Shared Services, Inc.	(2) A Resubmission	04/30/2008	2007
		FOOTNOTE DATA		
EXPENS	SE - Balance Sheet			
107	Construction work in progress		\$	0
108	Accumulated provision for depre	eciation of utility plant		0
163	Stores expense undistributed			0
182	Other regulatory assets		(2	20,578)
183	Preliminary survey and investiga	ation charges		0
184	Clearing accounts	Ū.		0
186	Miscellaneous deferred debits		7	′0,111
		Total Expense - Balance Shee	t \$ 4	19,533

Schedule I			
	Management		· <u></u>
	- Income Statement	<u>^</u>	0
401	Operation expense	\$	0
415	Jobbing and contract work		0
416	Costs and expenses of merchandising, jobbing and contract work		5,550
417	Revenues from non-utility operations		0
419	Interest and dividend income		0
421	Miscellaneous non-operating income		0
432	Allowance for borrowed funds used during construction - credit		0
435	Extraordinary deductions		0
500-557	Power production		818,021
560-573	Transmission expense		0
580~598	Distribution expense		0
807-894	Gas operations		407
901-905	Customer accounts		0
908-910	Customer service & informational expenses		134
911-916	Sales expenses		0
935	Maintenance of general plant		0
	Total Expense - Income Statement	\$	824,112
EXPENSE	- Balance Sheet		
107	Construction work in progress	\$	2,368,692
108	Accumulated provision for depreciation of utility plant		0
163	Stores expense undistributed		1,618,482
182	Other regulatory assets		0
183	Preliminary survey and investigation charges		0
184	Clearing accounts		0
186	Miscellaneous deferred debits		47,332
	Total Expense - Balance Sheet	\$	4,034,506

Schedul	e Page: 305 Line No.: 20 Column: y	 	
Meters			
EXPENS	SE - Income Statement		
401	Operation expense	\$ 5,920	
415	Jobbing and contract work	0	
416	Costs and expenses of merchandising, jobbing and contract work	0	
417	Revenues from non-utility operations	0	
419	Interest and dividend income	0	
421	Miscellaneous non-operating income	0	
432	Allowance for borrowed funds used during construction - credit	0	
FERC FO	RM NO. 60 (NEW 12-05) Footnotes.10		

	espondent	This Report is: Report is: R(1) <u>X</u> An Original		ssion Date	Year	of Report
	nergy Shared Services, Inc. (2) _ A Resubmission			Da, Yr) 0/2008	2007	
	gy charce cervices, inc.	FOOTNOTE DATA			1	
135	Extraordinary deductions				0	
500-557	Power production				12	
560-573	Transmission expense				2,334	
580-598	Distribution expense			2,895		
307-894	Gas operations				4,984	
901-905	Customer accounts			368	3,572	
908-910	Customer service & informational expe	nses			0	
911-916	Sales expenses				0	
935	Maintenance of general plant	tal European Incomo Statom	ont (2 2 27	145 7,095	
		otal Expense - Income Statem	ent \$	5 5,27	7,095	
	-Balance-Sheet					
07	Construction work in progress		\$		6,675	
108	Accumulated provision for depreciation	of utility plant		98	3,791	
163	Stores expense undistributed				0	
182	Other regulatory assets				13	
183	Preliminary survey and investigation ch	arges			0	
184	Clearing accounts			1,008	3,308	
186	Miscellaneous deferred debits				0	
	Те	otal Expense - Balance Sheet	9	5 1,203	3,787	
ahadula 1	Dago: 205 Lino No. 24 Column					
Schedule F Planning	Page: 305 Line No.: 21 Column: y					
-	- Income Statement					
-XPENSE						
			9	6	0	
401	Operation expense Jobbing and contract work		q	6	0 0	
401 415	Operation expense	, jobbing and contract work	9	5		
401 415 416	Operation expense Jobbing and contract work	, jobbing and contract work	9	5	0	
EXPENSE 401 415 416 417 419	Operation expense Jobbing and contract work Costs and expenses of merchandising	, jobbing and contract work	9	5	0 0	
401 415 416 417 419	Operation expense Jobbing and contract work Costs and expenses of merchandising Revenues from non-utility operations	, jobbing and contract work	9	5	0 0 0	
401 415 416 417 419 421	Operation expense Jobbing and contract work Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income		\$	\$	0 0 0 0	
401 415 416 417 419 421 432	Operation expense Jobbing and contract work Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income		\$	\$	0 0 0 0	
401 415 416 417 419 421 432 435	Operation expense Jobbing and contract work Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du		\$	5	0 0 0 0 0	
401 415 416 417	Operation expense Jobbing and contract work Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions		\$	5	0 0 0 0 0 0	
401 415 416 417 419 421 432 435 500-557	Operation expense Jobbing and contract work Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions Power production		4	5	0 0 0 0 0 0 0 0	
401 415 416 417 419 421 432 435 500-557 560-573	Operation expense Jobbing and contract work Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions Power production Transmission expense		4	\$	0 0 0 0 0 0 0 0 0	
401 415 416 417 419 421 432 435 500-557 560-573 580-598	Operation expense Jobbing and contract work Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions Power production Transmission expense Distribution expense		4	\$	0 0 0 0 0 0 0 0 0 0	
401 415 416 417 419 421 432 435 500-557 560-573 580-598 580-598 307-894 901-905 908-910	Operation expense Jobbing and contract work Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions Power production Transmission expense Distribution expense Gas operations Customer accounts Customer service & informational expense	ring construction - credit	4		0 0 0 0 0 0 0 0 0 0 0 0 0	
401 415 416 417 419 421 432 435 500-557 560-573 580-598 307-894 901-905	Operation expense Jobbing and contract work Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions Power production Transmission expense Distribution expense Gas operations Customer accounts Customer service & informational expense Sales expenses	ring construction - credit	4		0 0 0 0 0 0 0 0 0 0 0 0	
401 415 416 417 419 421 432 435 500-557 560-573 580-598 580-598 307-894 901-905 908-910	Operation expense Jobbing and contract work Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions Power production Transmission expense Distribution expense Gas operations Customer accounts Customer service & informational expense Sales expenses Maintenance of general plant	ring construction - credit		5	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	
401 415 416 417 419 421 432 435 500-557 560-573 580-598 807-894 901-905 908-910 911-916	Operation expense Jobbing and contract work Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions Power production Transmission expense Distribution expense Gas operations Customer accounts Customer service & informational expense Sales expenses Maintenance of general plant	ring construction - credit		5	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	
401 415 416 417 419 421 435 500-557 560-573 580-598 307-894 901-905 908-910 911-916 935	Operation expense Jobbing and contract work Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions Power production Transmission expense Distribution expense Gas operations Customer accounts Customer service & informational expense Sales expenses Maintenance of general plant	ring construction - credit		5	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	
401 415 416 417 419 421 432 435 500-557 560-573 580-598 307-894 901-905 908-910 911-916 935 EXPENSE	Operation expense Jobbing and contract work Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions Power production Transmission expense Distribution expense Gas operations Customer accounts Customer service & informational expense Sales expenses Maintenance of general plant	ring construction - credit	ent S	5	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	
401 415 416 417 419 421 432 435 500-557 560-573 580-598 807-894 901-905 908-910 911-916 935 EXPENSE 107	Operation expense Jobbing and contract work Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions Power production Transmission expense Distribution expense Gas operations Customer accounts Customer service & informational expense Sales expenses Maintenance of general plant	ring construction - credit enses otal Expense - Income Statem	ent S	5	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	
601 15 16 17 19 121 132 135 500-557 560-573 580-598 307-894 307	Operation expense Jobbing and contract work Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions Power production Transmission expense Distribution expense Gas operations Customer accounts Customer service & informational expense Sales expenses Maintenance of general plant	ring construction - credit enses otal Expense - Income Statem	ent S	5	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	
401 415 416 417 419 421 432 435 500-557 560-573 580-598 307-894 901-905 908-910 911-916 935 EXPENSE 107 108 163	Operation expense Jobbing and contract work Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions Power production Transmission expense Distribution expense Gas operations Customer accounts Customer service & informational expense Sales expenses Maintenance of general plant	ring construction - credit enses otal Expense - Income Statem	ent S	5	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 8,617 0 8,617 269 0	
401 415 416 417 419 421 432 435 500-557 560-573 580-598 307-894 901-905 908-910 911-916 935 EXPENSE 107 108 163 182	Operation expense Jobbing and contract work Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions Power production Transmission expense Distribution expense Gas operations Customer accounts Customer service & informational expense Sales expenses Maintenance of general plant	ring construction - credit enses otal Expense - Income Statem	ent S	5	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 8,617 0 8,617 269 0 0	
401 415 416 417 419 421 432 435 500-557 560-573 580-598 307-894 901-905 908-910 911-916 935 EXPENSE 107 108 163 182 183	Operation expense Jobbing and contract work Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions Power production Transmission expense Distribution expense Gas operations Customer accounts Customer service & informational expense Sales expenses Maintenance of general plant Te Balance Sheet Construction work in progress Accumulated provision for depreciation Stores expense undistributed Other regulatory assets Preliminary survey and investigation ch	ring construction - credit enses otal Expense - Income Statem	ent S	5	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 8,617 0 8,617 269 0 0 0	
401 415 416 417 419 421 432 435 500-557 560-573 580-598 307-894 901-905 908-910 911-916 935 EXPENSE 107 108 163 182 183 184	Operation expense Jobbing and contract work Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions Power production Transmission expense Distribution expense Gas operations Customer accounts Customer service & informational expense Sales expenses Maintenance of general plant Te Balance Sheet Construction work in progress Accumulated provision for depreciation Stores expense undistributed Other regulatory assets Preliminary survey and investigation ch Clearing accounts	ring construction - credit enses otal Expense - Income Statem	ent S	5	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	
401 415 416 417 419 421 432 435 500-557 560-573 580-598 307-894 901-905 908-910 911-916 935 EXPENSE 107 108 163	Operation expense Jobbing and contract work Costs and expenses of merchandising Revenues from non-utility operations Interest and dividend income Miscellaneous non-operating income Allowance for borrowed funds used du Extraordinary deductions Power production Transmission expense Distribution expense Gas operations Customer accounts Customer service & informational expense Sales expenses Maintenance of general plant Te Balance Sheet Construction work in progress Accumulated provision for depreciation Stores expense undistributed Other regulatory assets Preliminary survey and investigation ch Clearing accounts Miscellaneous deferred debits	ring construction - credit enses otal Expense - Income Statem	ent S	5	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	

Name of Respondent	This Report is:	Resubmission Date	Year of Report
	(1) <u>X</u> An Original	(Mo, Da, Yr)	
Duke Energy Shared Services, Inc.	(2) A Resubmission	04/30/2008	2007
	FOOTNOTE DATA		

Power Eng	gineering and Construction	
EXPENSE	- Income Statement	
401	Operation expense	\$ 28,657
415	Jobbing and contract work	0
416	Costs and expenses of merchandising, jobbing and contract work	170,604
417	Revenues from non-utility operations	0
419	Interest and dividend income	0
421	Miscellaneous non-operating income	0
432	Allowance for borrowed funds used during construction - credit	0
435	Extraordinary deductions	 0
500-557	Power production	7,368,644
560-573	Transmission expense	276,821
580-598	Distribution expense	876,988
807-894	Gas operations	961,996
901-905	Customer accounts	2,157
908-910	Customer service & informational expenses	3,517
911-916	Sales expenses	0
935	Maintenance of general plant	0
	Total Expense - Income Statement	\$ 9,689,384
EXPENSE	- Balance Sheet	
107	Construction work in progress	\$ 33,247,940
108	Accumulated provision for depreciation of utility plant	26,447
163	Stores expense undistributed	0
182	Other regulatory assets	0
183	Preliminary survey and investigation charges	253,545
184	Clearing accounts	0
186	Miscellaneous deferred debits	538,792
	Total Expense - Balance Sheet	\$ 34,066,724

Schedule Page: 305 Line No.: 23 Column: y Public Affairs

EXPENSE	- Income Statement	
401	Operation expense	\$ 0
415	Jobbing and contract work	0
416	Costs and expenses of merchandising, jobbing and contract work	0
417	Revenues from non-utility operations	0
419	Interest and dividend income	0
421	Miscellaneous non-operating income	0
432	Allowance for borrowed funds used during construction - credit	0
435	Extraordinary deductions	0
500-557	Power production	0
560-573	Transmission expense	0
580-598	Distribution expense	99,019
807-894	Gas operations	0
901-905	Customer accounts	59
908-910	Customer service & informational expenses	13,340
911-916	Sales expenses	0
935	Maintenance of general plant	0

Case No. 2011-124
AG-DR-01-037 (ii) attachment
Doma 1 of 92

			Page 1 of 8	(-037 (II) attachment
Name of R	espondent	This Report is:	Resubmission Da	te Year of Report
	F	(1) <u>X</u> An Original		
Duke Ene	rgy Shared Services, Inc.	(2) A Resubmission	04/30/2008	2007
		FOOTNOTE DATA		
		Total Expense - Income Stater	nent \$	112,418
EXPENSE	- Balance Sheet			
107	Construction work in progress		\$	41,550
108	Accumulated provision for depreci	ation of utility plant		8,789
63	Stores expense undistributed			0
82	Other regulatory assets			0
83	Preliminary survey and investigation	on charges		0
184	Clearing accounts			0
186	Miscellaneous deferred debits			0
		Total Expense - Balance Shee	t \$	50,339
chedule l	Page: 305 Line No.: 24 Colum	n: y		
Rates				
	- Income Statement		ድ	0
401 14 5	Operation expense		\$	0
115 110	Jobbing and contract work	talan indalan and another street		0
16	Costs and expenses of merchand			0
117	Revenues from non-utility operation	ons		0
119	Interest and dividend income			0
121	Miscellaneous non-operating inco			0
132	Allowance for borrowed funds use	ed during construction - credit		0
435	Extraordinary deductions			0
500-557	Power production			159
560-573	Transmission expense			1,000
580-598	Distribution expense			0
307-894	Gas operations			0
901-905	Customer accounts			344,273
908-910	Customer service & informational	expenses		0
911-916	Sales expenses			0
935	Maintenance of general plant			0
		Total Expense - Income Stater	ment \$	345,432
EXPENSE	- Balance Sheet			
107	Construction work in progress		\$	0
108	Accumulated provision for deprec	iation of utility plant		0
163	Stores expense undistributed			0
182	Other regulatory assets			0
183	Preliminary survey and investigati	on charges		0
184	Clearing accounts			0
186	Miscellaneous deferred debits			0
		Total Expense - Balance Shee	t \$	0
Schedule	Page: 305 Line No.: 25 Colum	n: y		
Transport	ation			
	- Income Statement		¢	2 502
401	Operation expense		\$	3,583
415	Jobbing and contract work	taina induktor and another data d		0
416	Costs and expenses of merchand			0
417	Revenues from non-utility operation	JURS		0
419	Interest and dividend income			0

			Page 1 01 85	
Name of R	espondent		Resubmission Date	Year of Report
		(1) <u>X</u> An Original	(Mo, Da, Yr)	
Duke Ene	rgy Shared Services, Inc.	(2) A Resubmission	04/30/2008	2007
		FOOTNOTE DATA		
121	Miscellaneous non-operating income			0
32	Allowance for borrowed funds used d			0
35	Extraordinary deductions	0		0
500-557	Power production			0
560-573	Transmission expense			439
580-598	Distribution expense		4	6,556
307-894	Gas operations			0
01-905	Customer accounts			275
908-910	Customer service & informational exp	penses		0
911-916	Sales expenses			0
935	Maintenance of general plant			633
		Total Expense - Income Statem	ient \$ 5	1,486
	- Balance Sheet			
07	Construction work in progress			4,065
108	Accumulated provision for depreciation	on of utility plant		4,559
63	Stores expense undistributed			0
182	Other regulatory assets			0
183	Preliminary survey and investigation	charges		0
184	Clearing accounts		7,92	8,906
186	Miscellaneous deferred debits			63
		Total Expense - Balance Sheet	\$ 7,95	7,593

Nam	ne of Respondent		This Report	t ls: R	Page 1 of 83 esubmission Date	Year/Period of Repo
Duk	e Energy Shared Services, Inc.			n Original Resubmission	(Mo, Da, Yr) 04/30/2008	Dec 31, 2007
		Account 920 – Depar				
1. F	For the name of department (Colum				/	
1.1		in ny, not oddin dopun				
	Name of Department	Dept Salary Expense Included	Dept Salary Expense	Dept Salary Expense	Dept Salary Expense	Number of Personnel
	Name of Department	in Amounts Bill to Others	Included in Amounts Bill to	Included in Amounts Bill to		
.ine		Total Amount	Others	Others	Others	
No.	(a)	Total Amount (b)	Parent Company	Other Associates	Nonassociates	(f)
			(C)	(d)	(e)	
1	Accounting	(9,881,163)	(707,129)	(9,174,03		1
2	Marketing and Customer Relations	1,816,124	185			3
3	Elect Trans and Dist Engineering and Construction	138,281	(4)	138,20		1
4	Power Planning and Operations	5,478,438	101	5,478,33	37	5
	Electric System Maintenance	1,339,374		1,339,3		
	Environmental, Health and Safety	1,009,193	788			
7	Executive	5,694,835	(349)	5,695,18		
8	Facilities	2,499,580	3,049	2,496,53	31	
	Finance	14,484,607	43,219	14,441,3	38	1
10	Fuels	1,095		1,09	95	
11	Rights of Way	3,611		3,6	1	
12	Human Resources	84,650,671	66,755	84,583,9	16	
13	Internal Auditing	560,667	723	559,94	14	
14	Investor Relations	78,950	71	78,8	79	
15	Information Systems	11,725,309	8,947	11,716,30	52	1
16	Legal	6,786,239	3,722	6,782,5	7	
17	Materials Management	1,204,233	1,971	1,202,26	32	
18	Meters	1,804		1,80)4	
19	Planning	1,646,850		1,646,8	50	
20	Power Engineering and Construction	1,756,149	463	1,755,68	36	3
21	Public Affairs	2,418,153	1,124	2,417,02	29	
22	Rales	2,035,515	101	2,035,4	4	
23	Transportation					
24						
25						
26						
27						
28						
29						
30						-
31						
32						
33						
34						
35						
36						
37						
38						
39						
40	Total	135,448,515	(576,263	136,024,7	78	2,3

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Name of Respondent	This Report is:	Resubmission Date (Mo, Da, Yr)	Year of Report		
Duke Energy Shared Services, Inc.	(1) <u>X</u> An Original (2) A Resubmission	04/30/2008	2007		
FOOTNOTE DATA					

Case No. 2011-124

Schedule Page: 306 Line No.: 1 Column: b The total departmental salary amount for the Accounting function includes an adjustment of \$(17,866,445) recorded during early 2007. This adjustment was related to the prior year-end accrual for vacation entitlement reserve.

AG-DR-01-037 (ii) attachment Page 1 of 83 Resubmission Date (Mo, Da, Yr) This Report Is: (1) X An Original Year/Period of Report Name of Respondent (1) Duke Energy Shared Services, Inc. Dec 31, 2007 04/30/2008 A Resubmission (2) Account 930.2 Miscellaneous General Expenses 1. Provide a listing of the amount included in miscellaneous general expenses (Account 930.2), classifying such expenses according their nature. Payments and expenses permitted by Section 321(b)(2) of the Federal Election Campaign Act, as amended by Public Law 94-283 in 1976 (2 U.S.C. 441(b)(2)) shall be separately classified. Title of Account Amount (b) Line No (a) 637,688 Company Membership Fees and Dues 1 19,595 2 Directors' Fees 14,356 3 Miscellaneous Stores and Transportation Expenses 4 2,156,118 Other Miscellaneous Items 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 2,827,757 40 Total

Case No. 2011-124

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ate Year of Report		
2007		
)		

Case No. 2011-124

Furnish particulars as to any significant increase in services rendered or expenses incurred at the end of the year.
 Notes relating to financial statements shown elsewhere in this report may be indicated here by reference.

See Schedule XIV - Notes to Financial Statements

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Name of Respondent	This Report is:	Resubmission Date	Year of Report				
Duke Energy Shared Services, Inc.	(1) <u>X</u> An Original (2) A Resubmission	(Mo, Da, Yr) 04/30/2008	2007				
Organization Chart							

1. Attach a copy of service company's current organization chart.

ORGANIZATION CHART

Chairman of the Board, President, and Chief Executive Officer

- Executive

Group	Group	Group	Group	Group Executive	Group Executive,	Group	SVP and Chief
Executive &	Executive	Executive &	Executive	& Chief	President & Chief	Executive &	Sustainability
Chief	& Chief	Chief	& Chief	Administrative	Operating Officer,	President,	Officer
Financial	Legal	Strategy &	Nuclear	Officer	US Franchised	Commercial	
Officer	Officer	Policy &	Officer		Electric & Gas	Businesses	
		Regulatory					
		Officer					

-Accounting	-Internal	-Planning	-Facilities	- Electric System	-Planning	-Public Affairs
-Finance	Audit	-Public	-Information	Maintenance	-Power	
-Information	-Legal	Affairs	Systems	- Electric	Planning and	
Systems	-Human		-Meters	Transmission &	Operations	
-Investor	Resources		-Rights of Way	Distribution,		
Relations			-Materials	Engineering &		
-Planning			Management	Construction		
-Rates			-Transportation	-Environmental		
			_	Health & Safety		
				-Fuels		
				-Marketing and		
				Customer		
				Relations		
				-Meters		
				-Planning		
				-Power		
				Engineering and		
				Construction		
				-Power Planning		
				and Operations		
				-		

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Name of Respondent	This Report is:	Resubmission Date	Year of Report
	(1) <u>X</u> An Original	(Mo, Da, Yr)	
Duke Energy Shared Services, Inc.	(2) A Resubmission	04/30/2008	2007
	Methods of Allocation		

1. List the currently effective methods of allocation being used by the service company.

METHODS OF ALLOCATION

The allocation of expenses not directly attributable to a particular Client Company are based on the following factors:

1. Sales Ratio

A ratio, based on the applicable domestic firm kilowatt-hour electric sales (and/or the equivalent cubic feet of gas sales, where applicable), excluding intra-system sales, for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all utility Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually, or at such time as may be required due to a significant change.

2. Electric Peak Load Ratio

A ratio, based on the sum of the applicable monthly domestic firm electric maximum system demands for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all utility Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually, or at such time as may be required due to a significant change.

3. Number of Customers Ratio

A ratio, based on the sum of the applicable domestic firm electric customers (and/or gas customers, where applicable) at the end of a recent month in the preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all domestic utility Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually, or at such time as may be required due to a significant change.

4. Number of Employees Ratio

A ratio, based on the applicable number of employees at the end of a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually, or at such time as may be required due to a significant change.

5. Construction Expenditures Ratio

A ratio, based on the applicable projected construction expenditures, net of reimbursements, for the following twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). Separate ratios will be computed for total construction expenditures and appropriate functional plant (i.e., production, transmission, distribution, and general) classifications. This ratio will be determined annually, or at such time as may be required due to a significant change.

6. Circuit Miles of Electric Distribution Lines Ratio

A ratio, based on the applicable installed circuit miles of domestic electric distribution lines at the end of the preceding calendar year, the numerator of which is for a Client Company and the denominator of which is for all domestic utility Client Companies. This ratio will be determined annually, or at such time as may be required due to a significant change.

Name of Respondent	This Report is:	Resubmission Date	Year of Report
Duke Energy Shared Services, Inc.	(1) <u>X</u> An Original (2) A Resubmission	(Mo, Da, Yr) 04/30/2008	2007
	Methods of Allocation		

METHODS OF ALLOCATION - continued

7. Circuit Miles of Electric Transmission Lines Ratio

A ratio, based on the applicable installed circuit miles of domestic electric transmission lines at the end of the preceding calendar year, the numerator of which is for a Client Company and the denominator of which is for all domestic utility Client Companies. This ratio will be determined annually, or at such time as may be required due to a significant change.

8. Number of Central Processing Unit Seconds Ratio

A ratio, based on the sum of the applicable number of central processing unit seconds expended to execute mainframe computer software applications for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company or Service Company Function, and the denominator of which is for all Client Companies, (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually, or at such time as may be required due to a significant change.

9. Revenues Ratio

A ratio, based on the total applicable revenues for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

10. Inventory Ratio

A ratio, based on the total applicable inventory balance for the preceding year, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). Separate ratios will be computed for total inventory and the appropriate functional plant (i.e., production, transmission, distribution, and general) classifications. This ratio will be determined annually or at such time as may be required due to a significant change.

11. Procurement Spending Ratio

A ratio, based on the total amount of applicable procurement spending for the preceding year, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. Separate ratios will be computed for total procurement spending and appropriate functional plant (i.e., production, transmission, distribution, and general) classifications. This ratio will be determined annually or at such time as may be required due to a significant change.

12. Square Footage Ratio

A ratio, based on the total amount of applicable square footage occupied in a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

13. Gross Margin Ratio

A ratio, based on the total applicable gross margin for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may

FERC FORM 60 (NEW 12-05)

Name of Respondent	This Report is:	Resubmission Date	Year of Report
	(1) <u>X</u> An Original	(Mo, Da, Yr)	2007
Duke Energy Shared Services, Inc.	(2) A Resubmission	04/30/2008	2007
	Methods of Allocation		

be required due to a significant change.

14. Labor Dollars Ratio

A ratio, based on the total applicable labor dollars for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

15. Number of Personal Computer Work Stations Ratio

A ratio, based on the total number of applicable personal computer work stations at the end of a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

16. Number of Information Systems Servers Ratio

A ratio, based on the total number of applicable servers at the end of a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

17. Total Property, Plant and Equipment Ratio

A ratio, based on the total applicable Property, Plant and Equipment balance (net of accumulated depreciation and amortization) for the preceding year, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

18. Generating Unit MW Capability Ratio

A ratio, based on the total applicable installed megawatt capability for the preceding year, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

Name of Respondent	This Report is:	Resubmission Date	Year of Report					
	(1) <u>X</u> An Original	(Mo, Da, Yr)						
Duke Energy Shared Services, Inc.	(2) A Resubmission	04/30/2008	2007					
Annual Statement of Compensation for Use of Capital Billed								

1. Attach a copy of the annual statement supplied to each associate service company in support of the amount of compensation for use of capital billed during the calendar year.

None

Case No. 2011-124 AG-DR-01-037 (iii) attachment Page 1 of 51 Form 60 Approved OMB No. 1902-0215

Expires 02/28/2010

THIS FILING IS

Item 1: X An Initial (Original) Submission OR 🗍 Resubmission No.

CLOCIA LION

FERC FINANCIAL REPORT FERC FORM No. 60: Annual Report of Centralized Service Companies

This report is mandatory under the Public Utility Holding Company Act of 2005, Section 1270, Section 309 of the Federal Power Act and 18 C.F.R. § 366.23. Failure to report may result in criminal fines, civil penalties, and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider this report to be of a confidential nature.

Exact Legal Name of Respondent (Company)

Duke Energy Business Services, LLC

Year of Report Dec 31, 2008

FERC FORM No. 60 (12-06)

GENERAL INSTRUCTIONS FOR FILING FERC FORM NO. 60

I. Purpose

Form No. 60 is an annual regulatory support requirement under 18 CFR 369.1 for centralized service companies. The report is designed to collect financial information from centralized service companies subject to the jurisdiction of the Federal Energy Regulatory Commission. The report is considered to be a non-confidential public use form.

II. Who Must Submit

Unless the holding company system is exempted or granted a waiver by Commission rule or order pursuant to §§ 18 CFR 366.3 and 366.4 of this chapter, every centralized service company (see § 367.2) in a holding company system must prepare and file electronically with the Commission the FERC Form No. 60 then in effect pursuant to the General Instructions set out in this form.

III. How to Submit

Submit FERC Form No. 60 electronically through the Form No. 60 Submission Software. Retain one copy of each report for your files. For any resubmissions, submit the filing using the Form No. 60 Submission Software including a justification. Respondents must submit the Corporate Officer Certification electronically.

IV. When to Submit

Submit FERC Form No. 60 according to the filing date contained § 18 CFR 369.1 of the Commission's regulations.

V. Preparation

Prepare this report in conformity with the Uniform System of Accounts (18 CFR 367) (USof A). Interpret all accounting words and phrases in accordance with the USof A.

VI. Time Period

This report covers the entire calendar year.

VII. Whole Dollar Usage

Enter in whole numbers (dollars) only, except where otherwise noted. The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting period, and use for statement of income accounts the current year's amounts.

VIII. Accurateness

Complete each question fully and accurately, even if it has been answered in a previous report. Enter the word "None" where it truly and completely states the fact.

IX. Applicability

For any page(s) that is not applicable to the respondent, enter "NONE," or "Not Applicable" in column (c) on the List of Schedules, page 2.

X. Date Format

Enter the month, day, and year for all dates. Use customary abbreviations. The "Resubmission Date" included in the header of each page is to be completed only for resubmissions (see III. above).

XI. Number Format

Generally, except for certain schedules, all numbers, whether they are expected to be debits or credits, must be reported as positive. Numbers having a sign that is different from the expected sign must be reported by use of a minus sign.

XII. Required Entries

Do not make references to reports of previous years or to other reports instead of required entries, except as specifically authorized.

XIII. Prior Year References

Wherever (schedule) pages refer to figures from a previous year, the figures reported must be based upon those shown by the report of the previous year, or an appropriate explanation given as to why the different figures were used.

XIV. Where to Send Comments on Public Reporting Burden

The public reporting burden for the Form No. 60 collection of information is estimated to average 75 hours per response, including

- the time for reviewing instructions, searching existing data sources,
- gathering and maintaining the data-needed, and
- completing and reviewing the collection of information.

Send comments regarding these burden estimates or any aspect of this collection of information, including suggestions for reducing burden, to:

Federal Energy Regulatory Commission, 888 First Street NE Washington, DC 20426 (Attention: Mr. Michael Miller, ED-33);

And to:

Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503 (Attention: Desk Officer for the Federal Energy Regulatory Commission).

No person shall be subject to any penalty if any collection of information does not display a valid control number (44 U.S.C. 3512(a)).

DEFINITIONS I. Respondent -- The person, corporation, or other legal entity in whose behalf the report is made.

ii

FERC FORM NO. 60 ANNUAL REPORT FOR SERVICE COMPANIES

IDENTIFICATION	
	02 Year of Report
	Dec 31, <u>2008</u>
	04 Date of Name Change
06 Name of Co Michael S. H	ontact Person
	Contact Person Church Street, Charlotte, NC 28201
10 E-mail Addr	ress of Contact Person
mshenderst	nott@dukeenergy.com
12 Resubmissi (Month, Day, Y / /	
14 If Not Incorporated	d, Date of Organization
//	
nized	
Company is Organized:	
	EICATION
TE OFFICER CERTI	
affairs of the respond	on, and belief all statements of fact contained in dent and the financial statements, and other spects to the Uniform System of Accounts.
19 Signature of Sigr	ning Officer 20 Date Signed (Month, Day, Year)
Steven K. Young	04/30/2009
	06 Name of Co Michael S. H 08 Address of 526 South C 10 E-mail-Add mshendersh 12 Resubmiss (Month, Day, Y / / 14 If Not Incorporated / / nized Company is Organized: TE OFFICER CERTI knowledge, informati affairs of the respond orm in all material res 19 Signature of Sign

		Page 1 of 51						
Name of Respondent	This Report Is:	Resubmission Date	Year/Period of Report					
Duke Energy Business Services, LLC	 (1) X An Original (2) A Resubmission 	(Mo, Da, Yr) / /	Dec 31, <u>2008</u>					
List of Schedules and Accounts								

1. Enter in Column (c) the terms "None" or "Not Applicable" as appropriate, where no information or amounts have been reported for
certain pages.

ne	Description (a)	Page Reference (b)	Remarks (c)
lo.			
1	Schedule I - Comparative Balance Sheet	101-102	
2	Schedule II - Service Company Property	103	
3	Schedule III - Accumulated Provision for Depreciation and Amortization of Service Company Property	104	
1	Schedule IV - Investments	105	
5	Schedule V - Accounts Receivable from Associate Companies	106	
	Schedule VI - Fuel Stock Expenses Undistributed	107	None
r	Schedule VII - Stores Expense Undistributed	108	
	Schedule VIII - Miscellaneous Current and Accrued Assets	109	
I	Schedule IX - Miscellaneous Deferred Debits	110	
)	Schedule X - Research, Development, or Demonstration Expenditures	111	None
1	Schedule XI - Proprietary Capital	201	
2	Schedule XII - Long-Term Debt	202	None
3	Schedule XIII - Current and Accrued Liabilities	203	
1	Schedule XIV - Notes to Financial Statements	204	
5	Schedule XV - Comparative Income Statement	301-302	
5	Schedule XVI - Analysis of Charges for Service - Associate and Nonassociate Companies	303-306	
7	Schedule XVII - Analysis of Billing - Associate Companies (Account 457)	307	
3	Schedule XVIII – Analysis of Billing – Non-Associate Companies (Account 458)	308	None
1	Schedule XIX - Miscellaneous General Expenses - Account 930.2	307	
3	Schedule XX - Organization Chart	401	
1	Schedule XXI - Methods of Allocation	402	

	e of Res	pondent This Re	port Is:	Res	submission Date	Year/Period of Repo
Duk	e Energy		An Original		(Mo, Da, Yr) / /	Dec 31, 2008
			A Resubmission	י ו		
4 0	Nue hel	Schedule I - Comparative B				
1. C	Sive bal	ance sheet of the Company as of December 31 of the current ar	id prior year.			
	Account	Description	F	Reference	As of Dec 31	As of Dec 31
ine	Number	(b)		Page No.	Current	Prior
No.	(a)			(c)	(d)	(e)
1		Service Company Property				
2		Service Company Property		103	480,912,029)
3		Property Under Capital Leases		103		
4	106	Completed Construction Not Classified		100	00.040.000	
5	107	Construction Work In Progress		103	98,248,229	
6 7	108	Total Property (Total Of Lines 2-5) Less: Accumulated Provision for Depreciation of Service Company Property		104	243,815,570	
8	111	Less: Accumulated Provision for Amortization of Service Company Property		104	38,251,163	
9		Net Service Company Property (Total of Lines 6-8)			297,093,525	
9 10		Investments			207,000,020	
11	123	Investment In Associate Companies		105	647,462,974	
12	124	Other Investments		105	3,700,718	
13	128	Other Special Funds		105		
14		Total Investments (Total of Lines 11-13)			651,163,692	2
15		Current And Accrued Assets				
16	131	Cash			40,901,264	
17	134	Working Funds	T			1
18	135	Other Special Deposits			6,497	7
19	136	Temporary Cash Investments				
20	141	Notes Receivable				
21	142	Customer Accounts Receivable			10,956,486	3
22	143	Accounts Receivable			8,369,561	
23	144	Less: Accumulated Provision for Uncollectible Accounts				
24	146	Accounts Receivable From Associate Companies		106	182,874,636)
25		Fuel Stock Expenses Undistributed		107		
26		Materials And Supplies			3,294,692	
27		Stores Expense Undistributed		108	(8,126	
28		Prepayments			12,663,491	
29 30		Interest And Dividends Receivable Rents Receivable				
30 31		Accrued Revenues				
31	173	Miscellaneous Current and Accrued Assets			77.026	;
33		Derivative Instrument Assets		109		
33 34	176	Derivative Instrument Assets – Hedges				
35		Total Current and Accrued Assets (Total of Lines 16-34)			259,135,527	,
36		Deferred Debits		·		
37	181	Unamortized Debt Expense				
38		Other Regulatory Assets			45,411,725	;
39	183	Preliminary Survey And Investigation Charges			15,000)
40	184	Clearing Accounts			385,927	<u></u>
41	185	Temporary Facilities				
42	186	Miscellaneous Deferred Debits			16,853,279	
43	188	Research, Development, or Demonstration Expenditures		110		
44	189	Unamortized loss on reacquired debt		111		
45	190	Accumulated Deferred Income Taxes			11,055,924	
45		Total Deferred Debits (Total of Lines 37-45)			73,721,855	;]
45 46						

Nam	e of Res		Report Is:	Res	submission Date	Year/Period of Repo
Duk	e Energy	/ Business Services, LLC (1) (2)	X An Original		(Mo, Da, Yr) / /	Dec 31, 2008
		Schedule I - Comparative Bala				
		Scheddler - Comparative Data				
			T			T
	Account	Description		Reference	As of Dec 31	As of Dec 31 Prior
_ine No.	Number (a)	(b)		Page No. (c)	Current (d)	(e)
48		Proprietary Capital				
49		Common Stock Issued		201	4	
50	204	Preferred Stock Issued		201		
51	211	Miscellaneous Paid-In-Capital		201	(182,959,035)	
52	215	Appropriated Retained Earnings		201	· · · · · · · · · · · · · · · · · · ·	
53	216	Unappropriated Retained Earnings		201	516,955,385	
54	219	Accumulated Other Comprehensive Income		201	(10,941)	
55		Total Proprietary Capital (Total of Lines 49-54)			333,985,413	
56		Long-Term Debt				
57		Advances From Associate Companies		202		
58		Other Long-Term Debt		202		
59	225	Unamortized Premium on Long-Term Debt				
60	226	Less: Unamortized Discount on Long-Term Debt-Debit				
61		Total Long-Term Debt (Total of Lines 57-60)				
62		Other Non-current Liabilities				
63	227	Obligations Under Capital Leases-Non-current				
64	228.2	Accumulated Provision for Injuries and Damages			1,341	
65	228.3	Accumulated Provision For Pensions and Benefits			(47,782)	
66	230	Asset Retirement Obligations				
67		Total Other Non-current Liabilities (Total of Lines 63-66)			(46,441)	
68		Current and Accrued Liabilities				
69	231	Notes Payable				
70	232	Accounts Payable			210,225,783	
71	233	Notes Payable to Associate Companies		203	395,159,379	
72	234	Accounts Payable to Associate Companies		203	237,323,562	
73	236	Taxes Accrued			(63,524,515)	
74	237	Interest Accrued			1,663,790	
75	241	Tax Collections Payable			4,919,008	
76	242	Miscellaneous Current and Accrued Liabilities		203	202,662,069	
77	243	Obligations Under Capital Leases – Current				
78	244	Derivative Instrument Liabilities				
79	245	Derivative Instrument Liabilities – Hedges				
80		Total Current and Accrued Liabilities (Total of Lines 69-79)			988,429,076	
81		Deferred Credits				
82		Other Deferred Credits			1,065,694	
83		Other Regulatory Liabilities				
84		Accumulated Deferred Investment Tax Credits				
85		Unamortized Gain on Reacquired Debt				···
86		Accumulated deferred income taxes-Other property			(126,067,778)	L
87	283	Accumulated deferred income taxes-Other			83,748,635	
88		Total Deferred Credits (Total of Lines 82-87)			(41,253,449)	
89		TOTAL LIABILITIES AND PROPRIETARY CAPITAL (TOTAL OF LINES 55, 61, 6	7, 80, AND 88)		1,281,114,599	

							Page 1 of 51	
		spondent		This Report I (1) X An (Res	(Mo, Da, Yr)	Year/Period of Report
Duk	e Energ	y Business Services, LLC			esubmission		11	Dec 31, 2008
				Service Company F				
		an explanation of Other Changes e each construction work in progre				footno	ote.	
Line	Acct #	Title of Account (b)	Balance at Beginning of Year	Additions (d)	Retirements or (e)	Sales	Other Changes (f)	Balance at End of Year
No.	(a)		(c)					(g)
1	301	Organization						
2	303	Miscellaneous Intangible Plant	116,590,660	65,790,004	2,9	52,214	94,072,302	273,500,752
3	306	Leasehold Improvements	19,511,266				5,810,154	25,321,420
4	389	Land and Land Rights						
5	390	Structures and Improvements	17,257,828	692,489	4	77,414		17,472,903
6	391	Office Furniture and Equipment	84,078,620	36,746,402	2,1	83,489	6,994,554	125,636,087
7	392	Transportation Equipment	16,493,427	22,487,440				38,980,867
8	393	Stores equipment						
9	394	Tools, Shop and Garage Equipment						
10	395	Laboratory Equipment						
11	396	Power Operated Equipment						
12	397	Communications Equipment						
13	398	Miscellaneous Equipment						
14	399	Other Tangible Property						
15	399.1	Asset Retirement Costs						
16		Total Service Company Property (Total of Lines 1-15)	253,931,801	125,716,335	5,6	13,117	106,877,010	480,912,029
17	107	Construction Work in Progress:						
18		Computer Software	107,262,511	16,139,069			(25,153,351)	98,248,229
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
30								
31		Total Account 107 (Total of Lines 14-30)		16,139,069			(25,153,351)	98,248,229
32		Total (Lines 16 and Line 31)		141,855,404				579,160,258

						Page 1 of 51	37 (iii) attachment
Nan	ne of Res	pondent		This Report Is	: Re	submission Date	Year/Period of Report
Duk	e Energy	Business Services, LLC		(1) X An C (2) A Re	riginal submission	(Mo, Da, Yr) / /	Dec 31, 2008
		Schedule III – Accumulat	ed Provision for Der				
1. F	Provide	an explanation of Other Charges				<u> </u>	
Line	Account Number	Description	Balance at Beginning of Year (c)	Additions Charged To Account 403-403.1	Retirements	Other Changes Additions (Deductions)	Balance at Close of Year
No.	(a)	(b)		404-405 (d)	(e)	(f)	(g)
1	301	Organization					
2	303	Miscellaneous Intangible Plant	83,149,979	31,304,694	2,952,214	76,704,802	188,207,26
3	306	Leasehold Improvements	4,891,175	2,216,500		3,770,532	10,878,20
4	389	Land and Land Rights					
5	390	Structures and Improvements	4,315,743	1,168,773	477,092		5,007,42
6	391	Office Furniture and Equipment	50,925,766	21,260,974	2,105,155	4,553,973	74,635,55
7	392	Transportation Equipment	575,432	2,762,851			3,338,28
8	393	Stores equipment					
9	394	Tools, Shop and Garage Equipment					
10	395	Laboratory Equipment					
11	396	Power Operated Equipment					
12	397	Communications Equipment					
13	398	Miscellaneous Equipment					
14	399	Other Tangible Property					
15	399.1	Asset Retirement Costs					
16	[Total	143,858,095	58,713,792	5,534,461	85,029,307	282,066,73

					Page 1 of 51	
Nan	ne of Res	pondent	This R	eport Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report
Duk	e Energy	/ Business Services, LLC	(1) (2)	X An Original A Resubmission	/ /	Dec 31, 2008
		Schedule IV				
des 2.	scription For ten	er investments (Account 124) and other special funds (<i>A</i> including the name of issuing company, number of shanporary cash investments (Account 136), list each investments less than \$50,000 may be grouped, showing the n	res helc Iment se	l or principal invest eparately in a footr	ment amount. lote.	separately, with
Line	Account Number	Title of Account			Balance at Beginning of Year (c)	Balance at Close of Year
No.	(a)	(b)			(0)	(d)
1	123	Investment In Associate Companies			316,458,254	647,462,974
2	124	Other Investments				3,700,718
3	128	Other Special Funds				
4	136	Temporary Cash Investments				
5		(Total of Lines 1-4)			316,458,254	651,163,692

Name of Respondent	This Report is:	Resubmission Date	Year of Report
	(1) <u>X</u> An Original	(Mo, Da, Yr)	
Duke Energy Business Services, LLC	(2) _ A Resubmission	11	2008
	FOOTNOTE DATA		

Schedule Page: 105 Line No.: 2 Column: d Cash Surrender Value of Executive Life Insurance Policies

				Page 1 (
Nam	e of Respo	ndent	This Report Is:	Resubmission Da (Mo, Da, Yr)	te Year/Period of Report
			(1) X An Original	(Mo, Da, Yr)	
Duk	e Energy B	usiness Services, LLC	(2) A Resubmi		Dec 31, <u>2008</u>
		Schedule V – Accounts Recei	vable from Associate	Companies	
1	List the a	ccounts receivable from each associate company.			
1.		is a second be and ideal associate company.	tanan naunanta far	essesiata componias r	vrovido in o concrato
		ice company has provided accommodation or conver	nence payments for	associate companies, p	novide in a separate
foot	inote a lis	ing of total payments for each associate company.			
	Account	Title of Account		Balance at Beginning of Year	Balance at Close of Year
Line	Number			(c)	(d)
No.	(a)	(b)			
	1-7				
1	146	Accounts Receivable From Associate Companies			
2		Associate Company:			
3		Bison Insurance Company Limited		2,856,570	3,838,753
				2,000,010	
4		Duke Energy Carolinas, LLC			92,287,434
5		Duke Energy Ohio, Inc.		95,522,668	40,662,937
6		Duke Energy Indiana, Inc.		76,893,880	39,408,250
7		Duke Energy Kentucky, Inc.		16,237,810	6,677,262
8					
9			<u> </u>		
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37					
38					
39					
40	Total			191,510,928	182,874,636

					Page 1 of 51				
	e of Respo		This Rep	ort Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Repor			
Duk	e Energy E	Business Services, LLC	(1) X (2)	An Original A Resubmission	(MO, DA, YF) / /	Dec 31, <u>2008</u>			
		Schodulo VI - Eucl Stor							
		Schedule VI – Fuel Stor							
indi	 List the amount of labor in Column (c) and expenses in Column (d) incurred with respect to fuel stock expenses during the year and indicate amount attributable to each associate company. In a separate footnote, describe in a narrative the fuel functions performed by the service company. 								
	Account	Title of Account		Labor	Expenses	Total			
Line	Number								
No.	(a)	(b)		(c)	(d)	(e)			
	152	Fuel Stock Expenses Undistributed	··						
2		Associate Company:							
3									
4									
5									
6									
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10	·····								
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39									
40	Total								
T					1				
					1				

	e of Respo e Energy E	ondent Business Services, LLC	This Rep (1) X (2)	ort Is: An Original A Resubmission	Resubmi (Mo, I	ssion Date Da, Yr)	Year/Period of Repo Dec 31, 2008
		Schedule VII – Store					
1. L indi	ist the an cate amo	nount of labor in Column (c) and expenses in Column unt attributable to each associate company.		***************************************	o stores ex	pense durin	g the year and
	Account	Title of Account		Labor		Expenses	Total
Line No.	Number (a)	(b)		(c)		(d)	(e)
1	163	Stores Expense Undistributed					
2		Associate Company:				Sec. 1	
3		Duke Energy Corp.		(1,6	35)	(6,491) (8,126
4 5			·				
6							
7							
8							
9							
10							
11 12							
12				ļ			-
14							
15							
16							
17							-
18							
19 20							
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27 28							
29							
30							
31							
32							
33							
34 35							
35 36							
37							
38							
39							
40	Total			(1,6	535)	(6,491)) (8,126)

					Page 1 of :	
Nam	ne of Respo	ondent	This Report Is:		Resubmission Date (Mo, Da, Yr)	Year/Period of Report
Duk	ke Energy E	lusiness Services, LLC	(1) X An Origir	al	(Mo, Da, Yr)	Dec 31, 2008
			(2) A Resub		11	Dec 31, <u>2000</u>
		Schedule VIII - Miscellaneo	us Current and Acc	rued As	sets	
1	Provide o	letail of items in this account. Items less than \$50,00	n may be grouped	showin	a the number of item	ne in each group
	1101140 0		o may be grouped	, 3110 Will	g the number of item	is in each group.
	·····					
	Account	Title of Account		Balance	at Beginning of Year	Balance at Close of Year
Line	Number				(c)	(d)
No.	(a)	(b)				
1	174	Miscellaneous Current and Accrued Assets				
2		Item List:				
3		Other Current Assets (2)				77,026
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5						
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39			·····	 		
				 		
40	Total					77,026
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Nam	e of Respo	ondent	This Report Is:		Resu	bmission Da Ao, Da, Yr)	ate Year/Peri	Year/Period of Repor	
Duke	e Energy E	usiness Services, LLC	(1) X An Origina		۹)	۸o, Da, Yr)	Dec 31, 1		
			(2) A Resubm			11	Dec 31, _		
		Schedule IX - Misce	llaneous Deferred De	bits					
1. P	Provide de	tail of items in this account. Items less than \$50,000 i	may be grouped, sh	owing	he nur	nber of iter	ms in each gro	up.	
	Account	Title of Account		Balance	at Begin	ning of Year	Balance at Clo	se of Year	
Line	Number				(c)	5	(d)		
No.	(a)	(b)			.,				
1	186	Miscellaneous Deferred Debits							
2		Items List:							
3		Post Retirement Benefits other than Pensions	1					15,344,058	
4		Worker's Compensation Loss Deposits				800,000		833,529	
5		Life Insuance/Policy Loans				000,000			
		Other Miscellaneous Deferred Debits (6)				00.500		697,008	
6		Other Miscellaneous Deletted Debits (6)			(98,539)	(21,316)	
7	-1- Income			+					
8									
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35									
36									
37									
38									
39									
	Total					701,461		16,853,279	
<u> </u>						101,401			

		· · · ·			1
	e of Respo		This Report Is: (1) X An Original	Resubmission Date (Mo, Da, Yr)	Year/Period of Report
Duk	e Energy E	usiness Services, LLC	(2) A Resubmission	/ /	Dec 31, 2008
		Schedule X - Research, Developm		enditures	
	D				······································
ı. yea	r. Items le	each material research, development, or demonstratic ess than \$50,000 may be grouped, showing the numbe	on project that incurred co or of items in each group.	sts by the service co	rporation during the
Line	Account Number	Title of Accoun	t		Amount (c)
No.	(a)	(b)			(0)
1	188	Research, Development, or Demonstration Expenditures			
2	100	Project List:			
3					
4					
5					
6					
7					
8					
9					
10					
11					
12 13					
13					
15					
16					
17					
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21					
22					*******
23 24					
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29					
30					
31					
32					
33					
34 35					
35 36					****
37					
38			***************************************		
39					
40	Total				

Duke Energy Business Services, LLC (1) Image: An Original (2) (Mo, Da, Yr) A Resubmission Dec 31, 2008 Schedule XI - Proprietary Capital 1. For miscellaneous paid-in capital (Account 211) and appropriate retained earnings (Account 215), classify amounts in each account with a brief explanation, disclosing the general nature of transactions which give rise to the reported amounts. 2. For the unappropriate retained earnings (Account 216), in a footnote, give particulars concerning net income or (loss) during the year, distinguishing between compensation for the use of capital owed or net loss remaining from servicing nonassociates per the General Instructions of the Uniform System of Accounts. For dividends paid during the year in cash or otherwise, provide rate percentages, amount of dividend, date declared and date paid. Line Number Title of Account Description Amount (a) (b) (c) (d) (d) 2 Common Stock Issued Number of Shares Authorized 11 2 Par or Stated Value per Share 0. 3 Outstanding Number of Shares Authorized 0. 0. 4 Close of Period Amount 10 10 5 Preferred Stock Issued Number of Shares Authorized 0. 4 Close of Period Amount (182,959,03 10 5 </th <th>Duke Energy Business Services, LLC (1) X An Original (2) (Mo, Da, Yr) A Resubmission Dec 31, 2008 1. For miscellaneous paid-in capital (Account 211) and appropriate retained earnings (Account 215), classify amounts in each ac with a brief explanation, disclosing the general nature of transactions which give rise to the reported amounts. 2. For the unappropriated retained earnings (Account 216), in a footnote, give particulars concerning net income or (loss) during year, distinguishing between compensation for the use of capital owed or net loss remaining from servicing nonassociates per th General Instructions of the Uniform System of Accounts. For dividends paid during the year in cash or otherwise, provide rate percentages, amount of dividend, date declared and date paid. Amount Line Number (b) (c) (d) 1 201 Common Stock Issued Number of Shares Authorized </th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th>Page 1 of 51</th> <th></th>	Duke Energy Business Services, LLC (1) X An Original (2) (Mo, Da, Yr) A Resubmission Dec 31, 2008 1. For miscellaneous paid-in capital (Account 211) and appropriate retained earnings (Account 215), classify amounts in each ac with a brief explanation, disclosing the general nature of transactions which give rise to the reported amounts. 2. For the unappropriated retained earnings (Account 216), in a footnote, give particulars concerning net income or (loss) during year, distinguishing between compensation for the use of capital owed or net loss remaining from servicing nonassociates per th General Instructions of the Uniform System of Accounts. For dividends paid during the year in cash or otherwise, provide rate percentages, amount of dividend, date declared and date paid. Amount Line Number (b) (c) (d) 1 201 Common Stock Issued Number of Shares Authorized							Page 1 of 51	
Duke Energy Business Services, LLC (2) A Resubmission // Dec 31, 2008 Schedule XI - Proprietary Capital 1. For miscellaneous paid-in capital (Account 211) and appropriate retained earnings (Account 215), classify amounts in each account with a brief explanation, disclosing the general nature of transactions which give rise to the reported amounts. 2. For the unappropriated retained earnings (Account 216), in a footnote, give particulars concerning net income or (loss) during the year, distinguishing between compensation for the use of capital owed or net loss remaining from servicing nonassociates per the General Instructions of the Uniform System of Accounts. For dividends paid during the year in cash or otherwise, provide rate percentages, amount of dividend, date declared and date paid. Image: Account Line Title of Account Description Amount Number (a) (b) (c) (d) 1 201 Common Stock Issued Number of Shares Authorized 11 2 Par or Stated Value per Share 0. 3 Close of Period Amount 0 5 Preferred Stock Issued Number of Shares Authorized 11 6 Par or Stated Value per Share 2 2 7 Outstanding Number of Shares 2 2 8 Integretered Stock Issued Number of	Duke Energy Business Services, LLC (2) A Resubmission / / Dec 31, 2003 Schedule XI - Proprietary Capital 1. For miscellaneous paid-in capital (Account 211) and appropriate retained earnings (Account 215), classify amounts in each ac with a brief explanation, disclosing the general nature of transactions which give rise to the reported amounts. 2. For the unappropriate retained earnings (Account 216), in a footnote, give particulars concerning net income or (loss) during year, distinguishing between compensation for the use of capital owed or net loss remaining from servicing nonassociates per th General Instructions of the Uniform System of Accounts. For dividends paid during the year in cash or otherwise, provide rate percentages, amount of dividend, date declared and date paid. Image: Account Line Title of Account Description Amount No. (b) (c) (d) (d) 1 201 Common Stock Issued Number of Shares Authorized	Nam	e of Respo	ondent				Resubmission Date	Year/Period of Repo
Schedule XI - Proprietary Capital 1. For miscellaneous paid-in capital (Account 211) and appropriate retained earnings (Account 215), classify amounts in each accoun with a brief explanation, disclosing the general nature of transactions which give rise to the reported amounts. 2. For the unappropriated retained earnings (Account 216), in a footnote, give particulars concerning net income or (loss) during the year, distinguishing between compensation for the use of capital owed or net loss remaining from servicing nonassociates per the General Instructions of the Uniform System of Accounts. For dividends paid during the year in cash or otherwise, provide rate percentages, amount of dividend, date declared and date paid. Image: Account Number Title of Account Description Amount Number (b) (c) (d) 1 201 Common Stock Issued Number of Shares Authorized 11 2 Outstanding Number of Shares 0.0 3 Outstanding Number of Shares 0.0 4 Close of Period Amount 10 5 Preferred Stock Issued Number of Shares 10 6 Par or Stated Value per Share 0.0 7 Outstanding Number of Shares 10 8 Close of Period Amount 10 9	Schedule XI - Proprietary Capital 1. For miscellaneous paid-in capital (Account 211) and appropriate retained earnings (Account 215), classify amounts in each ac with a brief explanation, disclosing the general nature of transactions which give rise to the reported amounts. 2. For the unappropriated retained earnings (Account 216), in a footnote, give particulars concerning net income or (loss) during year, distinguishing between compensation for the use of capital owed or net loss remaining from servicing nonassociates per th General Instructions of the Uniform System of Accounts. For dividends paid during the year in cash or otherwise, provide rate percentages, amount of dividend, date declared and date paid. Image: Account Number Title of Account Description Amount Number (b) (c) (d) 1 201 Common Stock Issued Number of Shares Authorized (d) 2 Par or Stated Value per Share (d) 3 Close of Period Amount (d) 5 Preferred Stock Issued Number of Shares Authorized (d) 6 Par or Stated Value per Share (d) (d) 7 Outstanding Number of Shares (d) (d) 8 Close of Period Amount (d) (d) 9 211 Miscell	Duk	e Energy B	usiness Services, LLC					Dec 31, 2008
1. For miscellaneous paid-in capital (Account 211) and appropriate retained earnings (Account 215), classify amounts in each account with a brief explanation, disclosing the general nature of transactions which give rise to the reported amounts. 2. For the unappropriated retained earnings (Account 216), in a footnote, give particulars concerning net income or (loss) during the year, distinguishing between compensation for the use of capital owed or net loss remaining from servicing nonassociates per the General Instructions of the Uniform System of Accounts. For dividends paid during the year in cash or otherwise, provide rate percentages, amount of dividend, date declared and date paid. Image: Account Number Title of Account Description Amount No. (d) (e) (d) 1 201 Common Stock Issued Number of Shares Authorized 11 2 Common Stock Issued Number of Shares Authorized 11 3 Outstanding Number of Shares 01 4 Close of Period Amount 12 5 Preferred Stock Issued Number of Shares 12 6 Par or Stated Value per Share 12 7 Quistanding Number of Shares 14 8 Close of Period Amount 14 9 211 Miscellaneous Paid-In Capital 182,959,03 10 <td>1. For miscellaneous paid-in capital (Account 211) and appropriate retained earnings (Account 215), classify amounts in each ac with a brief explanation, disclosing the general nature of transactions which give rise to the reported amounts. 2. For the unappropriated retained earnings (Account 216), in a footnote, give particulars concerning net income or (loss) during year, distinguishing between compensation for the use of capital owed or net loss remaining from servicing nonassociates per th General Instructions of the Uniform System of Accounts. For dividends paid during the year in cash or otherwise, provide rate percentages, amount of dividend, date declared and date paid. Image: Account Number Title of Account Description Amount No. (a) (b) (c) (d) 1 201 Common Stock Issued Number of Shares Authorized (d) 2 Outstanding Number of Shares (d) 3 Outstanding Number of Shares (d) 4 Close of Period Amount (d) 5 Preferred Stock Issued Number of Shares (d) (d) 6 Par or Stated Value per Share (d) (d) 7 Outstanding Number of Shares (d) (d) 8 Close of Period Amount (d</td> <td></td> <td></td> <td>Sched</td> <td>ule XI -</td> <td>i</td> <td></td> <td></td> <td></td>	1. For miscellaneous paid-in capital (Account 211) and appropriate retained earnings (Account 215), classify amounts in each ac with a brief explanation, disclosing the general nature of transactions which give rise to the reported amounts. 2. For the unappropriated retained earnings (Account 216), in a footnote, give particulars concerning net income or (loss) during year, distinguishing between compensation for the use of capital owed or net loss remaining from servicing nonassociates per th General Instructions of the Uniform System of Accounts. For dividends paid during the year in cash or otherwise, provide rate percentages, amount of dividend, date declared and date paid. Image: Account Number Title of Account Description Amount No. (a) (b) (c) (d) 1 201 Common Stock Issued Number of Shares Authorized (d) 2 Outstanding Number of Shares (d) 3 Outstanding Number of Shares (d) 4 Close of Period Amount (d) 5 Preferred Stock Issued Number of Shares (d) (d) 6 Par or Stated Value per Share (d) (d) 7 Outstanding Number of Shares (d) (d) 8 Close of Period Amount (d			Sched	ule XI -	i			
Number No.Number (a)(b)(c)(d)1201Common Stock IssuedNumber of Shares Authorized1121Par or Stated Value per Share0.131Outstanding Number of Shares0.141Close of Period Amount151Preferred Stock IssuedNumber of Shares Authorized161Par or Stated Value per Share171Outstanding Number of Shares Authorized181Outstanding Number of Shares19211Miscellaneous Paid-In Capital110215Appropriated Retained Earnings111219Accumulated Other Comprehensive Income(10,9412216Unnappropriated Retained EarningsBalance at Beginning of Year494,801,1131Income or (Loss)22,154,2141Dividend Paid1	Number No.Number (a)(b)(c)(d)1201Common Stock IssuedNumber of Shares Authorized(d)21Common Stock IssuedPar or Stated Value per Share(d)31Common Stock IssuedOutstanding Number of Shares(d)41Close of Period Amount(d)51Preferred Stock IssuedNumber of Shares Authorized(d)61Close of Period Amount(d)71Close of Period Amount(d)81Close of Period Amount(d)9211Miscellaneous Paid-In CapitalClose of Period Amount(d)10215Appropriated Retained Earnings(d)(d)11219Accumulated Other Comprehensive Income(d)(d)12216Unnappropriated Retained EarningsBalance at Beginning of Year494,80131INet Income or (Loss)22,15141IDividend Paid10	with 2. F yea Gei	n a brief ex For the una Ir, distingu neral Instr	laneous paid-in capital (Account 211) and app xplanation, disclosing the general nature of tra appropriated retained earnings (Account 216) lishing between compensation for the use of o uctions of the Uniform System of Accounts.	oropriate ansactio , in a foc capital o For divid	e retain ons whic otnote, owed or	ed earnings (Accounch ch give rise to the re give particulars cor net loss remaining	eported amounts. ncerning net income o from servicing nonas:	r (loss) during the sociates per the
No.(b)(c)(d)1201Common Stock IssuedNumber of Shares Authorized1120Par or Stated Value per Share0.130Outstanding Number of Shares0.141Close of Period Amount15Preferred Stock IssuedNumber of Shares Authorized161Par or Stated Value per Share171Outstanding Number of Shares181Outstanding Number of Shares19211Miscellaneous Paid-In Capital110215Appropriated Retained Eamings111219Accumulated Other Comprehensive Income(10,9412216Unnappropriated Retained EamingsBalance at Beginning of Year494,801,1131Net Income or (Loss)22,154,2141Dividend Paid1	No. (b) (c) (d) 1 201 Common Stock Issued Number of Shares Authorized Image: Common Stock Issued Par or Stated Value per Share Image: Common Stock Issued Par or Stated Value per Share Image: Common Stock Issued Image: Common Stock Issue Issue Issu		Account	Title of Account			Description		Amount
1201Common Stock IssuedNumber of Shares Authorized122Par or Stated Value per Share0.34Outstanding Number of Shares0.44Close of Period Amount15Preferred Stock IssuedNumber of Shares Authorized16Preferred Stock IssuedPar or Stated Value per Share171Outstanding Number of Shares181Outstanding Number of Shares19211Miscellaneous Paid-In Capital110215Appropriated Retained Earnings111216Unnappropriated Retained Earnings1131Net Income or (Loss)22,154,2141Dividend Paid1	1201Common Stock IssuedNumber of Shares Authorized22Par or Stated Value per Share32Outstanding Number of Shares41Close of Period Amount5Preferred Stock IssuedNumber of Shares Authorized6Preferred Stock IssuedPar or Stated Value per Share72Outstanding Number of Shares82Outstanding Number of Shares9211Miscellaneous Paid-In Capital10215Appropriated Retained Earnings11219Accumulated Other Comprehensive Income12216Unnappropriated Retained Earnings13ANet Income or (Loss)14I			(b)			(c)		(d)
3 A Outstanding Number of Shares 4 Close of Period Amount 5 Preferred Stock Issued 6 Par or Stated Value per Share 7 Outstanding Number of Shares 8 Close of Period Amount 9 211 Miscellaneous Paid-In Capital Close of Period Amount 10 215 Appropriated Retained Earnings (182,959,03) 11 219 Accumulated Other Comprehensive Income (10,94) 12 216 Unnappropriated Retained Earnings 13 Net Income or (Loss) 22,154,2 14 Unividend Paid 22,154,2	3 Image: Constant of Start	1		Common Stock Issued	Numbe	er of Sha	ares Authorized		100
4 Image: Close of Period Amount 5 Preferred Stock Issued Number of Shares Authorized 6 Par or Stated Value per Share 7 Outstanding Number of Shares 8 Close of Period Amount 9 211 Miscellaneous Paid-In Capital 10 215 Appropriated Retained Earnings 11 219 Accumulated Other Comprehensive Income 12 216 Unnappropriated Retained Earnings 13 Net Income or (Loss) 22,154,2 14 Dividend Paid 21,154,2	4 Image: Close of Period Amount 5 Preferred Stock Issued Number of Shares Authorized 6 Par or Stated Value per Share 7 Outstanding Number of Shares 8 Close of Period Amount 9 211 Miscellaneous Paid-In Capital 10 215 Appropriated Retained Earnings 11 219 Accumulated Other Comprehensive Income 12 216 Unnappropriated Retained Earnings 13 Net Income or (Loss) 22,15 14 Dividend Paid 22,15	2							0.05
5 Preferred Stock Issued Number of Shares Authorized 6 Par or Stated Value per Share 7 Outstanding Number of Shares 8 Close of Period Amount 9 211 Miscellaneous Paid-In Capital (182,959,03) 10 215 Appropriated Retained Earnings (10,94) 11 219 Accumulated Other Comprehensive Income (10,94) 12 216 Unnappropriated Retained Earnings 13 Net Income or (Loss) 22,154,2 14 University of the state o	5 Preferred Stock Issued Number of Shares Authorized 6 Par or Stated Value per Share 7 Outstanding Number of Shares 8 Close of Period Amount 9 211 Miscellaneous Paid-In Capital (182,950) 10 215 Appropriated Retained Earnings (111) 219 Accumulated Other Comprehensive Income 11 216 Unappropriated Retained Earnings Balance at Beginning of Year 13 Net Income or (Loss) 14 Dividend Paid	3			_				70
6 Antiperiod Par or Stated Value per Share 7 Outstanding Number of Shares 8 Close of Period Amount 9 211 Miscellaneous Paid-In Capital 10 215 Appropriated Retained Earnings 11 219 Accumulated Other Comprehensive Income 12 216 Unnappropriated Retained Earnings 13 Net Income or (Loss) 22,154,2 14 Outstanding Paid	6 Another State Par or Stated Value per Share 7 Outstanding Number of Shares 8 Close of Period Amount 9 211 Miscellaneous Paid-In Capital 10 215 Appropriated Retained Earnings 11 219 Accumulated Other Comprehensive Income 12 216 Unnappropriated Retained Earnings 13 Net Income or (Loss) 22,15 14 Dividend Paid 11				_				4
7 Image: Constant of	7 Image: Constant of			Preferred Stock Issued					
8 Image: Section of the section of	8 Image: Section of Control of								
9 211 Miscellaneous Paid-In Capital (182,959,03) 10 215 Appropriated Retained Earnings (182,959,03) 11 219 Accumulated Other Comprehensive Income (10,94) 12 216 Unnappropriated Retained Earnings Balance at Beginning of Year 494,801,1 13 A Net Income or (Loss) 22,154,2 14 A Dividend Paid A	9 211 Miscellaneous Paid-In Capital (182,955) 10 215 Appropriated Retained Earnings (112,955) 11 219 Accumulated Other Comprehensive Income (111,115) 12 216 Unnappropriated Retained Earnings Balance at Beginning of Year 494,800 13 4 Net Income or (Loss) 22,150 14 4 Dividend Paid 444,800								
10 215 Appropriated Retained Earnings (10,94) 11 219 Accumulated Other Comprehensive Income (10,94) 12 216 Unnappropriated Retained Earnings Balance at Beginning of Year 494,801,1 13 0 Net Income or (Loss) 22,154,2 14 0 Dividend Paid 0	10 215 Appropriated Retained Earnings (11) 11 219 Accumulated Other Comprehensive Income (11) 12 216 Unnappropriated Retained Earnings Balance at Beginning of Year 494,80 13 Net Income or (Loss) 22,15 14 Dividend Paid 11		211	Miscellaneous Paid-In Capital					(182,959,035)
12 216 Unnappropriated Retained Earnings Balance at Beginning of Year 494,801,1 13 C Net Income or (Loss) 22,154,2 14 C Dividend Paid	12 216 Unnappropriated Retained Earnings Balance at Beginning of Year 494,80 13 Constraints Net Income or (Loss) 22,15 14 Constraints Dividend Paid								
13 Net Income or (Loss) 22,154,2 14 Dividend Paid 22,154,2	13 Net Income or (Loss) 22,15 14 Dividend Paid	11	L	Accumulated Other Comprehensive Income					(10,941)
14 Dividend Paid	14 Dividend Paid		216	Unnappropriated Retained Earnings					494,801,153
							(Loss)		22,154,232
Balance at Close of real 516,955,3	Image: Distance at Close 01 Teal 5 16,95								E10 055 285

Name of Respondent This Report is: Resubmission Date Year of Report							
	(1) X An Original	(Mo, Da, Yr)					
Duke Energy Business Services, LLC	(2) A Resubmission	11	2008				
FOOTNOTE DATA							

Schedule Page: 201	Line No.: 9	Colum	n: d
208 Donations Receive	d from Stockho	olders	\$46,530,776
211 Miscellaneous Pai	d-In-Capital	((\$229,489,811)

On July 1, 2008, Duke Energy Business Services (DEBS) merged with Duke Energy Shared Services (DESS). In conjunction with this transaction, approximately (\$213M) of equity was transferred to DEBS. Since the carrying amounts of liabilities exceeded the carrying amount of the assets transferred, the transfer was recorded as a contribution of capital. Prior to July 1, 2008, Cinergy owned DESS which filed their own FERC Form 60.

Schedule Page: 201 Line No.: 13 Column: d

The nature of net income for 2008 is primarily a management fee charged to DE Carolinas for providing administrative, management and support services.

								e 1 of 51	
		espondent gy Business Services, LLC		(his Repo 1) XA 2) A	rt ls: n Original Resubmission	Resubmissio (Mo, Da, / /	n Date Year/ Yr) Dec 3	Period of Report
			Scher	iule XII – Le					
acc in C 2. F	ounts. Column For the	advances from associate companie Names of associate companies fron (c). deductions in Column (h), please gi er long-term debt (Account 224), list	s (Account 2 n which adva ve an explan	23), descri inces were ation in a f	be in a for receive	ootnote the adv d shall be shov	vn under the cl	ass and series	es on open of obligation
	Account	Title of Account	Term of Obligation	•	Interest	Amount Authorized	Balance at Beginning		Balance at Close of
Line No.	Number		Class & Series of Obligation (c)		Rate	(1)	of Year (g)	(h)	Year
	(a)	(b)		(d)	(e)	, , , , , , , , , , , , , , , , , , ,	()		(i)
1	223	Advances from Associate Companies							
2		Associate Company:							
4							· · · · · · · · · · · · · · · · · · ·		
5									
6									
7									
8 9									
10									
11									
12	L								
13		TOTAL							
14	224	Other Long-Term Debt							
15		List Creditor:			•				
16 17									
18									
19									
20									
21									
22 23									
24									
25									
26									
27	ļ		-						_
28		TOTAL							

				Page 1 of 51				
Nam	e of Res	pondent	This Report Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report			
Duk	e Energy	Business Services, LLC	(1) X An Original	(IVIO, Da, TT) / /	Dec 31, <u>2008</u>			
			(2) A Resubmission	11				
		Schedule XIII – Currer	nt and Accrued Liabilities					
1.	Provide	the balance of notes and accounts payable to each as	sociate company (Account	ts 233 and 234).				
2	2. Give description and amount of miscellaneous current and accrued liabilities (Account 242). Items less than \$50,000 may be							
010	grouped, showing the number of items in each group.							
910	upeu, s	towing the number of kents in each group.						
	Account	Title of Account		Balance at Beginnin	g Balance at Close of			
Line	Number	(b)		of Year	Year			
No.				(c)	(d)			
INO.	(a)			(-)	1-7			
					005 450 070			
1	233	Notes Payable to Associates Companies			395,159,379			
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
10								
20								
21								
22								
23								
24	234	Accounts Payable to Associate Companies		101,861,7	237,323,562			
25								
26								
27								
28								
29								
30								
31								
32								
33								
34								
35								
36								
37								
38		anterna anterna de la construction de la co						
39								
40								
40	242	Miscellaneous Current and Accrued Liabilities		141,547,4	202,662,069			
	242	INISCENTIEUS CUTIENT AND ACCIDED LIADINNES		141,04/,4	202,002,009			
42	<u> </u>							
43								
44								
45								
46								
47								
48								
49								
		(Total)		243,409,1	835,145,010			
50		(Total)		243,409,1	000,140,010			

Name of Respondent	This Report is:	Resubmission Date	Year of Report
	(1) X An Original	(Mo, Da, Yr)	
Duke Energy Business Services, LLC	(2) A Resubmission		2008
FOOTNOTE DATA			

Schedule Page: 203 Line No.: 1	Column: d		
Duke Energy Carolinas, LLC	\$291,054,962		
Duke Energy Indiana, Inc	\$104,104,417		
Total	\$395,159,379		
Schedule Page: 203 Line No.: 24	Column: c		
Duke Energy Carolinas, LLC \$78,29	8,188		
Cinergy Corporation \$23,563	3,603		
Total \$101,86	1,791		
Schedule Page: 203 Line No.: 24			
Cinergy Corporation \$ 237,323,			
Schedule Page: 203 Line No.: 41			
Reserve for Employee Retirement an	d Vacation Entitlement	\$40,037,121	
Accrued Salaries and Wages		2,777,861	
Reserve for Severance		13,220,383	
Incentive Reserve		71,287,181	
Deferred Rent		11,041,487	
Reserve for Current Portion of Rent		2,412,492	Reserve for Dues
	182,628		
Accrued Payables other		588,250	

Schedule Page: 203 Line No.: 41 Column: d	
Reserve for Employee Retirement and Vacation Entitlement	90,787,600
Accrued Salaries and Wages	5,134,182
Reserve for Severance	4,443,443
Incentive Reserve	36,372,897
Deferred Rent	23,196,896
Deferred Executive Compensation	41,258,825
Reserve for Current Portion of Rent	1,178,820
Medical/Dental Costs Reserve	62,875
Reserve for Dues	88,071
Miscellaneous payroll deductions	67,334
Accrued payables other	73,564
Other Miscellaneous (2)	(2,438)

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Name of Respondent	This Report is:	Resubmission Date	Year of Report
	(1) <u>X</u> An Original	(Mo, Da, Yr)	•
Duke Energy Business Services, LLC	(2) A Resubmission		2008
Schedule XIV- Notes to Financial Statements			

1. Use the space below for important notes regarding the financial statements or any account thereof.

2. Furnish particulars as to any significant contingent assets or liabilities existing at the end of the year.

3. Furnish particulars as to any significant increase in services rendered or expenses incurred during the year.

4. Furnish particulars as to any amounts recorded in Account 434, Extraordinary Income, or Account 435, Extraordinary Deductions.

5. Notes relating to financial statements shown elsewhere in this report may be indicated here by reference.

6. Describe the annual statement supplied to each associate service company in support of the amount of interest on borrowed capital and compensation for use of capital billed during the calendar year. State the basis for billing of interest to each associate company. If a ratio, describe in detail how ratio is computed. If more than one ratio explain the calculation. Report the amount of interest borrowed and/or

compensation for use of capital billed to each associate company.

Duke Energy Business Services, LLC Notes To Consolidated Financial Statements For the Year Ended December 31, 2008

1. Summary of Significant Accounting Policies

Nature of Operations and Basis of Consolidation. Duke Energy Corporation (collectively with its subsidiaries, Duke Energy), is an energy company primarily located in the Americas. These Consolidated Financial Statements include, after eliminating intercompany transactions and balances, the accounts of Duke Energy Business Services, LLC. Duke Energy Business Services, LLC provides administrative, management and support services to Duke Energy's subsidiaries. On July 1, 2008, Duke Energy Shared Services, Inc.(DESS) was merged into Duke Energy Business Services, LLC (DEBS). In conjunction with this transaction, approximately \$206 million of assets and approximately \$419 million of liabilities were transferred to DEBS, including \$18 million of intercompany receivables and \$103 million of intercompany liabilities.

Use of Estimates. To conform to generally accepted accounting principles (GAAP) in the United States (U.S.), management makes estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and Notes. Although these estimates are based on management's best available information at the time, actual results could differ.

Cash and Cash Equivalents. All highly liquid investments with maturities of three months or less at the date of acquisition are considered cash equivalents.

Property, Plant and Equipment. Property, plant and equipment are stated at the lower of historical cost less accumulated depreciation or fair value, if impaired. DEBS capitalizes all construction-related direct labor and material costs, as well as indirect construction costs. Indirect costs include general engineering, taxes and the cost of funds used during construction (see "Allowance for Funds Used During Construction (AFUDC)," discussed below). The cost of renewals and betterments that extend the useful life of property, plant and equipment are also capitalized. The cost of repairs, replacements and major maintenance projects, which do not extend the useful life or increase the expected output of the asset, is expensed as incurred. Depreciation is generally computed over the estimated useful life of the asset using the composite straight-line method. The average depreciation rate was 21.26% for 2008.

When DEBS retires or sells non-regulated properties, the cost is removed from the property account and the related accumulated depreciation and amortization accounts are reduced. See Note 5 for further information on the estimated useful lives of DEBS's property, plant and equipment balance.

Severance and Special Termination Benefits. DEBS has an ongoing severance plan that is accounted for primarily under SFAS No. 112, " *Employers' Accounting for Postemployment Benefits*" (SFAS No. 112). In general, the longer a terminated employee worked prior to termination the greater the amount of severance benefits under this ongoing severance plan. Under SFAS No. 112, DEBS records a liability for severance once a plan is committed to by management, or sooner if severances are probable and the related severance benefits can be reasonably estimated. DEBS accounts for involuntary severance benefits that are incremental to its ongoing severance plan benefits in accordance with SFAS No. 146, "*Accounting for Costs Associated with Exit or Disposal Activities*" (SFAS No. 146). Under SFAS No. 146, DEBS measures the obligation when all the criteria of SFAS No. 146 are met and records the expense at its fair value at the communication date if there are no future service requirements, or, if future service is required to receive the termination benefit, ratably over the service period. From time to time, DEBS offers special termination benefits are accounted for under SFAS No. 88, "*Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits*" (SFAS No. 88). Under SFAS No. 88, special termination benefits are measured upon employee acceptance and recorded ratably over the remaining service period. If a significant retention period exists, the cost of the special termination benefits is determined by management based on the facts and circumstances of the special termination benefits being offered. See Note 4 for further information on DEBS' severance programs.

Regulation. DEBS is governed by the Utility Holding Company Act of 2005 (PUHCA 2005), under the Federal Energy Regulatory Commission's (FERC) jurisdiction.

Stock-Based Compensation. Effective January 1, 2006, DEBS adopted the provisions of SFAS No. 123(R), "Share-Based Payment" (SFAS No. 123(R)). SFAS No. 123(R) establishes accounting for stock-based awards, including stock options, exchanged for employee and certain non-employee services. Accordingly, for employee awards, equity classified stock-based compensation cost is measured at the grant date, based on the fair value of the award, and is recognized as expense over the requisite service period, which generally begins on the date the award is granted through the earlier of the date the award vests or the date the employee becomes retirement eligible. Share-based awards, including stock options, granted to employees that are already retirement eligible are deemed to have vested immediately upon issuance, and therefore, compensation cost for those awards is recognized on the date such awards are granted. See Note 7 for further information.

FERC FORM 60 (NEW 12-05)

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Schedule XIV- Notes to Financial Statements			

Revenue Recognition. DEBS provides to the affiliated companies a variety of centralized administrative, management, and support services in accordance with agreements approved by FERC under the PUHCA 2005. The costs of these services are charged on a direct basis or, for general costs which cannot be directly attributed, based on predetermined allocation factors defined in the service agreements between DEBS and the client companies. (See Methods of Allocation.)

Income Taxes. The separate return method is used to allocate tax expense or benefits to the subsidiaries whose investments or results of operations provide these tax expenses or benefits. The accounting for income taxes essentially represents the income taxes that DEBS would incur if DEBS was a separate company filing its own tax return as a C-Corporation.

Management evaluates and records contingent tax liabilities and related interest based on the probability of ultimately sustaining the tax deductions or income positions. Management assesses the probabilities of successfully defending the tax deductions or income positions based upon statutory, judicial or administrative authority.

New Accounting Standards. The following new accounting standards were adopted by DEBS during the year ended December 31, 2008 and the impact of such adoption, if applicable, has been presented in the accompanying Consolidated Financial Statements:

EITF Issue No. 06-11, "Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards" (EITF 06-11). In June 2007, the EITF reached a consensus that would require realized income tax benefits from dividends or dividend equivalents that are charged to retained earnings and paid to employees for equity-classified nonvested equity shares, nonvested equity share units, and outstanding equity share options to be recognized as an increase to additional paid-in capital. In addition, EITF 06-11 requires that dividends on equity-classified share-based payment awards be reallocated between retained earnings (for awards expected to vest) and compensation cost (for awards not expected to vest) each reporting period to reflect current forfeiture estimates. For DEBS, EITF 06-11 has been applied prospectively to the income tax benefits of dividends on equity-classified on equity-classified non-estile employee share-based payment awards that are declared in fiscal years beginning January 1, 2008, as well as interim periods within those fiscal years. The adoption of EITF 06-11 did not have a material impact on DEBS's consolidated results of operations, cash flows or financial position.

2. Acquisitions

Cinergy Merger. On July 1, 2008, Duke Energy Shared Services (DESS) was merged into Duke Energy Business Services (DEBS). In conjunction with this transaction, approximately \$206 million of assets and approximately \$419 million of liabilities were transferred to DEBS, including \$18 million of intercompany receivables and \$103 million of intercompany liabilities.

3. Income Taxes

The following details the components of income tax expense for the year ended December, 31, 2008:

Income Tax Expense

	2008_ (in millions)
Current income taxes Federal State	\$ (60) (9)
Total current income taxes	(69)
Deferred income taxes Federal State	76 5
Total deferred income taxes	81
Total income tax expense from continuing operations	12
Total income tax expense (benefit) from discontinued operations	(1)
Total income tax expense included in Comparative Income Statement	<u>\$ 11</u>

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Schedule XIV- Notes to Financial Statements			

Net Deferred Income Tax Asset Components

	<u>2008</u> (in millions)
Deferred credits and other liabilities Investments and other assets	\$ 34 35
Total deferred income tax assets	69
Accelerated depreciation rates	(16)
Total deferred income tax liabilities	5
Net deferred income tax assets	\$ 53

Duke Energy Business Services, Inc. will participate in the filing of a consolidated federal income tax return with Duke Energy Corporation for the year ended December 31, 2008. The current tax liability is allocated among the members of the Duke consolidated group pursuant to a tax sharing agreement.

4. Severance and Other Charges

Severance and Other Charges. During the year ended December 31, 2008, DEBS recorded less than one million of severance charges primarily under its ongoing severance plan. Future severance costs under this plan, if any, are currently not estimable.

5. Property, Plant and Equipment

	Estimated Useful Life	
	(Years)	
Buildings and improvements	25	
Office Furniture and Equipment	3	
Aircraft and Airport Equipment	10	
Software	5	

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Schedule XIV- Notes to Financial Statements			

6. Commitments

Operating Lease Commitments

DEBS leases assets in several areas of its operations. Consolidated rental expense for operating leases included in income from continuing operations was \$42 million in 2008 which is included in the total cost of service. The following is a summary of future minimum lease payments under operating leases, which at inception had a non-cancelable term of more than one year as of December 31, 2008:

	Operating Leases (in millions)	
2009	\$ 48	
2010	43	
2011	39	
2012		
2013	27	
Thereafter	120	
Total future minimum lease payments	<u>\$310</u>	

7. Stock-Based Compensation

DEBS accounts for stock-based compensation under the provisions of SFAS No. 123(R). SFAS No. 123(R) established accounting for stock-based awards exchanged for employee and certain nonemployee services. Accordingly, for employee awards, equity classified stock-based compensation cost is measured at the grant date, based on the fair value of the award, and is recognized as expense over the requisite service period. DEBS is allocated stock-based compensation expense from Duke Energy as certain of its employees participate in Duke Energy's stock-based compensation program.

Duke Energy's 2006 Long-term Incentive Plan (the 2006 Plan), approved by shareholders in October 2006, reserved 60 million shares of common stock for awards to employees and outside directors. The 2006 Plan superseded Duke Energy's 1998 Long-term Incentive Plan, as amended (the 1998 Plan), and no additional grants will be made from the 1998 Plan. Under the 2006 Plan, the exercise price of each option granted cannot be less than the market price of Duke Energy's common stock on the date of grant and the maximum option term is 10 years. The vesting periods range from immediate to five years. Duke Energy has historically issued new shares upon exercising or vesting of share-based awards. In 2009, Duke Energy may use a combination of new share issuances and open market repurchases for share-based awards which are exercised or vested. Duke Energy has not determined with certainty the amount of such new share issuances or open market repurchases.

The 2006 Plan allows for a maximum of 15 million shares of common stock to be issued under various stock-based awards other than options and stock appreciation rights.

Payments for cash settled awards during the year ended December 31, 2008 were immaterial.

Stock-Based Compensation Expense

DEBS recorded pre-tax stock-based compensation expense included in the total cost of service for the year ended December 31, 2008, as follows:

	2008 _(in millions)
Stock Options Stock Appreciation Rights Phantom Stock Performance Awards Other Stock Awards	\$ 2
Total	<u>\$ 37</u>

8. Notes Payable to Associated Companies

DEBS participates with Duke Energy and other Duke Energy subsidiaries in a money pool arrangement to better manage cash and working capital requirements. Under this arrangement, those companies with short-term funds may provide short-term loans to affiliates participating under this arrangement.

FERO FORM OF (UFUL 40 OF)	204.4
FERC FORM 60 (NEW 12-05)	/04.4

Nam	e of Res			Resubmission Date	Year/Period of Repo
Duk	e Energy		n Original Resubmission	(Mo, Da, Yr) / /	Dec 31, 2008
		Schedule XV- Comparative Incom	_		
				Current Vere	Driar Veer
	Account Number	Title of Account		Current Year	Prior Year
Line No.	Humbor				
	(a)	(b)		(c)	(d)
1		SERVICE COMPANY OPERATING REVENUES			
2	400	Service Company Operating Revenues		1,449,524,043	
3		SERVICE COMPANY OPERATING EXPENSES			
4	401	Operation Expenses		1,042,356,412	
5	402	Maintenance Expenses		60,266,534	
6	403	Depreciation Expenses		60,104,114	
7	403.1	Depreciation Expense for Asset Retirement Costs			
8	404	Amortization of Limited-Term Property		64,054	
9	405	Amortization of Other Property			
10	407.3	Regulatory Debits		(739,062)	
11	407.4	Regulatory Credits			
12	408.1	Taxes Other Than Income Taxes, Operating Income	,	28,341,161	
13	409.1	Income Taxes, Operating Income		(7,200,170)	
14	410.1	Provision for Deferred Income Taxes, Operating Income			
15	411.1	Provision for Deferred Income Taxes - Credit, Operating Income			
16	411.4	Investment Tax Credit, Service Company Property		1,203,616	-
17	411.6	Gains from Disposition of Service Company Plant			
18	411.7	Losses from Disposition of Service Company Plant			
19	411.10	Accretion Expense			
20	412	Costs and Expenses of Construction or Other Services		247,942,734	
21	416	Costs and Expenses of Merchandising, Jobbing, and Contract Work		122,122	
22		TOTAL SERVICE COMPANY OPERATING EXPENSES (Total of Lines 4-21)		1,432,461,515	
23		NET SERVICE COMPANY OPERATING INCOME (Total of Lines 2 less 22)		17,062,528	
24		OTHER INCOME			
25	418.1	Equity in Earnings of Subsidiary Companies			
26	419	Interest and Dividend Income		239,469	
27	419.1	Allowance for Other Funds Used During Construction			
28	421	Miscellaneous Income or Loss		34,488,865	
29	421.1	Gain on Disposition of Property		1,908	
30		TOTAL OTHER INCOME (Total of Lines 25-29)		34,730,242	
31		OTHER INCOME DEDUCTIONS			
32	421.2	Loss on Disposition of Property		80,523	
33	425	Miscellaneous Amortization			
34	426.1	Donations		2,613,030	
35	426.2	Life Insurance			
36	426.3	Penalties		100	
37	426.4	Expenditures for Certain Civic, Political and Related Activities		5,132,880	
38	426.5	Other Deductions		5,515,635	
39		TOTAL OTHER INCOME DEDUCTIONS (Total of Lines 32-38)		13,342,168	
40		TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS			

							AG-DR-01-0 Page 1 of 51	37 (iii) attachmen
		pondent / Business Services, LLC	This (1) (2)	X	oort Is: An Original A Resubmission	Re	submission Date (Mo, Da, Yr) / /	Year/Period of Re Dec 31, <u>2008</u>
		Schedule XV- Comparative	Incon	ne S	tatement (contini	ued)		
ino	Account Number	Title of Account					Current Year	Prior Year
ine No.	(a)	(b)					(c)	(d)
41	408.2	Taxes Other Than Income Taxes, Other Income and Deductions						
12	409.2	Income Taxes, Other Income and Deductions					5,774,04	1
13	410.2	Provision for Deferred Income Taxes, Other Income and Deductions						
14	411.2	Provision for Deferred Income Taxes - Credit, Other Income and Deduction	IS				12,041,79	3
45	411.5	Investment Tax Credit, Other Income Deductions						
46		TOTAL TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS	Total o	of Lin	es 41-45)		17,815,83	4
47		INTEREST CHARGES						in managementations, mitatorum
48	427	Interest on Long-Term Debt						
49	428	Amortization of Debt Discount and Expense			********			
50	429	(less) Amortization of Premium on Debt- Credit						
51	430	Interest on Debt to Associate Companies					2,281,31	7
52	431	Other Interest Expense					854,03	5
53	432	(less) Allowance for Borrowed Funds Used During Construction-Credit					5,120,16	+
54		TOTAL INTEREST CHARGES (Total of Lines 48-53)					(1,984,813	
55		NET INCOME BEFORE EXTRAORDINARY ITEMS (Total of Lines 23, 30	. minus	s 39. 4	46. and 54)		22,619,58	
56		EXTRAORDINARY ITEMS	,					
57	434	Extraordinary Income						
58	435	(less) Extraordinary Deductions				<u>-</u>		
59		Net Extraordinary Items (Line 57 less Line 58)						
50		(less) Income Taxes, Extraordinary					465,34	
51		Extraordinary Items After Taxes (Line 59 less Line 60)					(465,349	
62		NET INCOME OR LOSS/COST OF SERVICE (Total of Lines 55-61)					22,154,23	
		NET INCOME OF LOSS/COST OF SERVICE (Total of Lines 35-61)		ð <u></u>			22,104,201	

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	FOOTNOTE DATA		

Schedule Page: 301 Line No.: 20 Column: c Footnotes for Schedule XV - 2008 Line 20

Expense	e - Income Statement		
415	Jobbing and contract work	(568,891)	
417	Revenues from non-utility	(25,960,301)	
	operations		
418	Equity in earnings of subsidiary	(218,764)	
422	companies Foreign Currency gain/loss	(47,953)	
422	Forfeited Discounts	(47,955)	
451	Misc. Service Revenue	(372,964)	
454	Rent from electric property	(1,652,651)	
455	Subsidiary Cost Of Capital	(120,184)	
456	Other electric revenues	(27,133,714)	
	pense - Income Statement	(56,075,571)	
	tpense - income Statement	(50,075,571)	
Expense	e - Balance Sheet		
101	Gas plant in service	6,005	
105	Investment tax credit adjustments	15,305	
106	Miscellaneous expense accounts	1,836	
107	Construction work in progress	231,288,940	
108	Accumulated provision for	-207,493	
	depreciation of utility plant	·	
116	Other electric plant adjustments	11	
118	Other Utility CWIP	303	
120	Nuclear Fuel In Process	2,461	
121	Nonutility Property	982,758	
124	Other investments	124,135	
163	Stores expense undistributed	29,933,381	
181	Unamortized debt expense	1,048,368	
182	Other regulatory assets	12,074,640	
183	Preliminary survey & investigation	515,182	
	charges		
184	Clearing accounts	-267,945	
185	Temporary facilities	-151,467	
186	Misc. deferred debits	28,651,885	
Total Ex	pense - Balance Sheet	304,018,305	
		247,942,734	

Nan	ne of Re	spondent		This Repo		Resubmissio		Year/	Period of Report
Duł	ke Energ	y Business Services, LLC			An Original A Resubmission	(Mo, Da, / /	Yr)	Dec 3	31, <u>2008</u>
		Schedule XVI- Analysis	of Charges for S			l sociate Compar	nies	ļ	
1.	Total co	est of service will equal for associate a						arate	analysis of
	ing sche	•		•					
	Account Number	Title of Account	Associate Company Direct Cost	Associate Company Indirect Cost	Associate Company Total Cost	Nonassociate Company	Nonasso Comp		Nonassociate Company
Line						Direct Cost	Indirect	Cost	Total Cost
No.	(a)	(b)	(c)	(d)	(e)	(1)	(g)		(h)
1		Depreciation Expense	1,390,322	58,713,792	60,104,114				
2		Amortization Expense	64,054		64,054				L
3		Regulatory Debits/Credits – Net	(739,062)		(739,062)				
4		Taxes Other Than Income Taxes	11,652,551	16,688,609	28,341,160				
5		Income Taxes							
6		Provision for Deferred Taxes							
7	411 1-411.2	Provision for Deferred Taxes - Credit							
8	4116	Gain from Disposition of Service Company Plant							
9	411.7	Losses from Disposition of Service Company Plant							
10	411.4-411.5	Investment Tax Credit Adjustment							
11	411.10	Accretion Expense							
	412	Costs and Expenses of Construction or Other							
12		Services	267,864,854	5,385,857	273,250,711			***	
	416	Costs and Expenses of Merchandising, Jobbing,							
13		and Contract Work for Associated Companies	122,122		122,122				
14	418	Non-operating Rental Income	218,764		218,764				
15	418 1	Interest and Dividend Income							
	419.1	Allowance for Other Funds Used During							
16		Construction							
17	421	Miscellaneous Income or Loss	50,000		50,000				
18	421.1	Gain on Disposition of Property		1,908	1,908				
19	421.2	Loss on Disposition Of Property		80,523	80,523				
20	425	Miscellaneous Amortization							
21	426.1	Donations	2,476,480	136,550	2,613,030				
22	426.2	Life Insurance							
23	426.3	Penalties	100		100				
	426.4	Expenditures for Certain Civic, Political and							
24		Related Activities	1,246,434	3,886,446	5,132,880				
25	426 5	Other Deductions	5,314,170	201,462	5,515,632				
26	427	Interest On Long-Term Debt							
27	428	Amortization of Debt Discount and Expense							
28	429	Amortization of Premium on Debt – Credit							
29	430	Interest on Debt to Associate Companies		2,281,317	2,281,317				
30	431	Other Interest Expense	607,794		854,035				
		Total Steam Power Generation Operation					 		
31		Expenses	42,569,028	1,397,312	43,966,340				
	510-515	Total Steam Power Generation Maintenance							
32		Expenses	24,549,277	19,450	24,568,727				
 	517-525	Total Nuclear Power Generation Operation							
33		Expenses	25,487,148	3,006	25,490,154				
	528-532	Total Nuclear Power Generation Maintenance							
34		Expenses	6,610,962	4,322	6,615,284				

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			•

ine	Account Number	Title of Account	Associate Company Direct Cost	Associate Company Indirect Cost	Associate Company Total Cost	Nonassociate Company Direct Cost	Nonassociate Company Indirect Cost	Nonassociate Company Total Cost
No.	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
35	535-540.1	Total Hydraulic Power Generation Operation Expenses	725,774	15	725,789			
	541-545.1	Total Hydraulic Power Generation Maintenance	123,114	1.0	123,109			
36	041-040.I	Expenses	687,331		687,331			
	546-550 1	Total Other Power Generation Operation					<u></u>	
37		Expenses	22,197,541	66,700	22,264,241			
38	551-554 1	Total Other Power Generation Maintenance Expenses	815,883	300	816,183			
39	555-557	Total Other Power Supply Operation Expenses	2,186,570		3,384,585			
10	560	Operation Supervision and Engineering	745,008	60,614	805,622			
41	561.1	Load Dispatch-Reliability	1,025,033	(10,801)	1,014,232			
	561.2	Load Dispatch-Monitor and Operate Transmission						
12		System	1,323,266	36,697	1,359,963			
	561.3	Load Dispatch-Transmission Service and						
13 14	561.4	Scheduling Scheduling, System Control and Dispatch Services	120,062	(6,046)	114,016 4,883,518			
‡4 ‡5	561.5	Reliability Planning and Standards Development	4,883,518		4,003,516			
16	561.6	Transmission Service Studies	5,477		5,477			
17	561.7	Generation Interconnection Studies	12,885		12,885			<u> </u>
	561 8	Reliability Planning and Standards Development						
48		Services	314,886		314,886			
19	562	Station Expenses (Major Only)	994,526		994,526			
50	563	Overhead Line Expenses (Major Only)	264,950		264,950			
51	564	Underground Line Expenses (Major Only)						
52	565	Transmission of Electricity by Others (Major Only)	7,732,410		7,732,410			
-0	566	Miscellaneous Transmission Expenses (Major	0.000.00		0.000.004			
53 54	567	Only) Rents	2,260,394		2,260,394			
	567.1	Operation Supplies and Expenses (Nonmajor	354,000		354,000			
55		Only)						
56		Total Transmission Operation Expenses	20,036,415	80,464	20,116,879			
	568	Maintenance Supervision and Engineering (Major						
57		Only}	75,385		75,385			
58	569	Maintenance of Structures (Major Only)	18,462		18,462			
59		Maintenance of Computer Hardware	1,712,703		1,712,703			
30		Maintenance of Computer Software	2,806,574	1,306	2,807,880			
51		Maintenance of Communication Equipment	221,442		221,442			
	569.4	Maintenance of Miscellaneous Regional Transmission Plant						
52 53	570	Maintenance of Station Equipment (Major Only)	4.450.045		1 150 010			
53 54	571	Maintenance of Overhead Lines (Major Only)	1,153,319	87,291	1,153,319			
5 5		Maintenance of Underground Lines (Major Only)	1,287,635	07,291	1,374,926			
		Maintenance of Miscellaneous Transmission Plant						
6		(Major Only)	10,697		10,697			
		Maintenance of Transmission Plant (Nonmajor						
57		Only) Total Transmission Maintenance Expenses	7 000 017	00 507	7.074.044			
68		Total Transmission Malmenance Expenses	7,286,217	88,597	7,374,814		-	

	-	-	
Name of Respondent	This Report Is:	Resubmission Date	Year/Period of Report
Duke Energy Business Services, LLC	(1) X An Original (2) A Resubmission	(Mo, Da, Yr) / /	Dec 31, <u>2008</u>

6.1-576.5 0-589 0-598	(b) Total Regional Market Operation Expenses Total Regional Market Maintenance Expenses	(c) 	(d)	(e)	Direct Cost (f)	Indirect Cost (g)	Total Cost (h)
6.1-576.5 0-589 0-598		3,839,748				[1
0-589 0-598	Total Regional Market Maintenance Expenses		(3,839,748			
0-598							
	Total Distribution Operation Expenses	8,870,833	498,152	9,368,985			
	Total Distribution Maintenance Expenses	5,624,655	65,090	5,689,745			
	Total Electric Operation and Maintenance						
	Expenses	461,218,437	91,040,312	552,258,749			
0-812	Total Other Gas Supply Operation Expenses	19,289		19,289			
4-826	Total Underground Storage Operation Expenses	173,143	3,512	176,655			
0-837	Total Underground Storage Maintenance						
	Expenses						
0-842.3	Total Other Storage Operation Expenses						
3 1-843 9	Total Other Storage Maintenance Expenses						
4 1-846.2	Total Liquefied Natural Gas Terminaling and						
	Processing Operation Expenses						
7 1-847 B	Total Liquefied Natural Gas Terminaling and						
	Processing Maintenance Expenses						
0	Operation Supervision and Engineering						
1	System Control and Load Dispatching						
2	Communication System Expenses						
3	Compressor Station Labor and Expenses						
4	Gas for Compressor Station Fuel						
	Other Fuel and Power for Compressor Stations						<u> </u>
6	Mains Expenses	764		764			
7	Measuring and Regulating Station Expenses						
0	Rents						<u> </u>
		764		764			
1							
	• • • • •						
	Equipment						
							
1	· · · · · · ·	/ 1 105 108	دەد <i>۷</i>	(1 190 805)			
		014,200	390	017,001			
		/ 387 6/0	R 219	(379 436)			
	11-843 9 11-846 2 11-847 8 1-847 8	1-443 9 Total Other Storage Maintenance Expenses 1-442 2 Total Liquefied Natural Gas Terminaling and Processing Operation Expenses 1-447 6 Total Liquefied Natural Gas Terminaling and Processing Maintenance Expenses 0 Operation Supervision and Engineering System Control and Load Dispatching. Communication System Expenses 0 Compressor Station Labor and Expenses 0 Gas for Compressor Station Fuel 0 Other Fuel and Power for Compressor Stations 0 Mains Expenses 0 Measuring and Regulating Station Expenses 0 Transmission and Compression of Gas By Others 0 Other Expenses 1 Total Gas Transmission Operation Expenses 1 Maintenance Supervision and Engineering 1 Maintenance of Structures and Improvements 1 Maintenance of Compressor Station Equipment 1 Maintenance of Compressor Station Equipment 1 Maintenance of Communication Equipment 1 Maintenance of Other Equipment 1 Maintenance of Other Equipment 1 Maintenance of Other Equipment 1 Total Distribution Operation Expenses	1-4439 Total Other Storage Maintenance Expenses 1-4422 Total Liquefied Natural Gas Terminaling and Processing Operation Expenses Processing Maintenance Expenses 1-4476 Total Liquefied Natural Gas Terminaling and Processing Maintenance Expenses Operation Supervision and Engineering System Control and Load Dispatching. Communication System Expenses Compressor Station Labor and Expenses Gas for Compressor Station Fuel Other Fuel and Power for Compressor Stations Mains Expenses Mains Expenses 764 Measuring and Regulating Station Expenses 764 Measuring and Regulating Station Expenses 764 Maintenance Supervision and Engineering Maintenance Supervision and Engineering Maintenance of Structures and Improvements 764 Maintenance of Compressor Station Equipment Maintenance of Compressor Station Equipment Maintenance of Compressor Station Equipment Maintenance of Communication Equipment Maintenance of Communication Equipment Maintenance of Other Equipment Maintenance of Other Equipment Total Gas Transmission Maintenance Expenses -881 Total Distribution Operation Expenses (1,195,108) -884 Total Dist	114439 Total Other Storage Maintenance Expenses Intervention of the storage Maintenance Expenses 114462 Total Liquefied Natural Gas Terminaling and Processing Operation Expenses Intervention of the storage Maintenance Expenses 0 Operation Supervision and Engineering Intervention of the storage Maintenance Expenses 0 Operation Supervision and Engineering Intervention of the storage Maintenance Expenses 0 Operation System Expenses Intervention of the storage Maintenance Expenses 0 Communication System Expenses Intervention of the storage Maintenance Expenses 0 Communication System Expenses Intervention of the storage Maintenance Expenses 1 Gas for Compressor Station Fuel Intervention of the storage Maintenance Station Station Expenses 1 Mains Expenses Intervention of Gas By Others 1 Total Gas Transmission Operation Expenses Intervention of Gas By Others 1 Maintenance of Structures and Improvements Intervention of Maintenance of Compressor Station Equipment 1 Maintenance of Communication Equipment Intervention Equipment 1 Maintenance of Communication Equipment Intervention Expenses 1 Maintenance of Other Equipment Intenance of Other Equip	11-84-39 Total Other Storage Maintenance Expenses	11 443 Total Cliffer Storage Maintenance Expenses	11 443 Total Uther Storage Maintenance Expenses Image: Control of Contr

	Name of Respondent Duke Energy Business Services, LLC	This Report Is: (1) X An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2008
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			·····				
Account Number	Title of Account	Associate Company Direct Cost	Associate Company Indirect Cost	Associate Company Total Cost	Nonassociate Company Direct Cost	Nonassociate Company Indirect Cost	Nonassociate Company Total Cost
10. (a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
05 902	Meter reading expenses	364,778	359	365,137			
06 903	Customer records and collection expenses	38,702,741	11,392,050	50,094,791			
07 904	Uncollectible accounts	35,287,214		35,287,214			
08 905	Miscellaneous customer accounts expenses	89,617	191	89,808			
)9 906	Total Customer Accounts Operation Expenses						
10 907	Supervision						
11 908	Customer assistance expenses	621,845	98,448	720,293			
909	Informational And Instructional Advertising						
12	Expenses						
910	Miscellaneous Customer Service And						
13	Informational Expenses	13,090,326	5,728,089	18,818,415			
	Total Service and Informational Operation						
14	Accounts	88,587,019	17,310,269	105,897,288			
15 911	Supervision	625		625			
16 912	Demonstrating and Selling Expenses	72		72			
17 913	Advertising Expenses						
18 916	Miscellaneous Sales Expenses		127,022	127,022			
19	Total Sales Operation Expenses	697	127,022	127,719			
20 920	Administrative and General Salaries	26,864,169	261,070,803	287,934,972			
21 921	Office Supplies and Expenses	11,567,688	106,620,580	118,188,268			
22 923	Outside Services Employed	31,368,807	163,354,638	194,723,445			
23 924	Property Insurance	555,896	10,597,941	11,153,837			
24 925	Injuries and Damages	23,287,386	2,257,793	25,545,179			
25 926	Employee Pensions and Benefits	22,698,949	50,781,782	73,480,731			
26 928	Regulatory Commission Expenses	7,940,986		7,940,986			
27 930 1	General Advertising Expenses						
28 930.2	Miscellaneous General Expenses	11,571,621	5,515,733	17,087,354			
29 931	Rents	15,380,060	26,288,093	41,668,153			
	Total Administrative and General Operation	1					
30	Expenses	151,235,562	626,487,363	777,722,925			
31 935	Maintenance of Structures and Equipment	986,187	12,910,611	13,896,798			
	Total Administrative and General Maintenance	1					
32	Expenses	152,221,749	639,397,974	791,619,723			
33	Total Cost of Service	701,640,253	747,883,790	1,449,524,043			
				ll			l

Man	no of Do	coopdoat		This Rep	ortic	Resubmissio	e 1 of 51	Voor/Po	riod of Repo
		spondent y Business Services, LLC			An Original	(Mo, Da,			•
Dur	ke Energ				A Resubmission	11		Dec 31,	2008
		Schedule XVI- Analysis of Char	ges for Service- Ass	ociate ar	nd Non-Associate	Companies (co	ontinued)	
	Account	Title of Account	Total Charges for Servi	ces	Total Charges for	or Services	Tota	Charges for S	Services
ine	Number		Direct Cost		Indirect (
_ine No.	(a)	(b)	(i)		(j)			(k)	
	L								
1		Depreciation Expense		1,390,322		58,713,792			60,104,1
2		Amortization Expense		64,054					
		Regulatory Debits/Credits – Net	(739,062)					(739,06
		Taxes Other Than Income Taxes		11,652,551		16,688,609	*****		28,341,1
		Income Taxes							
		Provision for Deferred Taxes							
		Provision for Deferred Taxes – Credit	······································						
	411.6	Gain from Disposition of Service Company Plant							
9	411.7	Losses from Disposition of Service Company Plant							
	411.4-411 5	Investment Tax Credit Adjustment							
11	411.10	Accretion Expense							
	412	Costs and Expenses of Construction or Other							
12		Services	2	267,864,854		5,385,857			273,250,7
	416	Costs and Expenses of Merchandising, Jobbing,							
13		and Contract Work for Associated Companies		122,122					122,1
	418	Non-operating Rental Income		218,764					218,7
15	418.1	Interest and Dividend Income							
1	419 1	Allowance for Other Funds Used During							
16		Construction							·····
	421	Miscellaneous Income or Loss		50,000					50,0
18	421.1	Gain on Disposition of Property				1,908			1,9
19	421.2	Loss on Disposition Of Property				80,523			80,5
20	425	Miscellaneous Amortization							
21	426.1	Donations		2,476,480		136,550			2,613,0
22	426.2	Life Insurance							
23	426.3	Penalties		100					11
	426.4	Expenditures for Certain Civic, Political and							
24		Related Activities		1,246,434		3,886,446			5,132,8
25	426 5	Other Deductions		5,314,170		201,462			5,515,6
26	427	Interest On Long-Term Debt							
27	428	Amortization of Debt Discount and Expense							
28	429	Amortization of Premium on Debt – Credit							
29	430	Interest on Debt to Associate Companies				2,281,317			2,281,3
30	431	Other Interest Expense		607,794		246,241			854,0
	500-509	Total Steam Power Generation Operation							
31		Expenses		42,569,028		1,397,312			43,966,3
	510-515	Total Steam Power Generation Maintenance							
32		Expenses		24,549,277		19,450			24,568,7
	517-525	Total Nuclear Power Generation Operation							
33		Expenses		25,487,148		3,006			25,490,1
	528-532	Total Nuclear Power Generation Maintenance		[(
4		Expenses		6,610,962		4,322			6,615,2
	1								

						Pa	ge 1 of 51	
		spondent		This Rep (1) X	ort ls: An Original	Resubmissio (Mo, Da,	on Date Yr)	Year/Period of Repo
Duł	ke Energ	y Business Services, LLC			A Resubmission	11	,	Dec 31, <u>2008</u>
		Schedule XVI- Analysis of Charg	es for Service- As	sociate ar	nd Non-Associate	Companies (c	ontinued)
	Account	Title of Account	Total Charges for Se	ervices	Total Charges fo	or Services	Tota	I Charges for Services
ine	Number		Direct Cost		Indirect C	Cost		Total Cost
No.	(a)	(b)	(i)		(i)			(k)
	535-540 1	Total Hydraulic Power Generation Operation						
35		Expenses		725,774		15		725,7
36	541-545.1	Total Hydraulic Power Generation Maintenance Expenses		687,331				687,3
	546-550.1	Total Other Power Generation Operation						
37		Expenses		22,197,541		66,700		22,264,2
38	551-554.1	Total Other Power Generation Maintenance Expenses		815,883		300		816,1
39—	555-557	Total Other Power Supply Operation Expenses		2,186,570		1,198,015		
10	560	Operation Supervision and Engineering		745 <u>,</u> 008		60,614		805,6
41	561.1	Load Dispatch-Reliability		1,025,033		(10,801)		1,014,2
	561.2	Load Dispatch-Monitor and Operate Transmission						
42		System		1,323,266		36,697		1,359,9
	561.3	Load Dispatch-Transmission Service and						
43		Scheduling		120,062		(6,046)		114,0
	561.4	Scheduling, System Control and Dispatch Services		4,883,518				4,883,5
	561.5	Reliability Planning and Standards Development						-
	561.6	Transmission Service Studies		5,477				5,4
	561.7	Generation Interconnection Studies		12,885				12,1
18	561.8	Reliability Planning and Standards Development Services		314,886				314,
	562	Station Expenses (Major Only)		994,526				994,5
	563	Overhead Line Expenses (Major Only)		264,950				264,
	564	Underground Line Expenses (Major Only)		201,000				
	565	Transmission of Electricity by Others (Major Only)		7,732,410				7,732,4
	566	Miscellaneous Transmission Expenses (Major		· · · ·				
53		Only)		2,260,394				2,260,3
54	567	Rents		354,000				354,0
	567.1	Operation Supplies and Expenses (Nonmajor						
55		Only)						
56		Total Transmission Operation Expenses		20,036,415		80,464		20,116,8
	568	Maintenance Supervision and Engineering (Major						
57		Only)		75,385				75,5
	569	Maintenance of Structures (Major Only)		18,462				18,4
	569 1	Maintenance of Computer Hardware		1,712,703		4 000		1,712,7
	569.2	Maintenance of Computer Software		2,806,574		1,306		2,807,8
51	569 3 569.4	Maintenance of Communication Equipment Maintenance of Miscellaneous Regional		221,442				221,4
62		Transmission Plant						
	570	Maintenance of Station Equipment (Major Only)		1,153,319				1,153,
	571	Maintenance of Overhead Lines (Major Only)		1,287,635		87,291		1,374,9
	572	Maintenance of Underground Lines (Major Only)						
	573	Maintenance of Miscellaneous Transmission Plant						
66		(Major Only)		10,697				10,6
	574	Maintenance of Transmission Plant (Nonmajor						
37		Only)						
58		Total Transmission Maintenance Expenses		7,286,217		88,597		7,374,8

						ge 1 of 51	57 (m) attachment
Name of R	espondent		This Rep		Resubmissi (Mo, Da	on Date	Year/Period of Repo
Duke Ener	rgy Business Services, LLC			An Original A Resubmission		, '''	Dec 31, 2008
	Schedule XVI- Analysis of Char	rges for Service- As				continued	
		ges for bernee Ast			Companies (commucuj	
	- <u>1</u>						
Accoun Number		Total Charges for Sen Direct Cost	vices	Total Charges fo Indirect C		Total	Charges for Services Total Cost
Line		Dilect Cost		munect C	indirect bost		TOTAL COST
No. (a)	(b) (i)		(i)				(k)
69 575.1-575.	8 Total Regional Market Operation Expenses		3,839,748				3,839,7
70 576 1-576	5 Total Regional Market Maintenance Expenses			***************************************			
71 580-589	Total Distribution Operation Expenses		8,870,833		498,152		9,368,9
72 590-598	Total Distribution Maintenance Expenses		5,624,655		65,090		5,689,7
	Total Electric Operation and Maintenance						
73	Expenses		461,218,437		91,040,312		552,258,7
74 800-812	Total Other Gas Supply Operation Expenses		19,289				19,2
75 814-826	Total Underground Storage Operation Expenses		173,143		3,512		176,6
830-837	Total Underground Storage Maintenance		·····	· · · · · · · · · · · · · · · · · · ·			
76	Expenses						
77 840-842 3	Total Other Storage Operation Expenses						
78 843 1-843	9 Total Other Storage Maintenance Expenses						
844.1-846.	2 Total Liquefied Natural Gas Terminaling and						
79	Processing Operation Expenses						
847 1-847	8 Total Liquefied Natural Gas Terminaling and						
30	Processing Maintenance Expenses						
81 850	Operation Supervision and Engineering						
32 851	System Control and Load Dispatching						
33 852	Communication System Expenses						
34 853	Compressor Station Labor and Expenses						
B5 854	Gas for Compressor Station Fuel						
86 855	Other Fuel and Power for Compressor Stations						
B7 856	Mains Expenses		764				7
B8 857	Measuring and Regulating Station Expenses						
B9 858	Transmission and Compression of Gas By Others						
90 859	Other Expenses						
91 860	Rents						
92	Total Gas Transmission Operation Expenses		764				7
93 861	Maintenance Supervision and Engineering						
94 862	Maintenance of Structures and Improvements						
95 863	Maintenance of Mains						
96 864	Maintenance of Compressor Station Equipment					*****	
865	Maintenance of Measuring And Regulating Station						
97	Equipment						
98 866	Maintenance of Communication Equipment						
99 867	Maintenance of Other Equipment						
00	Total Gas Transmission Maintenance Expenses						
01 871-881	Total Distribution Operation Expenses	(1,195,108)		4,303		(1,190,80
02 885-894	Total Distribution Maintenance Expenses		614,263		398		614,6
	Total Natural Gas Operation and Maintenance						
03	Expenses	(387,649)		8,213		(379,43
04 901	Supervision		430,498		91,132		521,6

						ę	e 1 of 51	
Nam	ne of Res	spondent		This Repo		Resubmissior (Mo, Da, Y		Year/Period of Repo
Duk	e Energ	y Business Services, LLC			An Original A Resubmission	/ /	,	Dec 31, 2008
		Schedule XVI- Analysis of Char				Companies (co	ontinued)
1				r				
	Account Number	Title of Account	Total Charges for Servi Direct Cost	ces	Total Charges fo Indirect C		Total	Charges for Services Total Cost
ine	Number		Direct Cost		indirect e			
No.	(a)	(b)	(i)		(i)			(k)
05	902	Meter reading expenses		364,778		359		365,13
	903	Customer records and collection expenses		38,702,741		11,392,050		50,094,7
	904	Uncollectible accounts		35,287,214				35,287,2
08	905	Miscellaneous customer accounts expenses	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	89,617		191		89,8
09	906	Total Customer Accounts Operation Expenses						
10	907	Supervision					****************	
11	908	Customer assistance expenses		621,845		98,448		720,2
	909	Informational And Instructional Advertising	······································					
12		Expenses	<u></u>					
	910	Miscellaneous Customer Service And						
13		Informational Expenses		13,090,326		5,728,089		18,818,4
		Total Service and Informational Operation						
14		Accounts		88,587,019		17,310,269		105,897,2
15	911	Supervision		625				6
16	912	Demonstrating and Selling Expenses		72				
17	913	Advertising Expenses						
18	916	Miscellaneous Sales Expenses				127,022		127,0
19		Total Sales Operation Expenses		697		127,022		127,7
20	920	Administrative and General Salaries		26,864,169		261,070,803		287,934,9
21	921	Office Supplies and Expenses		11,567,688		106,620,580		118,188,2
22	923	Outside Services Employed		31,368,807		163,354,638		194,723,4
23	924	Property Insurance	ar ba barbara randara sa	555,896		10,597,941		11,153,8
24	925	Injuries and Damages		23,287,386		2,257,793		25,545,1
25	926	Employee Pensions and Benefits		22,698,949		50,781,782		73,480,7
26	928	Regulatory Commission Expenses		7,940,986				7,940,9
27	930.1	General Advertising Expenses						
28	930.2	Miscellaneous General Expenses		11,571,621		5,515,733		17,087,3
29	931	Rents		15,380,060		26,288,093		41,668,1
		Total Administrative and General Operation						
30		Expenses	1	151,235,562		626,487,363		777,722,9
31	935	Maintenance of Structures and Equipment		986,187		12,910,611		13,896,7
		Total Administrative and General Maintenance						
32		Expenses	1	152,221,749		639,397,974		791,619,7
33		Total Cost of Service	ī	701,640,253		747,883,790		1,449,524,0
				1				
				1		1		

Case No. 2011-124
AG-DR-01-037 (iii) attachment
Page 1 of 51

Name of Respondent	This Report is:	Resubmission Date (Mo, Da, Yr)	Year of Report
Duke Energy Business Services, LLC	(1) <u>X</u> An Original (2) <u> </u> A Resubmission	(IVIO, DA, TT) / /	2008
	FOOTNOTE DATA		

Schedule Page: 304 Line No.: 12 Column: c

DEBS

Footnotes for Schedule XVI - 2008

Balance Sheet	DIRECT	INDIRECT	Grand Total
101 Gas plant in service	6,005.04	-	6,005.04
105 Investment tax credit adjustments	15,305.09		15,305.09
106 Miscellaneous expense accounts			
107 Construction work in program	1,835.96 231,281,384 <i>.</i> 8	-	1,835.96 231,288,939.8
107 Construction work in progress	231,201,304.0	7,555.00	6
108 Accumulated provision for depreciation o			(207,492.50)
utility plant 116 Other electric plant adjustments	(207,492.50)		(207,492.00)
	10.54	YK.	10.54
118 Other Utility CWIP	302.71	-	302.71
120 Nuclear Fuel In Process	0 400 50		2 460 52
121 Nonutility Property	2,460.52		2,460.52
	982,758.19	-	982,758.19
124 Other investments	124,134.64	-	124,134.64
163 Stores expense undistributed			20.022.204.04
181 Unamortized debt expense	29,933,381.21	-	29,933,381.21
	1,048,367.82	-	1,048,367.82
182 Other regulatory assets	12,074,640.40	-	12,074,640.40
183 Preliminary survey & investigation			
charges 184 Clearing accounts	515,181.54	-	515,181.54
-	(267,944.68)	-	(267,944.68)
185 Temporary facilities	(151,466.57)	-	(151,466.57)
186 Misc. deferred debits			
Total Balance Sheet	28,651,885.05 304,010,749.8		28,651,885.05 304,018,304.8
	2	7,555.00	2
Income Statement			
401 Operation Expense			
415 Jobbing and contract work	2,723,022.25	744.00	2,723,766.25
	(568,890.99)		(568,890.99)
FERC FORM NO. 60 (NEW 12-05) F	ootnotes.1		

Page 1 of 51					
Name of Respondent	This Report is:	Resubmissio	1	Year of Report	
Duke Energy Business Services, LLC	(1) <u>X</u> An Original (2) A Resubmission	(Mo, Da,	YF)	2008	
	FOOTNOTE DATA		L		
417 Revenues from non-utility operatior		440.050.00	(25,96	60,300.6	
419 Interest and dividend income	3)	443,056.00		3)	
	(202,144.18)	(37,325.00)	(239.	469.18)	
422 Foreign Currency gain/loss		, , , , , , , , , , , , , , , , , , ,		·	
	(47,952.84)	-	(47,	952.84)	
432 AFUDC Debt Component		(5,120,164.94	(5 120	164.94)	
450 Forfeited Discounts	-)	10,120,		
	(150.00)		((150.00)	
451 Misc. Service Revenue	· · · · · · · · · · · · · · · · · · ·		1070	004.40	
AFA David forma ala stria property	(372,964.19)		(372,	964.19)	
454 Rent from electric property	(1,624,651.06)	(28,000.00)	(1,652	651.06)	
455 Subsidiary Cost Of Capital	(1,02 1,00 1.00)	\;==;===;;==;;==;;==;	(, = = = =		
	(120,183.84)	-	•	,183.84)	
456 Other electric revenues	(26,931,352.5	(202 275 00)	(27,13	33,727.5	
489 Transportation Fees	1)	(202,375.00)		1)	
	(15.79)	30.00		14.21	
717 - 742 Production expenses					
	7,907.32		7	,907.32	
807 - 894 Gas operations	5,912.38		5	,912.38	
922 Administrative Exp Transferred - C	,		0	,0 .2.00	
	206,874.80	31,949.00	238	,823.80	
927 Franchise Requirements	00 000 00	05 040 00	هـ. ــا	950.20	
929 Duplicate charges - credit	32,232.30	25,618.00	57	,850.30	
aza puplicate charges - credit	(202,400.88)	-	(202	,400.88)	
930 Intercompany A&G				•	
	1,125,838.89	-	1,125	,838.89	
930.6 Leased Circuit Charges - Other	7/3 80	5,807,630.00	5 808	,373.89	
930.7 Research and Development	140.09	5,007,050.00	0,000	,070.00	
	9,251,204.47	10,803.00	9,262	,007.47	
930.8 R & D-Alternative Energy	,		4 000	007.00	
	1,996,237.83	-	1,996	,237.83	
930.9 General Expenses	4,978,193.22	4,446,337.00	9,424	,530.22	
Total Income Statement	(36,145,895.5			67,593.5	
	6)	5,378,302.06		0)	
	007 004 054 0		77 2 01	50 711 3	
Grand Total	267,864,854.2 6	5,385,857.06	213,23	50,711.3 2	
	0	0,000,007.00			

				Page 1 of 51	37 (m) attachment
Nam	e of Respondent	This Repor	t ls: n Original	Resubmission Date (Mo, Da, Yr)	Year/Period of Repor
Duk	e Energy Business Services, LLC		Resubmission	/ /	Dec 31, 2008
	Schedule XVII - Analysi	is of Billing – Associate		unt 457)	
1	For services rendered to associate companies (Acco				
			accounte compa		
	Name of Associate Company	Account 457.1	Account 457.2	Account 457.3	Total Amount Billed
Line		Direct Costs Charged	Indirect Costs Charge		
No.	(-)	(6)	(a)	of Capital	(a)
4	(a) Bison Insurance Company, Ltd	(b)	(c)	(d)	(e) (369,000
1 2	Brownsville I LLC	(369,000)	126.00	:1	144,938
2	Catamount Celtic Energy Ltd	7,987	136,95		17,302
4	Catamount Energy Corporation	5,146			5,146
5	CGP Global Greece Holdings, SA	36,968			36,968
5 6	CIN Pwr Generation Service LLC	(513,888)			(513,888
7	CINCAP V LLC	249			249
7 8	Cinergy Broadband LLC	499	16,58	6	17,085
8	Cinergy Broadband LLC Cinergy Capital and Trading Inc.	745,526	36,01		745,526
9 10	Cinergy Corp	5,297,876	183,23	5	5,481,111
10	Cinergy Global Hellas S.A	595,998	100,20		595,998
12	Cinergy Global Power Inc	38,930			38,930
13	Cinergy Global Power Serv LTD	(116,729)			(116,729
14	Cinergy Global Power UK LTD				1,855
14	Cinergy Global Resources Inc	1,855	40,77	70	149,980
15	Cinergy Investments, Inc.	2,454	40,77	9	2,454
	Cinergy One Inc		75.0/	7	(788,264
17	Cinergy Solutions - Utility, Inc.	(864,211)	75,94		(4,162,729
	Cinergy Ventures LLC	(4,272,915) 525,889	110,18		667,242
19 20	CINTEC I LLC	3,078	141,50		3,078
20	CSGP Of Southeast Texas LLC	998,031			998,031
21	DE Finance Canada, LP	(1,054)			(1,054
22	DE Marketing Canada LTD	(1,034)			(1,054
	DE Marketing Ltd Partnership	35,472			35,472
	DE Merchants, LLC	101,387			101,387
	DE Mktg America LLC	(816)			(816
	DE Mitg Canada Corp	(308)			(308)
	DE Services Canada, LTD	(18,316)			(18,316)
	DE Trading & Marketing, LLC	248,679	100,62		349,308
	DE_Global Markets Inc	19,646	15,099,13		15,118,777
	DEGS Holding Co Inc	(733,190)	5,457,62		4,724,432
	DEGS 0&M, LLC	56,555	0,407,02		4,724,432
	DEGS of Boca Raton, LLC	20,461			20,461
	DEGS of Cincinnati, LLC	37,109			37,109
35	DEGS of Delta Township, LLC	3,341			3,341
	DEGS of Lansing LLC	7,478			7,478
37	DEGS of Narrows LLC	352,461			352,461
38	DEGS of Oklahoma LLC	(48,428)			(48,428
39	DEGS of Philadelphia LLC	219,570			219,570
					210,010
					4

Respondent ergy Business Services, LLC Schedule XVII - Analysis Name of Associate Company (a) S of San Diego, LLC S of San Diego, LLC S of Shreveport LLC S of Sterveport LLC S of St Bernard LLC S of St Bernard LLC S of St Bernard LLC S of St Paul, LLC S of Tuscola, Inc S Wind I, LLC LATIN AMERICA, LTD		n Original Resubmission	(Mo, Da, Yr) / /	Year/Period of Report Dec 31, <u>2008</u> Total Amount Billed (e)
Schedule XVII - Analysis Name of Associate Company (a) S of San Diego, LLC S of Shreveport LLC S of Shreveport LLC S of St Bernard LLC S of St Bernard LLC S of St Paul, LLC S of Tuscola, Inc S Wind I, LLC	(2) A of Billing – Associate Comp Account 457.1 Direct Costs Charged (b) (440,465) (19,591) 46,724 57,100 (39,550)	Resubmission anies (Account 457 Account 457.2 Indirect Costs Charged	/ /) (continued) Account 457.3 Compensation For Use of Capital	Total Amount Billed (e)
Name of Associate Company (a) S of San Diego, LLC S of Shreveport LLC S of South Charleston, LLC S of St Bernard LLC S of St Bernard LLC S of St Paul, LLC S of St Paul, LLC S of Tuscola, Inc S Wind I, LLC	of Billing – Associate Comp Account 457.1 Direct Costs Charged (b) (440,465) (19,591) 46,724 57,100 (39,550)	Account 457 Account 457.2 Indirect Costs Charged	Account 457.3 Compensation For Use of Capital	(e)
Name of Associate Company (a) S of San Diego, LLC S of Shreveport LLC S of South Charleston, LLC S of St Bernard LLC S of St Bernard LLC S of St Paul, LLC S of St Paul, LLC S of Tuscola, Inc S Wind I, LLC	Account 457.1 Direct Costs Charged (b) (440,465) (19,591) 46,724 57,100 (39,550)	Account 457.2 Indirect Costs Charged	Account 457.3 Compensation For Use of Capital	(e)
(a) S of San Diego, LLC S of Shreveport LLC S of South Charleston, LLC S of St Bernard LLC S of St Paul, LLC S of Tuscola, Inc S Wind I, LLC	Direct Costs Charged (b) (440,465) (19,591) 46,724 57,100 (39,550)	Indirect Costs Charged	Compensation For Use of Capital	(e)
S of San Diego, LLC S of Shreveport LLC S of South Charleston, LLC S of St Bernard LLC S of St Paul, LLC S of Tuscola, Inc S Wind I, LLC	(b) (440,465) (19,591) 46,724 57,100 (39,550)	-	of Capital	
S of San Diego, LLC S of Shreveport LLC S of South Charleston, LLC S of St Bernard LLC S of St Paul, LLC S of Tuscola, Inc S Wind I, LLC	(440,465) (19,591) 46,724 57,100 (39,550)	(c)		
S of San Diego, LLC S of Shreveport LLC S of South Charleston, LLC S of St Bernard LLC S of St Paul, LLC S of Tuscola, Inc S Wind I, LLC	(440,465) (19,591) 46,724 57,100 (39,550)	(C)	(0)	
S of Shreveport LLC S of South Charleston, LLC S of St Bernard LLC S of St Paul, LLC S of Tuscola, Inc S Wind I, LLC	(19,591) 46,724 57,100 (39,550)			(440,465)
S of South Charleston, LLC S of St Bernard LLC S of St Paul, LLC S of Tuscola, Inc S Wind I, LLC	46,724 57,100 (39,550)			(19,591
S of St Bernard LLC S of St Paul, LLC S of Tuscola, Inc S Wind I, LLC	57,100 (39,550)			46,724
S of St Paul, LLC S of Tuscola, Inc S Wind I, LLC	(39,550)			57,100
S of Tuscola, Inc S Wind I, LLC	53 072			(39,550)
	00,012			53,072
LATIN AMERICA, LTD	2,306,325			2,306,325
	2,255			2,255
(Europe) Holdings Aps	49,401			49,401
(Nether) Financial Service	17,951			17,951
a Twsp UT LLC	10,597			10,597
MI Management, Inc	608,526			608,526
SI Management, Ltd	(11,598)			(11,598)
e Capital Partners, LLC	2,802			2,802
e Energy Americas, LLC				119,366
		385,501,639)	772,914,339
e Energy Corp				22,500
		47.00		8,276,152
		47,026		14,204,492
		142 004 070	<u>,</u>	(225)
		143,904,976		(18,253,966
		807 550		9,343,583
		007,000		2,558
		26 321 026	3	49,420,497
				19,111
		2,315,11		(6,571,206)
		L		306,976,652
	588,158			588,158
e Energy Royal, LLC	69,716	71,022	2	140,738
e Energy Services Inc	(156,580)			(156,580)
e Energy Supply Chain Srvcs, LLC	160,000			160,000
e Generation Services Holding Co. Inc.	5,020			2,875,587
e Investments, LLC		335,674	1	335,674
e Project Services, Inc.	51,596			51,596
		1,047,708	3	959,869
				172,099
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	I Management, Ltd Capital Partners, LLC Energy Americas, LLC Energy Carolinas, LLC Energy Carolinas, LLC Energy Corp Energy Gen Service, Inc Energy Global Markets, Inc. Energy Group Holdings LLC Energy Indiana, Inc. Energy Indiana, Inc. Energy Indiana, Inc. Energy Industr. Sales LLC Energy International, LLC Energy International, LLC Energy International, LLC Energy Kentucy, Inc. Energy Murray Op, LLC Energy Murray Op, LLC Energy North America, LLC Energy Retail Sales LLC Energy Retail Sales LLC Energy Royal, LLC Energy Services Inc Energy Supply Chain Srvcs, LLC Generation Services Holding Co. Inc Investments, LLC	I Management, Ltd (11,598) Capital Partners, LLC 2,802 Energy Americas, LLC 387,412,700 Energy Carolinas, LLC 387,412,700 Energy Corp 22,500 Energy Gen Service, Inc 8,276,152 Energy Group Holdings LLC (14,157,466 Energy Group Holdings LLC (225) Energy Indiana, Inc. 134,379,728 Energy Indiana, Inc. 134,379,728 Energy Industr. Sales LLC (18,253,966) Energy International, LLC 8,446,024 Energy International, LLC 8,446,024 Energy Kentucy, Inc. 23,099,471 Energy Murray Op, LLC 19,111 Energy North America, LLC (8,886,317) Energy Retail Sales LLC 588,158 Energy Royal, LLC 588,158 Energy Royal, LLC 69,716 Energy Supply Chain Srvcs, LLC 160,000 Generation Services Inc 51,596 Ventures, LLC (87,839) Ventures, LLC (72,099 Net Communication Svcs,LLC 172,099 et Communication Sinc 3,839,784	I Management, Ltd (11,598) Capital Partners, LLC 2,802 Energy Americas, LLC 119,366 Energy Carolinas, LLC 387,412,700 Energy Carolinas, LLC 387,412,700 Energy Carolinas, LLC 8,276,152 Energy Gen Service, Inc 14,157,466 Energy Group Holdings LLC (225) Energy Group Holdings LLC (18,253,966) Energy Industr. Sales LLC (18,253,966) Energy Kentucy, Inc. 23,099,471 26,321,026 Energy Murray Op, LLC 19,111 23,558 Energy North America, LLC (18,886,317) 2,315,111 Energy North America, LLC (18,886,317) 2,315,111 Energy North America, LLC (19,6130) 23,099,471 26,321,026 Energy Royal, LLC 19,111 23,15,111 23,15,111 Energy Royal, LLC 19,111 23,15,111 23,15,111 Energy Royal, LLC 588,158 24,2000 2,870,567 Energy Supply Chain Stryce, LLC 160,000 33,677 Generation Services Holding Co. Inc.	Management, Ltd (11,598) Capital Partners, LLC 2,802 Energy Americas, LLC 119,366 Energy Corp 22,500 Energy Corp 22,500 Energy Gen Service, Inc 8,276,152 Energy Group Holdings LLC (225) Energy Group Holdings LLC (225) Energy Indiana, Inc. 134,379,728 143,904,976 Energy Indiana, Inc. 134,379,728 143,904,976 Energy Industr. Sales LLC (18,253,966) Energy Industr. Sales LLC Energy Kentucy, Inc. 23,099,471 26,321,026 Energy Kentucy, Inc. 145,009,522 161,967,130 Energy North America, LLC (156,580) Energy Royal, LLC Energy Royal, LLC 588,158 Energy Royal, LLC Energy Royal, LLC 588,158 Energy Supply Chain Sives, LLC Energy Royal, LLC 69,716 71,022 Energy Royal, LLC 586,158 Energy Supply Chain Sives, LLC Energy Supply Chain Sives, LLC 160,000 Energy Supply Chain Sives, LLC Generation Services Holding Co. Inc.

				Page 1 of 51	137 (iii) attachment
Nam	e of Respondent	This Repo	t ls:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report
Duk	e Energy Business Services, LLC		n Original Resubmission	(Mo, Da, Yr) / /	Dec 31, <u>2008</u>
	Schedule XVII - Analysis of Bill				
	Name of Associate Company	Account 457.1	Account 457.2		Total Amount Billed
Line		Direct Costs Charged	Indirect Costs Char)
No.	(a)	(b)	(c)	of Capital (d)	(e)
1	Happy Jack Windpower, LLC	189,215		(0)	189,215
2	NorthSouth Insurance Co Ltd.	37,500			37,500
3	Notrees Windpower, LP	967,321			967,321
4	Ocotillo Windpower, LP	295,734			295,734
5	Pan Service Company	(4,513)			(4,513)
6	PanEnergy Corp	314,593			314,593
7	Silver Sage Windpower, LLC	169,505			169,505
8	St Paul Cogeneration, LLC	(3,960,958)			(3,960,958)
9 10	Texas Eastern (Bermuda) Ltd. Texas Eastern Arabian Ltd.	13,865			13,865
10	Three Buttes Windpower, LLC	603,477			603,477
12	Vestar 3036243 Nova Scotia Co	150			150
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	Page 1 of 51						
	of Respondent		This Repo (1) XA	rt ls:	Re	submission Date (Mo, Da, Yr)	Year/Period of Report
Duke	Energy Business Services, LLC		$(1) \times A$ $(2) \land A$	Resubmission		/ /	Dec 31, 2008
	Schedule XVII - Analysis of Billir	na – Asso			1 t 457)		
		.9			,	(0011111001)	
	Name of Associate Company	Accou	nt 457.1	Account 457	2	Account 457 3	Total Amount Billed
Line			sts Charged	Indirect Costs Ch		Compensation For Use	
No.						of Capital	
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	of Respondent		This Repor (1) X Ai	t ls: Original	Re	(Mo, Da, Yr)	Year/Period of Report	
Duke Energy Business Services, LLC			(1) A (2) A	Resubmission		11	Dec 31, 2008	
	Schedule XVII - Analysis of Billin	ng – Assoc	iate Comp	anies (Account	457)	(continued)		
	Name of Associate Company	Accour	nt 457.1	Account 457.2	2	Account 457.3	Total Amount Billed	
Line	hand of hostolate adhparty		ts Charged	Indirect Costs Cha		Compensation For Use		
No.						of Capital		
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40	Total	+	701,640,253	747,88	5,190		1,449,524,04	

Nam	e of Respondent		This Report Is:		Resub	mission Date o, Da, Yr)	Yea	ar/Period of Report
Duk	e Energy Business Services, LLC		(1) X An Origi (2) A Resul	inal bmission	(1/1	o, Da, Yr) //	Dec	c 31, <u>2008</u>
	Schedule XVIII Ar	alysis of Billing –	Non-Associate Co	mpanies	(Accoun	t 458)		
1. I the	1. For services rendered to nonassociate companies (Account 458), list all of the nonassociate companies. In a footnote, describe the services rendered to each respective nonassociate company.							
	Name of Non-associate Company	Account 458.1	Account 458 2	Account		Account 458.4		Total Amount Billed
Line No.		Direct Costs	Indirect Costs	Compens Use of U		Excess or Deficien Servicing Non-asso		
INO.		Charged	Charged	Use of	Japital	Utility Companie		
	(a)	(b)	(c)	(d)	(e)		(f)
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				Page 1 of 51	
Nam	e of Respondent	This R	eport Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report
Duk	e Energy Business Services, LLC	(1) [(2) [X An Original	(10, 04, 11)	Dec 31, 2008
	Schedule XIX - Miscellaneous				
	Schedule XIX - Miscellaneous	General	Expenses - Account	1 930.2	
to th 2. Pa	ovide a listing of the amount included in Account 930.2, "Misce eir nature. Amounts less than \$50,000 may be grouped showing ayments and expenses permitted by Section 321 (b)(2) of the F (2 U.S.C. 441(b)(2)) shall be separately classified.	g the nu	umber of items and	the total for the group	o. 🔰
Line	Title of Account				Amount (b)
No.	(a)				
1	Outside Services				6,653,761
2	Legal Expenses				4,174,780
3	Environmental Clean Up				3,783,965
4	Aviation Services				3,081,916
5	Directors' Expenses				2,712,857
6	Industry Association Dues				1,870,378
7	Company Membership Dues				1,592,412
8	Expense of Servicing Securities				579,740
9	Buy/Sell Transfer Employee Homes			1	570,596
10	Labor and Benefits				482,911
11	Rent				114,978
12	IT Software Maintenance				76,500
13	Other				817,090
14					
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40	Total				26,511,884

Name of Respondent	This Report is:	Resubmission Date	Year of Report
	(1) <u>X</u> An Original	(Mo, Da, Yr)	
Duke Energy Business Services, LLC	(2) A Resubmission	11	2008
	Schedule XX - Organization Chart		

1. Provide a graphical presentation of the relationships and inter relationships within the service company that identifies lines of authority and responsibility in the organization.

ORGANIZATION CHART

Chairman of the Board, President and

Chief Executive Officer

- Executive

Group Executive SVP and Chief Group Group Group Executive Group President, Group Group Sustainability Office of & Chief Strategy Executive & Executive & President & Executive & Executive & Executive & Chief Operating Chief Chief & Policy & Chief & Chief President, Nuclear Officer Regulatory Administrative Officer, Commercial Development Financia Legal Nuclear Officer Officer Officer Officer **US** Franchised Businesses Officer Electric & Gas

-Accounting	-Audit	-Planning	-Nuclear	-Facilities	- Power Delivery	-Planning	-Nuclear	-Sustainability
-Finance	Services	-Public Affairs	Engineering	-Information	- Customer	-Business	Development	
-Information	-Legal	-Communications	- Nuclear	Systems	Service	Development		
Systems	-Human	-Government	Fleet	-Materials	- Regulated Fleet	- Mergers &		
-Investor	Resources	Affairs	-Nuclear	Management	Operations	Acquisitions		
Relations		-Regulated	Operations	-Real Estate	- Construction &			
-Rates		Activities	-Nuclear	-Transportation	Major Projects			
-Treasury			Planning	-Procurement	- Engineering &			
-Risk					Technical			
Management					Services			
Management					Services			

Name of Respondent	This Report is:	Resubmission Date	Year of Report
	(1) <u>X</u> An Original	(Mo, Da, Yr)	
Duke Energy Business Services, LLC	(2) A Resubmission	11	2008
	Schedule XXI - Methods of Allocation		

 Indicate the service department or function and the basis for allocation used when employees render services to more than one department or functional group. If a ratio, include the numerator and denominator.
 Include any other allocation methods used to allocate costs.

METHODS OF ALLOCATION

The allocation of expenses not directly attributable to a particular Client Company are based on the following factors:

1. Sales Ratio

A ratio, based on the applicable domestic firm kilowatt-hour electric sales (and/or the equivalent cubic feet of gas sales, where applicable), excluding intra-system sales, for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all utility Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually, or at such time as may be required due to a significant change.

2. Electric Peak Load Ratio

A ratio, based on the sum of the applicable monthly domestic firm electric maximum system demands for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all utility Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually, or at such time as may be required due to a significant change.

3. Number of Customers Ratio

A ratio, based on the sum of the applicable domestic firm electric customers (and/or gas customers, where applicable) at the end of a recent month in the preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all domestic utility Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually, or at such time as may be required due to a significant change.

4. Number of Employees Ratio

A ratio, based on the applicable number of employees at the end of a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually, or at such time as may be required due to a significant change.

5. Construction Expenditures Ratio

A ratio, based on the applicable projected construction expenditures, net of reimbursements, for the following twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). Separate ratios will be computed for total construction expenditures and appropriate functional plant (i.e., production, transmission, distribution, and general) classifications. This ratio will be determined annually, or at such time as may be required due to a significant change.

6. Circuit Miles of Electric Distribution Lines Ratio

A ratio, based on the applicable installed circuit miles of domestic electric distribution lines at the end of the preceding calendar year, the numerator of which is for a Client Company and the denominator of which is for all domestic utility Client Companies. This ratio will be determined annually, or at such time as may be required due to a significant change.

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Name of Respondent	This Report is:	Resubmission Date	Year of Report			
	(1) X An Original	(Mo, Da, Yr)				
Duke Energy Business Services, LLC	(2) A Resubmission		2008			
Schedule XXI - Methods of Allocation						

7. Circuit Miles of Electric Transmission Lines Ratio

A ratio, based on the applicable installed circuit miles of domestic electric transmission lines at the end of the preceding calendar year, the numerator of which is for a Client Company and the denominator of which is for all domestic utility Client Companies. This ratio will be determined annually, or at such time as may be required due to a significant change.

8. Number of Central Processing Unit Seconds Ratio

A ratio, based on the sum of the applicable number of central processing unit seconds expended to execute mainframe computer software applications for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company or Service Company Function, and the denominator of which is for all Client Companies, (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually, or at such time as may be required due to a significant change.

9. Revenues Ratio

A ratio, based on the total applicable revenues for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

10. Inventory Ratio

A ratio, based on the total applicable inventory balance for the preceding year, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). Separate ratios will be computed for total inventory and the appropriate functional plant (i.e., production, transmission, distribution, and general) classifications. This ratio will be determined annually or at such time as may be required due to a significant change.

11. Procurement Spending Ratio

A ratio, based on the total amount of applicable procurement spending for the preceding year, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. Separate ratios will be computed for total procurement spending and appropriate functional plant (i.e., production, transmission, distribution, and general) classifications. This ratio will be determined annually or at such time as may be required due to a significant change.

12. Square Footage Ratio

A ratio, based on the total amount of applicable square footage occupied in a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

13. Gross Margin Ratio

A ratio, based on the total applicable gross margin for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

14. Labor Dollars Ratio

A ratio, based on the total applicable labor dollars for a preceding twelve consecutive calendar month period, the numerator of

FERC FORM 60 (NEW 12-05)

Name of Respondent	This Report is:	Resubmission Date	Year of Report
	(1) <u>X</u> An Original	(Mo, Da, Yr)	
Duke Energy Business Services, LLC	(2) A Resubmission	11	2008
	Schedule XXI - Methods of Allocation		

which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

15. Number of Personal Computer Work Stations Ratio

A ratio, based on the total number of applicable personal computer work stations at the end of a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

16. Number of Information Systems Servers Ratio

A ratio, based on the total number of applicable servers at the end of a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

17. Total Property, Plant and Equipment Ratio

A ratio, based on the total applicable Property, Plant and Equipment balance (net of accumulated depreciation and amortization) for the preceding year, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

18. Generating Unit MW Capability Ratio

A ratio, based on the total applicable installed megawatt capability for the preceding year, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

In addition to the individual methods listed above, combinations of above methods will be used. The most widely used ones are 19 (weighted average of the number of customers ratio and the number of employees ratio) and 20 (three factor ratio). Other combined methods used but not limited to are weighted average circuit miles of electric transmission lines ratio and electric peak load ratio as well as weighted average of circuit miles of electric distribution lines ratio and the electric peak ratio.

19. Weighted Average of the Number of Customers Ratio and the Number of Employees Ratio

The Service Company Function that utilizes this allocation is Public Affairs.

A ratio, based on the weighted average of the Number of Customers Ratio (50%) and the Number of Employees Ratio (50%).

For the Number of Employees: applicable number of employees at the end of a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually, or at such time as may be required due to a significant change.

For the Number of Customers: based on the sum of the applicable domestic firm electric customers (and/or gas customers, where applicable) at the end of a recent month in the preceding twelve consecutive calendar month period, the numerator of which

Name of Respondent	This Report is:	Resubmission Date	Year of Report				
	(1) <u>X</u> An Original	(Mo, Da, Yr)					
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5	Schedule XXI - Methods of Allocation						

is for a Client Company and the denominator of which is for all domestic utility Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually, or at such time as may be required due to a significant change.

20. Weighted average of the Gross Margin Ratio, Labor Dollars Ratio, and Total Property, Plant and Equipment Ratio (Three Factor Formula)

The Service Company Functions that utilizes the Three Factor Formula Ratio are: Information Systems Transportation Accounting Public Affairs Legal Finance Internal Auditing Environmental Health and Safety Investor Relations Planning Facilities Rate of Return Allocation

A Ration based on the weighted average of Gross Margin Ration (33%), Labor Dollars Ratio (33%), and Property Plant and Equipment Ratio (34%).

For the Gross Margin Ratio: based on the total applicable gross margin for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

For the Labor Dollars Ratio: based on the total applicable labor dollars for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

For the Property, Plant and Equipment Ratio: based on the total applicable Property, Plant and Equipment balance (net of accumulated depreciation and amortization) for the preceding year, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change

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€ase No. 2011-124 AG-DR-01-037 (iv) attachment Page 1 of 52 Form 60 Approved OMB No. 1902-0215 Expires 01/31/2013

 THIS FILING IS

 Item 1: X
 An Initial (Original)
 OR
 Resubmission No. _____

 Submission



FERC FINANCIAL REPORT FERC FORM No. 60: Annual Report of Centralized Service Companies

This report is mandatory under the Public Utility Holding Company Act of 2005, Section 1270, Section 309 of the Federal Power Act and 18 C.F.R. § 366.23. Failure to report may result in criminal fines, civil penalties, and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider this report to be of a confidential nature.

Exact Legal Name of Respondent (Company)

Duke Energy Business Services, LLC

Year of Report Dec 31, <u>2009</u>

FERC FORM No. 60 (12-06)

GENERAL INSTRUCTIONS FOR FILING FERC FORM NO. 60

I. Purpose

Form No. 60 is an annual regulatory support requirement under 18 CFR 369.1 for centralized service companies. The report is designed to collect financial information from centralized service companies subject to the jurisdiction of the Federal Energy Regulatory Commission. The report is considered to be a non-confidential public use form.

II. Who Must Submit

Unless the holding company system is exempted or granted a waiver by Commission rule or order pursuant to §§ 18 CFR 366.3 and 366.4 of this chapter, every centralized service company (see § 367.2) in a holding company system must prepare and file electronically with the Commission the FERC Form No. 60 then in effect pursuant to the General Instructions set out in this form.

III. How to Submit

Submit FERC Form No. 60 electronically through the Form No. 60 Submission Software. Retain one copy of each report for your files. For any resubmissions, submit the filing using the Form No. 60 Submission Software including a justification. Respondents must submit the Corporate Officer Certification electronically.

IV. When to Submit

Submit FERC Form No. 60 according to the filing date contained § 18 CFR 369.1 of the Commission's regulations.

V. Preparation

Prepare this report in conformity with the Uniform System of Accounts (18 CFR 367) (USof A). Interpret all accounting words and phrases in accordance with the USof A.

VI. Time Period

This report covers the entire calendar year.

VII. Whole Dollar Usage

Enter in whole numbers (dollars) only, except where otherwise noted. The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting period, and use for statement of income accounts the current year's amounts.

VIII. Accurateness

Complete each question fully and accurately, even if it has been answered in a previous report. Enter the word "None" where it truly and completely states the fact.

IX. Applicability

For any page(s) that is not applicable to the respondent, enter "NONE," or "Not Applicable" in column (c) on the List of Schedules, page 2.

X. Date Format

Enter the month, day, and year for all dates. Use customary abbreviations. The "Resubmission Date" included in the header of each page is to be completed only for resubmissions (see III. above).

XI. Number Format

Generally, except for certain schedules, all numbers, whether they are expected to be debits or credits, must be reported as positive. Numbers having a sign that is different from the expected sign must be reported by use of a minus sign.

XII. Required Entries

Do not make references to reports of previous years or to other reports instead of required entries, except as specifically authorized.

XIII. Prior Year References

Wherever (schedule) pages refer to figures from a previous year, the figures reported must be based upon those shown by the report of the previous year, or an appropriate explanation given as to why the different figures were used.

XIV. Where to Send Comments on Public Reporting Burden

The public reporting burden for the Form No. 60 collection of information is estimated to average 75 hours per response, including

- the time for reviewing instructions, searching existing data sources,
- gathering and maintaining the data-needed, and
- completing and reviewing the collection of information.

Send comments regarding these burden estimates or any aspect of this collection of information, including suggestions for reducing burden, to:

Federal Energy Regulatory Commission, 888 First Street NE Washington, DC 20426 (Attention: Mr. Michael Miller, ED-33);

And to:

Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503 (Attention: Desk Officer for the Federal Energy Regulatory Commission).

No person shall be subject to any penalty if any collection of information does not display a valid control number (44 U.S.C. 3512(a)).

DEFINITIONS I. Respondent -- The person, corporation, or other legal entity in whose behalf the report is made.

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FERC FORM NO. 60 ANNUAL REPORT FOR SERVICE COMPANIES

	IDENTIFICATION		
01 Exact Legal Name of Respondent Duke Energy Business Services, LLC		02 Yea	r of Report Dec 31, <u>2009</u>
03 Previous Name (If name changed during the year)		04 Date of Name Ch	
us Previous Name (in name changed during the year)		/ /	ange
05 Address of Principal Office at End of Year (Street, City, State, Zip Code) 526 South Church Street, Charlotte, NC 28201	06 Name of Co Michael S. H	ntact Person	
07 Title of Contact Person Director Service Company Accounting & Reporting	08 Address of 0 526 South C	Contact Person hurch Street, Charlotte, N	C 28201
09 Telephone Number of Contact Person	10 E-mail Addr	ess of Contact Person	
(980) 373-7703	mshendersh	ott@dukeenergy.com	
 11 This Report is: (1) X An Original (2) A Resubmission 	12 Resubmissio (Month, Day, Y / /		
13 Date of Incorporation	14 If Not Incorporated	, Date of Organization	
11/18/1998	11		
15 State or Sovereign Power Under Which Incorporated or Organ DELAWARE	nized		
16 Name of Principal Holding Company Under Which Reporting (Company is Organized:		
Duke Energy Corporation			
CORPORAT	TE OFFICER CERTI	FICATION	
The undersigned officer certifies that:			
I have examined this report and to the best of my k this report are correct statements of the business a financial information contained in this report, confo	affairs of the respond	ent and the financial	statements, and other
17 Name of Signing Officer Steven K. Young	19 Signature of Sign	ing Officer	20 Date Signed (Month, Day, Year)
18 Title of Signing Officer Senior Vice President, Controller	Steven K. Young		04/30/2010

		AG-DR-01 Page 1 of 5	-037 (iv) attachment
ame of Respondent	This Report Is:	Resubmission Date	Year/Period of Repo
uke Energy Business Services, LLC	(1) X An Original	(Mo, Da, Yr)	Dec 31, 2009
	(2) A Resubmission	L, , ,	
	chedules and Accounts		
Enter in Column (c) the terms "None" or "Not Applicable" as rtain pages.	appropriate, where no informa	tion or amounts have	been reported for
		Dens Defenses	Damada
Description (a)		Page Reference (b)	Remarks (c)
ne (a) o.		(0)	(0)
Schedule I - Comparative Balance Sheet		101-102	
Schedule II - Service Company Property		103	
Schedule III - Accumulated Provision for Depreciation and Amortization of Sen	vice Company Property	104	
Schedule IV - Investments		105	
Schedule V - Accounts Receivable from Associate Companies		106	
Schedule VI - Fuel Stock Expenses Undistributed		107	None
Schedule VII - Stores Expense Undistributed		108	None
Schedule VIII - Miscellaneous Current and Accrued Assets		109	
Schedule IX - Miscellaneous Deferred Debits	<u></u>	110	
Occupation Schedule X - Research, Development, or Demonstration Expenditures		111	None
Schedule XI - Proprietary Capital		201	
Schedule XII - Long-Term Debt		202	None
Schedule XIII - Current and Accrued Liabilities		203	
Schedule XIV - Notes to Financial Statements		204	
		301-302	
	Companies	303-306	
Schedule XVI - Analysis of Charges for Service - Associate and Nonassociate	Companies	303-308	
7 Schedule XVII - Analysis of Billing - Associate Companies (Account 457)	N		Nana
3 Schedule XVIII – Analysis of Billing – Non-Associate Companies (Account 458	3)	308	None
Schedule XIX - Miscellaneous General Expenses - Account 930.2		307	
3 Schedule XX - Organization Chart		401	
Schedule XXI - Methods of Allocation		402	
			1
			1

				Page 1 of 52	
	e of Res	(1) X An	ls: Re Original Re	submission Date (Mo, Da, Yr)	Year/Period of Repo
Duk	e Energy		Resubmission	11	Dec 31, 2009
		Schedule I - Comparative Balan	ce Sheet		
1. (Give bal	ance sheet of the Company as of December 31 of the current and pr	······································		
	5110 54				
	Account	Description	Reference	As of Dec 31	As of Dec 31
ine	Number	(b)	Page No.	Current	Prior
No.	(a)		(c)	(d)	(e)
1		Service Company Property			
2	101	Service Company Property	103	568,660,976	480,912,0
3		Property Under Capital Leases	103		<u> </u>
4		Completed Construction Not Classified		94,711	
5		Construction Work In Progress	103	204,012,888	98,248,2
6		Total Property (Total Of Lines 2-5)		772,768,575	
7	108	Less: Accumulated Provision for Depreciation of Service Company Property	104	343,070,543	243,815,57
8	111	Less: Accumulated Provision for Amortization of Service Company Property			38,251,10
9		Net Service Company Property (Total of Lines 6-8)		429,698,032	297,093,52
10		Investments			
11	123	Investment In Associate Companies	105	831,968,136	647,462,97
12	124	Other investments	105	3,598,793	3,700,7
13	128	Other Special Funds	105		
14		Total Investments (Total of Lines 11-13)		835,566,929	651,163,69
15		Current And Accrued Assets			
16	131	Cash		94,196	40,901,20
17		Other Special Deposits			
18	135	Working Funds		2,857	6,4
19	136	Temporary Cash Investments		· · · · ·	
20	141	Notes Receivable			
21	L	Customer Accounts Receivable		4,868,224	10,956,48
22		Accounts Receivable		1,273,461	
23	144	Less: Accumulated Provision for Uncollectible Accounts			
24	146	Accounts Receivable From Associate Companies	106	320,055,025	182,874,6
25	152	Fuel Stock Expenses Undistributed	107		· · · · · · · · · · · · · · · · · · ·
26	154	Materials And Supplies		2,542,526	3,294,6
27		Stores Expense Undistributed	108		(8,12
28		Prepayments		10,764,548	
29	171	Interest And Dividends Receivable			
30	172	Rents Receivable			
31	173	Accrued Revenues			
32	174	Miscellaneous Current and Accrued Assets			77,0
33	175	Derivative Instrument Assets	109		
34	176	Derivative Instrument Assets – Hedges			1
35		Total Current and Accrued Assets (Total of Lines 16-34)		339,600,837	259,135,5
36		Deferred Debits		-	
37	181	Unamortized Debt Expense			
38	182.3	Other Regulatory Assets		52,375,458	3 45,411,72
39	183	Preliminary Survey And Investigation Charges		15,000	
40	184	Clearing Accounts		(312,435	385,92
41	185	Temporary Facilities			
42	186	Miscellaneous Deferred Debits		18,386,705	16,853,2
43	188	Research, Development, or Demonstration Expenditures	110		1
44	189	Unamortized loss on reacquired debt	111		
45	190	Accumulated Deferred Income Taxes		9,767,621	11,055,9
		Total Deferred Debits (Total of Lines 37-45)		80,232,349	-
		1		<u></u>	
46	<u> </u>	TOTAL ASSETS AND OTHER DEBITS (TOTAL OF LINES 9. 14. 35 and 46)		1,685,098,147	1,281.114.5
		TOTAL ASSETS AND OTHER DEBITS (TOTAL OF LINES 9, 14, 35 and 46)		1,685,098,147	1,281,114,5

Nam	e of Res	pondent This Re			Page 1 of 52	Year/Period of Repo
		Business Services LLC (1) X]An Original		(Mo, Da, Yr)	Dec 31, 2009
		(2)]A Resubmission		//	
		Schedule I - Comparative Balance	Sheet (continue	ed)		
			F		1	T
	Account	Description	1	Reference	As of Dec 31	As of Dec 31
ine	Number	(b)	[Page No.	Current (d)	Prior (e)
No.	(a)			(c)	(0)	(8)
48		Proprietary Capital				
49	201	Common Stock Issued		201	4	
50	204	Preferred Stock Issued		201		
51	211	Miscellaneous Paid-In-Capital		201	(182,959,035	(182,959,03
52	215	Appropriated Retained Earnings		201		
53	216	Unappropriated Retained Earnings		201	501,755,905	516,955,38
54	219	Accumulated Other Comprehensive Income		201	(10,941)) (10,94
55		Total Proprietary Capital (Total of Lines 49-54)			318,785,933	333,985,4
56		Long-Term Debt				
57	223	Advances From Associate Companies		202		
58	224	Other Long-Term Debt		202		ļ
59	225	Unamortized Premium on Long-Term Debt				
60	226	Less: Unamortized Discount on Long-Term Debt-Debit				
61		Total Long-Term Debt (Total of Lines 57-60)				
62		Other Non-current Liabilities				
63		Obligations Under Capital Leases-Non-current			63,195,434	
64	228.2	Accumulated Provision for Injuries and Damages				1,34
65		Accumulated Provision For Pensions and Benefits			76	6 (47,78
66	230	Asset Relirement Obligations				/
67		Total Other Non-current Liabilities (Total of Lines 63-66)			63,195,510) (46,44
68		Current and Accrued Liabilities				
69 70		Notes Payable			188,614,310	210,225,78
70 71	232 233	Accounts Payable Notes Payable to Associate Companies		203	804,115,467	
71 72	233	Accounts Payable to Associate Companies		203	004,110,407	237,323,56
73	234	Taxes Accrued		200	(13,040,130	
74		Interest Accrued			351,029	
75		Tax Collections Payable			6,313,749	
76	242	Miscellaneous Current and Accrued Liabilities		203	254,612,525	
77	243	Obligations Under Capital Leases – Current			<u>`</u>	
78	244	Derivative Instrument Liabilities				1
79	245	Derivative Instrument Liabilities – Hedges				1
80		Total Current and Accrued Liabilities (Total of Lines 69-79)			1,240,966,950	988,429,07
81		Deferred Credits	1			
82	253	Other Deferred Credits			3,831,310	1,065,69
83	254	Other Regulatory Liabilities				
84	255	Accumulated Deferred Investment Tax Credits				
85	257	Unamortized Gain on Reacquired Debt				
86	282	Accumulated deferred income taxes-Other property			57,468,434	(126,067,77
87	283	Accumulated deferred income taxes-Other			850,010	
88		Total Deferred Credits (Total of Lines 82-87)			62,149,754	
89		TOTAL LIABILITIES AND PROPRIETARY CAPITAL (TOTAL OF LINES 55, 61, 67, 8	0, AND 88)		1,685,098,147	1,281,114,59

Nam						Page 1 of :	
		pondent		This Report Is (1) X An C		Resubmission Date (Mo, Da, Yr)	Year/Period of Report
Duk	e Energy	/ Business Services, LLC			esubmission	11	Dec 31, <u>2009</u>
				ervice Company P			-
		an explanation of Other Changes e each construction work in progra				otnote.	
_ine	Acct #	Title of Account (b)	Balance at Beginning of Year	Additions (d)	Retirements or Si (e)	ales Other Changes (f)	
No.	(a)		(c)				(g)
1	301	Organization					
2	303	Miscellaneous Intangible Plant	273,500,752	48,759,049	1,874	1,746	320,385,05
3	306	Leasehold Improvements					
4	389	Land and Land Rights					
5	390	Structures and Improvements	42,794,323	5,429,079			48,223,40
6	391	Office Furniture and Equipment	125,636,087	36,102,186	57	1,910	161,166,36
7	392	Transportation Equipment	38,980,867				38,980,86
8	393	Stores equipment					
9	394	Tools, Shop and Garage Equipment					
10	395	Laboratory Equipment					
11	396	Power Operated Equipment					
12	397	Communications Equipment					
13	398	Miscellaneous Equipment					
14	39 9	Other Tangible Property					
15	399.1	Asset Retirement Costs					
16		Total Service Company Property (Total of Lines 1-15)	480,912,029	90,290,314	2,44	5,656	568,755,68
17	107	Construction Work in Progress:					
18		Miscellaneous Intangible Plant	98,248,229	21,622,855			119,871,08
19		Structures and Improvements		70,834,719			70,834,71
20		Office Furniture and Equipment		13,307,085			13,307,08
21							
22						1000000000000	
	1						
23							
24							
24 25							
24 25 26							
24 25 26 27							
24 25 26 27 28							
23 24 25 26 27 28 29 30							
24 25 26 27 28 29		Total Account 107 (Total of Lines 14-30)	98,248,229	105,764,659			204,012,88

						Page 1 of 5	
	e of Res			This Report Is (1) X An C	s: Driginal	Resubmission Date (Mo, Da, Yr)	Year/Period of Rep
Duk	e Energy	Business Services, LLC		(2) 🗌 A Re	esubmission	//	Dec 31, <u>2009</u>
		Schedule III – Accumula				vice Company Prop	erty
1. F	Provide :	an explanation of Other Charge	s in Column (f) cons	idered material in	a footnote.		
	Account Number	Description	Balance at Beginning of Year	Additions Charged To Account	Retirements	Other Changes Additions	Balance at Close of Year
ne Io.	(a)	(b)	(c)	403-403_1 404-405 (d)	(e)	(Deductions) (f)	(g)
1	301	Organization					
2	303	Miscellaneous Intangible Plant	188,207,261	30,469,005	1,874	1,746	216,801,
}	306	Leasehold Improvements					
ŀ	389	Land and Land Rights					
5	390	Structures and Improvements	15,885,631	4,743,734			20,629,
3	391	Office Furniture and Equipment	74,635,558	25,267,554	57*	1,034	99,332,
7	392	Transportation Equipment	3,338,283	2,969,297			6,307,
3	393	Stores equipment					
9	394	Tools, Shop and Garage Equipment					
0	395	Laboratory Equipment					
1	396	Power Operated Equipment					
2	397	Communications Equipment					
3	398	Miscellaneous Equipment					
4	399	Other Tangible Property					
5	399.1	Asset Retirement Costs					
16		Total	282,066,733	63,449,590	2,445	5,780	343,070,

			Page 1 of 52	
lame of Res		eport Is: An Original	Resubmission Date (Mo, Da, Yr)	Year/Period of Repor
Juke Energy	(2)	A Resubmission	11	Dec 31, <u>2009</u>
description 2. For terr	Schedule IV – Invest er investments (Account 124) and other special funds (Account 1 including the name of issuing company, number of shares held including the name of issuing company, number of shares held iporary cash investments (Account 136), list each investment se inents less than \$50,000 may be grouped, showing the number of	128), in a footnote or principal invest parately in a footn	ment amount. lote.	separately, with
Account ine ^{Number} Io.	Title of Account		Balance at Beginning of Year (c)	Year
(a)	(b)		0.17.400.07	(b)
	Investment In Associate Companies		647,462,974	
	Other Investments		3,700,711	5,590,793
	Other Special Funds			
	(Total of Lines 1-4)		651,163,69	835,566,929

Name of Respondent	This Report is:	Resubmission Date	Year of Report
	(1) <u>X</u> An Original	(Mo, Da, Yr)	
Duke Energy Business Services, LLC	(2) A Resubmission	11	2009
	FOOTNOTE DATA		

Schedule Page: 105 Line No.: 2 Column: c	
Cash Surrender Value of Executive Life Insurance Policies	
Schedule Page: 105 Line No.: 2 Column: d	
Cash Surrender Value of Executive Life Insurance Policies	

FERC FORM NO. 60 (NEW 12-05)

Footnotes.1

Nam	e of Respo	Indent	This Report Is:	Resubmission Da (Mo, Da, Yr)	
Duke	e Energy B	usiness Services, LLC	(1) X An Original (2) A Resubmission		Dec 31, <u>2009</u>
		Schedule V – Accounts Rece	ivable from Associate Con	npanies	
2.	If the serv	ccounts receivable from each associate company. vice company has provided accommodation or conve ting of total payments for each associate company.	nience payments for ass	ociate companies, p	provide in a separate
Line No.	Account Number (a)	Title of Account (b)	Balar	ice at Beginning of Year (c)	Balance at Close of Year (d)
1	146	Accounts Receivable From Associate Companies			
2		Associate Company:			
3		Bison Insurance Company Limited		3,838,753	4,147,06
4		Duke Energy Carolinas, LLC		92,287,434	100,455,44
5		Duke Energy Ohio, Inc.		40,662,937	63,143,06
6		Duke Energy Indiana, Inc.		39,408,250	57,216,25
7		Duke Energy Kentucky, Inc.		6,677,262	9,652,80
8		Cinergy Corp.			85,440,38
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
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38 39					
39 40	Total			182,874,636	320,055,02
				102,017,000	

					Page 1 of 52	
Nam	e of Respo	ondent	This Rep	ort Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Repo
Duk	e Energy E	usiness Services, LLC	(1) X (2)	An Original A Resubmission	(Mo, Da, Yr) / /	Dec 31, <u>2009</u>
		Calcadula VIII Final Cha	the second se			
		Schedule VI – Fuel Stoc				
indi	cate amo	nount of labor in Column (c) and expenses in Column unt attributable to each associate company. ate footnote, describe in a narrative the fuel functions				during the year and
_ine	Account Number	Title of Account		Labor	Expenses	Total
No.	(a)	(b)		(c)	(d)	(e)
1	152	Fuel Stock Expenses Undistributed				
2		Associate Company:				
3		None				
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40	Total					
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				Page 1 of 5.	
	e of Respo e Energy B	ondent Business Services, LLC	This Report Is: (1) X An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2009
		Schedule VII Store	s Expense Undistributed		
		nount of labor in Column (c) and expenses in Column unt attributable to each associate company.	(d) incurred with respect to	stores expense duri	ng the year and
	Account	Title of Account	Labor	Expenses	Total
_ine No.	Number (a)	(b)	(c)	(d)	(e)
110.	(a)		(0)	(0)	(0)
	163	Stores Expense Undistributed	and in second second		
2		Associate Company:			
3		None			
4					
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36	e				
30 37					
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39					
40	Total				
					1

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Vam	e of Respo	ondent	This Report Is: (1) X An Origin		Resubmission Dat (Mo, Da, Yr)	te	Year/Period of Report Dec 31, <u>2009</u>	
		Business Services, LLC	(1) X An Origin (2) A Resubr	al nission	(Mo, Da, Yr)			
		Schedule VIII - Miscellaneo	hereased		sets			
	D							
1.	Provide c	letail of items in this account. Items less than \$50,000) may be grouped,	showin	ig the number of ite	ems i	n each group.	
ine	Account Number	Title of Account		Balance at Beginning of Year (c)		Balance at Close of Year (d)		
No.	(a)	(b)						
1	174	Miscellaneous Current and Accrued Assets	<u></u>					
2		Item List:						
3		Other Current Assets (2)			77,026	271.76.2 184		
4								
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40	Total				77,026			
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				Page	l of 52		
Name of Respondent Duke Energy Business Services, LLC			Report Is: [X] An Original	Resubmission I (Mo, Da, Yr)	Date	Year/Period of Report	
			A Resubmiss			Dec 31, 2009	
		(2) Schedule IX - Miscellaneo					
1 D	rovido de	tail of items in this account. Items less than \$50,000 may b			ms in	each group	
1. ٣	TONGE GE		e grouped, snow	wing the number of ite	2113 111	each group.	
	Account	Title of Account (b)		Balance at Beginning of Year (c)		Balance at Close of Year (d)	
_ine	Number						
No.	(a)						
1	186	Miscellaneous Deferred Debits					
2		Items List:					
3		Post Retirement Benefits other than Pensions		15,344,058	3	16,670,672	
4		Worker's Compensation Loss Deposits		833,529)	1,106,000	
5		Life Insurance/Policy Loans		697,008	3	720,098	
6		Other Miscellaneous Deferred Debits (5)		(21,316)	(110,065	
7							
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33					1		
34					1		
35					1		
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39							
40	Total			16,853,279)	18,386,70	

				Page 1 of :	
	e of Respo e Energy B	ondent Jusiness Services, LLC	This Report Is: (1) X An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Repo Dec 31, 2009
		Schedule X - Research, Develop			
	Decast				rooration during th
ı. yea	r. Items le	each material research, development, or demonstraties than \$50,000 may be grouped, showing the numb	er of items in each group.	IS DY THE SERVICE CO	iporation during the
ine	Account Number	Title of Accou	int		Amount (c)
No.	(a)	(b)			
	188	Research, Development, or Demonstration Expenditures			•
2		Project List:			
3		None			
4			۰ 		
5 6					
6 7					
/ 8					
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40	Total				
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			AG-DK-0 Page 1 of	1-037 (iv) attachment 52
Name of Respo	ndent	This Report Is:	Resubmission Date	
Duke Energy B	usiness Services, LLC	(1) X An Original (2) A Resubmission	(Mo, Da, Yr) / /	Dec 31, 2009
	Schedu	ule XI - Proprietary Capital		
with a brief ex 2. For the una year, distingu General Instr	aneous paid-in capital (Account 211) and app cplanation, disclosing the general nature of tra appropriated retained earnings (Account 216), ishing between compensation for the use of c uctions of the Uniform System of Accounts. F amount of dividend, date declared and date p	propriate retained earnings (Acco ansactions which give rise to the , in a footnote, give particulars co apital owed or net loss remaining for dividends paid during the yea	reported amounts. oncerning net income g from servicing nona	or (loss) during the issociates per the
Account	Title of Account	Description		Amount
ine Number No. (a)	(b)	(C)		(d)
1 201	Common Stock Issued	Number of Shares Authorized		100
2		Par or Stated Value per Share		0.05
3		Outstanding Number of Shares		70
4		Close of Period Amount		4
5	Preferred Stock Issued	Number of Shares Authorized		
6		Par or Stated Value per Share		
7	··	Outstanding Number of Shares		
8 9 211	Miscellaneous Paid-In Capital	Close of Period Amount		(102 050 025)
9 211 10 215				(182,959,035)
10 215	Appropriated Retained Earnings Accumulated Other Comprehensive Income			(10,941)
12 216	Unnappropriated Retained Earnings	Balance at Beginning of Year		516,955,385
13		Net Income or (Loss)		(15,199,480)
14		Dividend Paid		(
15		Balance at Close of Year		501,755,905

Name of Respondent	This Report is:	Resubmission Date	Year of Report				
	(1) <u>X</u> An Original	(Mo, Da, Yr)					
Duke Energy Business Services, LLC	(2) A Resubmission	11	2009				
FOOTNOTE DATA							

Schedule Page: 201	Line No.: 9	Column: d
208 Donations Received	from Stockholder	rs \$46,530,776
211 Miscellaneous Paid-I	n-Capital	(\$229,489,811)

On July 1, 2008, Duke Energy Business Services (DEBS) merged with Duke Energy Shared Services (DESS). In conjunction with this transaction, approximately (\$213M) of equity was transferred to DEBS. Since the carrying amounts of liabilities exceeded the carrying amount of the assets transferred, the transfer was recorded as a contribution of capital. Prior to July 1, 2008, Cinergy owned DESS which filed their own FERC Form 60.

Schedule Page: 201 Line No.: 13 Column: d The nature of the net loss is due to tax adjustments.

-								ge 1 of 52		
		espondent			This Repo (1) X	ort Is: An Original	Resubmissic (Mo, Da,	on Date Year Yr)	Year/Period of Report	
Duk	e Ener	gy Business Services, LLC			(2)	A Resubmission	11	Dec	31, <u>2009</u>	
<u> </u>				lule XII – L						
acc in C 2. F	ounts. Columr For the	advances from associate companie Names of associate companies fror n (c). deductions in Column (h), please gi er long-term debt (Account 224), list	n which advave ve an explan	nces wer	e receive footnote	ed shall be show	wn under the c	lass and serie		
	Account	r	Term of Obligation	+	Interest	Amount Authorized	Balance at Beginning		s Balance at Close of	
Line	Number		Class & Series of Obligation	Maturity	Rate		of Year		Year	
No.	(-)	<i>IL</i> 1	(c)	(.))		(1)	(g)	(h)	0	
	(a)	(b)		(d)	(e)				(i)	
1	223	Advances from Associate Companies								
2		Associate Company:								
3		None								
4										
5										
6					ļ					
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8										
9					ļ					
10										
11					ļ					
12 13		TOTAL								
15								L	<u> </u>	
14	224	Other Long-Term Debt								
15		List Creditor:								
16		None								
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24										
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26										
27 28		TOTAL							<u> </u>	
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							Page 1 of 52		
Narr	ne of Res	pondent	This F	Rep	ort Is:	Resub	mission Date	Ye	ear/Period of Report
Duk	e Energy	Business Services, LLC	(1) (2)		An Original A Resubmission	(M	o, Da, Yr) / /	D	ec 31, <u>2009</u>
		Schedule XIII – Current		Januari,				I	,
	D :1						1004)		
2.	Give de	e the balance of notes and accounts payable to each asse escription and amount of miscellaneous current and accru nowing the number of items in each group.	ued lia	e co abili	mpany (Accoun ties (Account 24	ts 233 ar 12). Items	id 234). s less than \$5	0,0	00 may be
	Account	Title of Account					Balance at Beginr	ning	Balance at Close of
Line	Number	(b)					of Year	Ĩ	Year
No.							(c)		(d)
	(a)								
1	233	Notes Payable to Associates Companies					395,159	,379	804,115,467
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3 4				*******					
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23	004						007 000		
24 25	234	Accounts Payable to Associate Companies		•••••			237,323	,562	
26									
27									
28				·					
29									
30									
31	L								
32									
33									
34 35									
36							·······		
37									
38									
39									
40									
41	242	Miscellaneous Current and Accrued Liabilities					202,662	,069	254,612,525
42			<u> </u>						
43									
44 45					·····				
45 46									
47									
48									
49	İ								
50		(Total)					835,145	,010	1,058,727,992

Name of Respondent	This Report is:	Resubmission Date	Year of Report
	(1) <u>X</u> An Original	(Mo, Da, Yr)	
Duke Energy Business Services, LLC	(2) _ A Resubmission	11	2009
	FOOTNOTE DATA		

Schedule Page: 203 Line No.: 1 Column: c		2000	
	¢	2008	
Duke Energy Carolinas, LLC	\$	291,054,962	
Duke Energy Indiana		104,104,417	
Total	\$	395,159,379	
Schedule Page: 203 Line No.: 1 Column: d	Ψ		
Senedare ager 200 2000 really commente		2009	
Duke Energy Carolinas, LLC	\$	589,084,273	
Duke Energy Ohio	-	184,476,025	
Duke Energy Indiana		30,555,169	
Total	\$	804,115,467	
Schedule Page: 203 Line No.: 24 Column: c			
Cinergy Corporation Total	\$	237,323,562	
Schedule Page: 203 Line No.: 41 Column: c		2009	
Reserve for employee retirement and vacation entitlement	\$	<u>2008</u> 90,787,600	
Deferred executive compensation	Ф	41,258,825	
Reserve for incentives		36,372,897	
Deferred rent		23,196,896	
Accrued salaries and wages		5,134,182	
Reserve for severance		4,443,443	
Reserve for current portion of rent		1,178,820	
Reserve for dues		88,071	
Accrued payables other		73,564	
Miscellaneous payroll deductions		67,334	
Reserve for medical/dental costs		62,875	
Other miscellaneous current and accrued liabilities (2)		(2,438)	
Other infiscentateous current and accrucit habitities (2)		(2,150]	
Total	\$	202,662,069	
Schedule Page: 203 Line No.: 41 Column: d		0000	
	•	<u>2009</u>	
Reserve for incentives	\$	114,480,708	
Reserve for employee retirement and vacation entitlement		107,190,237	
Deferred rent		18,831,505	
Accrued salaries and wages		8,594,466	
Reserve for severance		3,401,178	
Reserve for current portion of rent		1,419,124	
Accrued payables other		409,179	
Reserve for dues		233,251	
Miscellaneous payroll deductions		48,206	
Other miscellaneous current and accrued liabilities (2)		4,671	
Total	\$	254,612,525	
	7	,	

Name of Respondent	This Report is:	Resubmission Date	Year of Report		
	(1) <u>X</u> An Original	(Mo, Da, Yr)			
Duke Energy Business Services, LLC	(2) A Resubmission	11	2009		
Schedule XIV- Notes to Financial Statements					

1. Use the space below for important notes regarding the financial statements or any account thereof.

2. Furnish particulars as to any significant contingent assets or liabilities existing at the end of the year.

3. Furnish particulars as to any significant increase in services rendered or expenses incurred during the year.

4. Furnish particulars as to any amounts recorded in Account 434, Extraordinary Income, or Account 435, Extraordinary Deductions.

5. Notes relating to financial statements shown elsewhere in this report may be indicated here by reference.

6. Describe the annual statement supplied to each associate service company in support of the amount of interest on borrowed capital and compensation for use of capital billed during the calendar year. State the basis for billing of interest to each associate company. If a ratio, describe in detail how ratio is computed. If more than one ratio explain the calculation. Report the amount of interest borrowed and/or

compensation for use of capital billed to each associate company.

Duke Energy Business Services, LLC Notes To Consolidated Financial Statements For the Years Ended December 31, 2009 and 2008

1. Summary of Significant Accounting Policies

Nature of Operations and Basis of Consolidation. Duke Energy Corporation (collectively with its subsidiaries, Duke Energy), is an energy company primarily located in the Americas. These Consolidated Financial Statements include, after eliminating intercompany transactions and balances, the accounts of Duke Energy Business Services, LLC. Duke Energy Business Services, LLC provides administrative, management and support services to Duke Energy's subsidiaries. On July 1, 2008, Duke Energy Shared Services, Inc. (DESS) was merged into Duke Energy Business Services, LLC (DEBS). In conjunction with this transaction, approximately \$206 million of assets and approximately \$419 million of liabilities were transferred to DEBS, including \$18 million of intercompany receivables and \$103 million of intercompany liabilities.

Use of Estimates. To conform to generally accepted accounting principles (GAAP) in the United States (U.S.), management makes estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and Notes. Although these estimates are based on management's best available information at the time, actual results could differ.

Cash and Cash Equivalents. All highly liquid investments with maturities of three months or less at the date of acquisition are considered cash equivalents.

Property, Plant and Equipment. Property, plant and equipment are stated at the lower of historical cost less accumulated depreciation or fair value, if impaired. DEBS capitalizes all construction-related direct labor and material costs, as well as indirect construction costs. Indirect costs include general engineering, taxes and the cost of funds used during construction. The cost of renewals and betterments that extend the useful life of property, plant and equipment are also capitalized. The cost of repairs, replacements and major maintenance projects, which do not extend the useful life or increase the expected output of the asset, is expensed as incurred. Depreciation is generally computed over the estimated useful life of he asset using the composite straight-line method. The average depreciations rate were 19.37% and 21.26% for December 31, 2009 and 2008, respectively. When DEBS refires or sells non-regulated properties, the cost is removed from the property account and the related accumulated depreciation and

amortization accounts are reduced. See Note 5 for further information on the estimated useful lives of DEBS's property, plant and equipment balance.

Severance and Special Termination Benefits. DEBS has an ongoing severance plan under which, in general, the longer a terminated employee worked prior to termination the greater the amount of severance benefits. DEBS records a liability for involuntary severance once an involuntary severance plan is committed to by management, or sooner, if involuntary severances are probable and the related severance benefits can be reasonably estimated. For involuntary severance benefits that are incremental to its ongoing severance plan benefits, DEBS measures the obligation and records the expense at its fair value at the communication date if there are no future service requirements, or, if future service is required to receive the termination benefit, ratably over the service period. From time to time, DEBS offers special termination benefits under voluntary severance programs. Special termination benefits are measured upon employee acceptance and recorded immediately absent a significant retention period. If a significant retention period exists, the cost of the special termination benefits are recorded ratably over the remaining service periods of the affected employees. Employee acceptance of voluntary severance benefits is determined by management based on the facts and circumstances of the special termination benefits being offered.

Regulation. DEBS is governed by the Utility Holding Company Act of 2005 (PUHCA 2005), under the Federal Energy Regulatory Commission's (FERC) jurisdiction.

Stock-Based Compensation. For employee awards, equity classified stock-based compensation cost is measured at the grant date, based on the fair value of the award, and is recognized as expense over the requisite service period, which generally begins on the date the award is granted through the earlier of the date the award vests or the date the employee becomes retirement eligible. Share-based awards, including stock options, granted to employees that are already retirement eligible are deemed to have vested immediately upon issuance, and therefore, compensation cost for those awards is recognized on the date such awards are granted. See Note 7 for further information.

Revenue Recognition. DEBS provides to the affiliated companies a variety of centralized administrative, management, and support services in accordance with agreements approved by FERC under the PUHCA 2005. The costs of these services are charged on a direct basis or, for general costs which cannot be directly attributed, based on predetermined allocation factors defined in the service agreements between DEBS and the client companies. (See Methods of Allocation.)

Income Taxes. The separate return method is used to allocate tax expense or benefits to the subsidiaries whose investments or results of operations provide these tax expenses or benefits. The accounting for income taxes essentially represents the income taxes that DEBS would incur if DEBS was a separate company filing its own tax return as a C-Corporation.

Management evaluates and records contingent tax liabilities and related interest based on the probability of ultimately sustaining the tax

FERC FORM 60 (NEW 12-05)

2009

2009

2008

2008

Name of Respondent	This Report is:	Resubmission Date	Year of Report			
	(1) <u>X</u> An Original	(Mo, Da, Yr)				
Duke Energy Business Services, LLC	(2) A Resubmission	11	2009			
Schedule XIV- Notes to Financial Statements						

deductions or income positions. Management assesses the probabilities of successfully defending the tax deductions or income positions based upon statutory, judicial or administrative authority.

New Accounting Standards. The following new accounting standards were adopted by DEBS during the year ended December 31, 2008 and the impact of such adoption, if applicable, has been presented in the accompanying Consolidated Financial Statements:

EITF Issue No. 06-11, "Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards" (EITF 06-11). In June 2007, the EITF reached a consensus that would require realized income tax benefits from dividends or dividend equivalents that are charged to retained earnings and paid to employees for equity-classified nonvested equity shares, nonvested equity share units, and outstanding equity share options to be recognized as an increase to additional paid-in capital. In addition, EITF 06-11 requires that dividends on equity-classified share-based payment awards be reallocated between retained earnings (for awards expected to vest) and compensation cost (for awards not expected to vest) each reporting period to reflect current forfeiture estimates. For DEBS, EITF 06-11 has been applied prospectively to the income tax benefits of dividends on equity-classified employee share-based payment awards that are declared in fiscal years beginning January 1, 2008, as well as interim periods within those fiscal years. The adoption of EITF 06-11 did not have a material impact on DEBS's consolidated results of operations, cash flows or financial position.

2. Acquisitions

Cinergy Merger. On July 1, 2008, Duke Energy Shared Services (DESS) was merged into Duke Energy Business Services (DEBS). In conjunction with this transaction, approximately \$206 million of assets and approximately \$419 million of liabilities were transferred to DEBS, including \$18 million of intercompany receivables and \$103 million of intercompany liabilities.

3. Income Taxes

The following details the components of income tax expense for the years ended December, 31, 2009 and 2008:

Income Tax Expense (in millions)

	2009	2008
Current income taxes Federal State	\$ 36 6_	\$ (60) (9)
Total current income taxes	42_	<u>(69)</u>
Deferred income taxes Federal State	(22)	76 5
Total deferred income taxes	(27)	81
Total income tax expense from continuing operations	15	12
Total income tax expense (benefit) from discontinued operations	-	(1)
Total income tax expense included in Comparative Income Statement	\$ 15	\$ 11

Net Deferred Income Tax Asset Components (in millions)

	2005	2000
Deferred credits and other liabilities Investments and other assets	\$ 12 (3)	\$ 34 <u>35</u>
Total deferred income tax assets	9_	69
Accelerated depreciation rates	(58)	(16)
Total deferred income tax liabilities	(58)	(16)
Net deferred income tax assets/(liabilities)	\$ (49)	\$ <u> </u>

 Duke Energy Business Services, Inc. will participate in the filing of a consolidated federal income tax return with Duke Energy Corporation for the years

 FERC FORM 60 (NEW 12-05)
 204.2

Name of Respondent	This Report is:	Resubmission Date	Year of Report
	(1) <u>X</u> An Original	(Mo, Da, Yr)	
Duke Energy Business Services, LLC	(2) A Resubmission	11	2009
Sch	edule XIV- Notes to Financial Stateme	nts	

ended December 31, 2009 and 2008. The current tax liability is allocated among the members of the Duke consolidated group pursuant to a tax sharing agreement.

4. Severance and Other Charges

Severance and Other Charges. During the years ended December 31, 2009 and 2008, DEBS recorded approximately \$4 million and less than one million of severance charges, respectively, primarily under its ongoing severance plan. Future severance costs under this plan, if any, are currently not estimable.

5. Property, Plant and Equipment

	Estimated Useful Life <u>(Years)</u>	a hann daa ka sa ka sa ka sa sa sa ka ka sa k
	(rears)	
Buildings and improvements	25	
Office Furniture and Equipment	4	
Aircraft and Airport Equipment	10	
Software	5	

6. Commitments

Operating Lease Commitments

DEBS leases assets in several areas of its operations. Consolidated rental expense for operating leases included in income from continuing operations was \$58 million and \$42 million for the years ending December 31, 2009 and 2008, which are included in the total cost of service. The following is a summary of future minimum lease payments under operating leases, which at inception had a non-cancelable term of more than one year as of December 31, 2009:

	Operating Leases in millions)
2010	\$ 45
2011	39
2012	33
2013	27
2014	16
Thereafter	24
Total future minimum lease payments	\$ 184

7. Stock-Based Compensation

For employee awards, equity classified stock-based compensation cost is measured at the grant date, based on the fair value of the award, and is recognized as expense or capitalized as a component of property, plant and equipment over the requisite service period.

Duke Energy's 2006 Long-Term Incentive Plan (the 2006 Plan) reserved 60 million shares of common stock for awards to employees and outside directors. The 2006 Plan superseded the 1998 Long-Term Incentive Plan, as amended (the 1998 Plan), and no additional grants will be made from the 1998 Plan. Under the 2006 Plan, the exercise price of each option granted cannot be less than the market price of Duke Energy's common stock on the date of grant and the maximum option term is 10 years. The vesting periods range from immediate to five years. Duke Energy has historically issued new shares upon exercising or vesting of share-based awards. In 2010, Duke Energy may use a combination of new share issuances and open market repurchases for share-based awards which are exercised or become vested; however Duke Energy has not determined with certainty the amount of such new share issuances or open market repurchases.

The 2006 Plan allows for a maximum of 15 million shares of common stock to be issued under various stock-based awards other than options and stock appreciation rights.

Name of Respondent	This Report is:	Resubmission Date	Year of Report
Duke Energy Business Services, LLC	(1) <u>X</u> An Original (2) A Resubmission	(Mo, Da, Yr) / /	2009
	edule XIV- Notes to Financial Stateme	nts	

Stock-Based Compensation Expense

DEBS recorded pre-tax stock-based compensation expense included in the total cost of service for the years ended December 31, 2009 and 2008, as follows:

	For the Years Ended December 31,
Stock Options Phantom Awards Performance Awards Other Stock Awards	2009 2008 (in millions) \$ 1 \$ 2 14 14 19 20 1
Total	\$ <u>34</u> \$ <u>37</u>

8. Notes Payable to Associated Companies

DEBS participates with Duke Energy and other Duke Energy subsidiaries in a money pool arrangement to better manage cash and working capital requirements. Under this arrangement, those companies with short-term funds may provide short-term loans to affiliates participating under this arrangement.

9. Subsequent Events

In January 2010, Duke Energy announced plans to offer a voluntary severance plan to approximately 8,750 eligible employees. As this is a voluntary plan, all severance benefits offered under this plan are considered special termination benefits under GAAP. Special termination benefits are measured upon employee acceptance and recorded immediately absent a significant retention period. If a significant retention period exists, the cost of the special termination benefits are recorded ratably over the remaining service periods of the affected employees. The window for employees to request to voluntarily end their employment under this plan opened on February 3, 2010 and closed on February 24, 2010 for approximately 8,400 eligible employees. Also in January 2010, Duke Energy announced that it will consolidate certain corporate office functions, resulting in transitioning over the next two years of approximately 350 positions from its offices in the voluntary plan discussed above, find a regional position within Duke Energy or remain with Duke Energy through a transition period, at which time a severance benefit would be paid under Duke Energy's ongoing severance plan. For employees affected by the consolidation of Duke Energy's corporate functions in Charlotte, North Carolina, the window closed March 31, 2010. At March 31, 2010, total estimated cost associated with the voluntary severance program and office consolidation is \$90 million.

Additionally, Duke Energy believes that it is possible that the voluntary severance plan may trigger settlement accounting or curtailment accounting with respect to its pension and other post-retirement benefit plans. At this time, management is unable to determine the likelihood that settlement or curtailment accounting will be triggered.

Nam	e of Res	pondent This Report Is:	Resubmission Date	Year/Period of Repo
		Business Services, LLC (1) X An Original	(Mo, Da, Yr) / /	Dec 31, 2009
		(2) A Resubmission Schedule XV- Comparative Income Statement	, , ,	

	Account	Title of Account	Current Year	Prior Year
.ine	Number			
No.	(a)	(b)	(c)	(d)
1		SERVICE COMPANY OPERATING REVENUES		
2	400	Service Company Operating Revenues	1,945,761,665	1,449,524,0
3		SERVICE COMPANY OPERATING EXPENSES		Sec. 1
4	401	Operation Expenses	1,344,684,422	1,042,356,4
5	402	Maintenance Expenses	118,072,314	60,266,5
6	403	Depreciation Expenses		
7	403.1	Depreciation Expense for Asset Retirement Costs		
8	404	Amortization of Limited-Term Property	136,611	64,0
9	405	Amortization of Other Property		
10	407.3	Regulatory Debits	71,475,736	(739,06
11	407.4	Regulatory Credits		
12	408.1	Taxes Other Than Income Taxes, Operating Income	49,244,591	28,341,1
13	409.1	Income Taxes, Operating Income	(2,801)	
14	410.1	Provision for Deferred Income Taxes, Operating Income		
	411.1	Provision for Deferred Income Taxes – Credit , Operating Income		-
	411.4	Investment Tax Credit, Service Company Property	~~~~	1,203,6
	411.6	Gains from Disposition of Service Company Plant		.,
	411.7	Losses from Disposition of Service Company Plant	······	
	411.10	Accretion Expense		
	412	Costs and Expenses of Construction or Other Services	307,994,323	247,942,7
	416	Costs and Expenses of Merchandising, Jobbing, and Contract Work	346,867	
22		TOTAL SERVICE COMPANY OPERATING EXPENSES (Total of Lines 4-21)	1,958,330,793	·
23		NET SERVICE COMPANY OPERATING INCOME (Total of Lines 2 less 22)	(12,569,128)	
24		OTHER INCOME	((2,000,120)	11,002,01
	418.1	Equity in Earnings of Subsidiary Companies		
	419	Interest and Dividend Income	21,212,136	239,4
	419.1	Allowance for Other Funds Used During Construction	(43,802)	
	421	Miscellaneous Income or Loss	(9,792)	
	421.1	Gain on Disposition of Property	(251)	
30	76151	TOTAL OTHER INCOME (Total of Lines 25-29)	21,158,291	34,730,24
31		OTHER INCOME (FIGURE IN LINES 23-23)	21,100,201	04,700,2
	421.2		73,408	80,55
	425	Loss on Disposition of Property		00,5
	425	Miscellaneous Amortization	634,042	2,613,0
35	426.1	Donations	(23,090)	
		Life Insurance	568,622	
	426.3	Penalties		
	426.4	Expenditures for Certain Civic, Political and Related Activities	5,713,212	
	426.5	Other Deductions	(3,806,438)	+
39		TOTAL OTHER INCOME DEDUCTIONS (Total of Lines 32-38)	3,159,756	13,342,1
10		TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS		

							Page 1 of 52	
		pondent	This F (1)	Rep	ort Is: An Original	Res	submission Date (Mo, Da, Yr)	Year/Period of Repor
Duk	e Energy	/ Business Services, LLC	(1) (2)		A Resubmission		/ /	Dec 31, 2009
		Schedule XV- Comparative		e St	atement (contin	led)		
	Account	Title of Account					Current Year	Prior Year
Line	Number							
No.	(a)	(b)					(c)	(d)
41	408.2	Taxes Other Than Income Taxes, Other Income and Deductions			-,			
42	409.2	Income Taxes, Other Income and Deductions					42,406,803	5,774,041
43	410.2	Provision for Deferred Income Taxes, Other Income and Deductions					118,757,93	5
44	411.2	Provision for Deferred Income Taxes – Credit, Other Income and Deduction	s				(145,962,455) 12,041,793
45	411.5	Investment Tax Credit, Other Income Deductions						
46		TOTAL TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS (Total of L	Line	s 41-45)		15,202,282	2 17,815,834
47		INTEREST CHARGES						
48	427	Interest on Long-Term Debt						
49	428	Amortization of Debt Discount and Expense					323,54	ļ
50	429	(less) Amortization of Premium on Debt- Credit						
51	430	Interest on Debt to Associate Companies					3,134,96	2,281,317
52	431	Other Interest Expense					7,030,609	854,035
53	432	(less) Allowance for Borrowed Funds Used During Construction-Credit					5,062,50	5,120,165
54		TOTAL INTEREST CHARGES (Total of Lines 48-53)					5,426,60	5 (1,984,813)
55		NET INCOME BEFORE EXTRAORDINARY ITEMS (Total of Lines 23, 30)	minus 3	9.4	6. and 54)		(15,199,480	
56		EXTRAORDINARY ITEMS						
57	434	Extraordinary Income						
	435	(less) Extraordinary Deductions						
59		Net Extraordinary Items (Line 57 less Line 58)						
60	409.4	(less) Income Taxes, Extraordinary						465,349
61		Extraordinary Items After Taxes (Line 59 less Line 60)						(465,349)
62		NET INCOME OR LOSS/COST OF SERVICE (Total of Lines 55-61)					(15,199,480	
			***				(,	1
						4		

Case No. 2011-124
AG-DR-01-037 (iv) attachment
Page 1 of 52

Name of Respondent	This Report is:	Resubmission Date	Year of Report
	(1) X An Original	(Mo, Da, Yr)	
Duke Energy Business Services, LLC	(2) A Resubmission		2009
	FOOTNOTE DATA		

EBS	
potnote for Schedule XV - 2009	
ne 20	
xpense - Income Statement	
415 Jobbing and contract work	\$ (4,837,293)
417 Revenues from non-utility operations	(6,107,304)
418 Non-operating Rental Income	(1,252,604)
422 Foreign Currency gain/loss	38,679
449 Provision for Rate Refunds	(5,815,509)
450 Forfeited Discounts	(29,104)
451 Misc. Service Revenue	(437,492)
454 Rent from electric property	(2,563,610)
455 Subsidiary Cost Of Capital	(120,184)
456 Other electric revenues	(34,215,075)
487 Discounts Earned/Lost - Gas	(7,652)
otal Expense - Income Statement	\$ (55,347,148)
xpense - Balance Sheet	
101 Gas plant in service	\$ 565,709
102 Electric Plant	120
105 Investment tax credit adjustments	26,287
106 Miscellaneous expense accounts	944
107 Construction work in progress	267,186,741
108 Accumulated provision for depreciation of utility plant	1,433,165
114 Purchase Accounting - PP&E	(149)
116 Other electric plant adjustments	172
118 Other Utility CWIP	(1,701)
120 Nuclear Fuel In Process	253
121 Non-utility Property	2,020,342
124 Other investments	210,522
163 Stores expense undistributed	37,978,723
181 Unamortized debt expense	943,144
182 Other regulatory assets	15,151,951
183 Preliminary survey & investigation charges	4,441,720
184 Clearing accounts	(1,933,206)
185 Temporary facilities	(252,740)
186 Misc. deferred debits	35,629,022
	(59,548)

Name of Respondent	This Report is:	Resubmission Date	Year of Report
	(1) <u>X</u> An Original	(Mo, Da, Yr)	
Duke Energy Business Services, LLC	(2) A Resubmission	11	2009
	FOOTNOTE DATA		

Grand Total		\$ 307,994,323		
Schedule Pag	e: 301 Line No.: 20 Column: d			
Expense - Incor	ne Statement			
415	Jobbing and contract work	\$	(568,891)	
417	Revenues from non-utility operations		(25,960,301)	
418	Equity in earnings of subsidiary companies		(218,764)	
422	Foreign Currency gain/loss		(47,953)	
450	Forfeited Discounts		(150)	
451	Misc. Service Revenue		(372,964)	
454	Rent from electric property		(1,652,651)	
455	Subsidiary Cost Of Capital		(120,184)	
456	Other electric revenues		(27,133,713)	
otal Expense	- Income Statement	\$	(56,075,571)	
xpense - Balar				
101	Gas plant in service	\$	6,005	
105	Investment tax credit adjustments		15,305	
106	Miscellaneous expense accounts		1,836	
107	Construction work in progress		231,288,940	
108	Accumulated provision for depreciation of utility plant		(207,493)	
116	Other electric plant adjustments		11	
118	Other Utility CWIP		303	
120	Nuclear Fuel In Process		2,461	
121	Non-utility Property		982,758	
124	Other investments		124,135	
163	Stores expense undistributed		29,933,381	
181	Unamortized debt expense		1,048,368	
182	Other regulatory assets		12,074,640	
182	Preliminary survey & investigation charges		515,182	
185	Clearing accounts		(267,945)	
184	-			
	Temporary facilities		(151,467)	
186	Misc. deferred debits		28,651,885	
otal Expense	- Balance Sheet	\$	304,018,305	
Frand Total		\$	247,942,734	

Grand Total

Nan	ne of Res	spondent		This Report Is:		Resubmission Date (Mo, Da, Yr)		Year/Period of Report	
Duł	ke Energ	y Business Services, LLC			An Original A Resubmission			1, <u>2009</u>	
		Schedule XVI- Analysis							
1.	Total co	st of service will equal for associate a	ind nonassocia	te companies	the total amour	nt billed under l	their sep	parate a	analysis of
billi	ing sche								
Line	Account Number	Title of Account	Associate Company Direct Cost	Associate Company Indirect Cost	Associate Company Total Cost	Nonassociate Company Direct Cost	Nonass Comp Indirect	bany	Nonassociate Company Total Cost
No.	(a)	(b)	(c)	(d)	(e)	(f)	(g		(h)
1	403-403.1	Depreciation Expense	2,929,140	63,449,590	66,378,730				
2	404-405	Amortization Expense	136,611		136,611				
3	407 3-407 4	Regulatory Debits/Credits – Net	71,475,736		71,475,736				
4	408.1-408.2	Taxes Other Than Income Taxes	16,547,518	32,697,073	49,244,591				
5	409.1-409.3	Income Taxes							
6	410.1-411.2	Provision for Deferred Taxes							
7		Provision for Deferred Taxes - Credit						·	
8	411.6	Gain from Disposition of Service Company Plant							
9	411.7	Losses from Disposition of Service Company Plant							
10		Investment Tax Credit Adjustment							
11		Accretion Expense							
	412	Costs and Expenses of Construction or Other							
12		Services	326,825,657	47,094	326,872,751				
	416	Costs and Expenses of Merchandising, Jobbing,							
13		and Contract Work for Associated Companies	346,189	678					
14	418	Non-operating Rental Income	1,252,602		1,252,602				
15	418 1	Equity in Earnings of Subsidiary Companies							
16	419	Interest and Dividend Income	21,223,173	(11,037)	21,212,136				
17	419 1	Allowance for Other Funds Used During Construction	43,802		43,802				
18	421	Miscellaneous Income or Loss	14,584	(24,376)	(9,792)				
19	421.1	Gain on Disposition of Property		(251)	(251)				
20	421.2	Loss on Disposition Of Property	72,532	876	73,408				
21	425	Miscellaneous Amortization							
22	426.1	Donations	498,200	135,842	634,042				
23	426.2	Life Insurance		(23,090)	(23,090)				
24	426.3	Penalties	427,922	140,700	568,622				
	426.4	Expenditures for Certain Civic, Political and							
25		Related Activities	265,904						
26	426 5	Other Deductions	(4,039,270)	232,832	(3,806,438)				
27	427	Interest On Long-Term Debt							
28	428	Amortization of Debt Discount and Expense	323,544		323,544				
29	429	Amortization of Premium on Debt – Credit							
30	430	Interest on Debt to Associate Companies Other Interest Expense	(36,229)						
31	431 432	Allowance for Borrowed Funds Used During	5,552,722	1,477,887	7,030,609				
32	432	Construction	(7,708)	(5,054,801)	(5,062,509)				
33	500-509	Total Steam Power Generation Operation Expenses	54,017,779	4,798,792	58,816,571				
	510-515	Total Steam Power Generation Maintenance							
34		Expenses	44,844,833	336,906	45,181,739				
1	1	1	1		1		1		

Name of Respondent Duke Energy Business Services, LLC	This Report Is: (1) X An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2009

ine	Account Number	Title of Account	Associate Company Direct Cost	Associate Company Indirect Cost	Associate Company Total Cost	Nonassociate Company Direct Cost	Nonassociate Company Indirect Cost	Nonassociate Company Total Cost
NO.	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	517-525	Total Nuclear Power Generation Operation						
5		Expenses	21,444,621	4,210	21,448,831			
	528-532	Total Nuclear Power Generation Maintenance						
6		Expenses	7,860,084		7,860,084			
	535-540 1	Total Hydraulic Power Generation Operation						
7		Expenses	931,960		931,960			
~		Total Hydraulic Power Generation Maintenance	050 000		050.007			
8		Expenses	853,009	278	853,287			<u> </u>
~		Total Other Power Generation Operation			05 005 000			
9	551-554.1	Expenses Total Other Power Generation Maintenance	35,823,798	142,084	35,965,882			
~			0.000.400	407	0.000.015			
0		Expenses Total Other Power Supply Operation Expenses	2,369,428		2,369,615			
1		Operation Supervision and Engineering	23,887,991	104,672	23,992,663			
2			121,355	87,303	208,658			
3	561.1	Load Dispatch-Reliability	1,278,633	1,366,310	2,644,943			L
	5612	Load Dispatch-Monitor and Operate Transmission			1 20 (101			
4		System Load Dispatch-Transmission Service and	2,973,733	1,890,448	4,864,181			_
-	561.3	Scheduling	0.00 500		1 050 057			
5		Scheduling Scheduling, System Control and Dispatch Services	948,536	307,721	1,256,257			
6		Reliability Planning and Standards Development	8,966,682		8,966,682			
7	561.5		8,330		8,330			
8		Transmission Service Studies	18,406		18,406			
.9	561 7	Generation Interconnection Studies	1,355		1,355			
	561 8	Reliability Planning and Standards Development						
50		Services Station Expenses (Major Only)	560,390	ļ	560,390			
51	562		2,140,541		2,140,541			
52	563	Overhead Line Expenses (Major Only)	494,166		494,166			
53	564	Underground Line Expenses (Major Only)	3,727	[3,727			1
54	565	Transmission of Electricity by Others (Major Only)	23,363,843		23,363,843			
	566	Miscellaneous Transmission Expenses (Major						
5		Only)	2,060,746		2,061,507			
56	567	Rents	2,465,758		2,465,758			
		Operation Supplies and Expenses (Nonmajor						
57		Only) Total Transmission Operation Expenses	15 400 00	0.050.540	40.050.744			
8	500	Maintenance Supervision and Engineering (Major	45,406.201	3,652,543	49,058,744			
0	568		100.057		100.055			
9	569	Only) Maintenance of Structures (Major Only)	129,255		129,255			+
50 		Maintenance of Computer Hardware	374,434		374,434			+
51 		Maintenance of Computer Nardware	1,391,654		1,391,654			
2			5,384,258				<u> </u>	
3		Maintenance of Communication Equipment	332,522	1	332,522		<u> </u>	
	569.4	Maintenance of Miscellaneous Regional						
i4	C70	Transmission Plant						<u> </u>
5	570	Maintenance of Station Equipment (Major Only)	1,232,012		1,232,012			<u> </u>
6	571	Maintenance of Overhead Lines (Major Only)	2,530,239	+				
67	572	Maintenance of Underground Lines (Major Only)	39,489	1	39,489			+
	573	Maintenance of Miscellaneous Transmission Plant						
8		(Major Only)	11,107	1	11,107		1	L

Name of Respondent Duke Energy Business Services, LLC	This Report Is: (1) X An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, <u>2009</u>
			•

ine	Account Number	Title of Account	Associate Company Direct Cost	Associate Company Indirect Cost	Associate Company Total Cost	Nonassociate Company Direct Cost	Nonassociate Company Indirect Cost	Nonassociate Company Total Cost
No.	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	574	Maintenance of Transmission Plant (Nonmajor						
59		Only)						
70		Total Transmission Maintenance Expenses	11,424,970	272,869	11,697,839		L	
71	L	Total Regional Market Operation Expenses	7,893,908		7,893,908			
72	1	Total Regional Market Maintenance Expenses						
73	580-589	Total Distribution Operation Expenses	16,443,022	1,655,953	18,098,975			
74	590-598	Total Distribution Maintenance Expenses	14,961,045	94,468	15,055,513			
		Total Electric Operation and Maintenance						
75		Expenses	687,034,560	112,821,805	799,856,365			
		Production Expenses (Provide selected accounts						
6		in a footnote)	737,624		737,624			
7		Total Other Gas Supply Operation Expenses	1,678,793		1,678,793			
8	814-826	Total Underground Storage Operation Expenses	24		24			
	830-837	Total Underground Storage Maintenance						
79		Expenses						
30	1	Total Other Storage Operation Expenses						
31		Total Other Storage Maintenance Expenses						
		Total Liquefied Natural Gas Terminaling and						
32		Processing Operation Expenses						
	1	Total Liquefied Natural Gas Terminaling and						
3	l	Processing Maintenance Expenses						
34	650	Operation Supervision and Engineering						
35	851	System Control and Load Dispatching						
36	852	Communication System Expenses						
37	<u> </u>	Compressor Station Labor and Expenses						
38		Gas for Compressor Station Fuel						
39	855	Other Fuel and Power for Compressor Stations						
90		Mains Expenses						
91	857	Measuring and Regulating Station Expenses						
92	858	Transmission and Compression of Gas By Others						
13	859	Other Expenses	171,415		171,415			
94	860	Rents						
15		Total Gas Transmission Operation Expenses	171,415		171,415			
6	861	Maintenance Supervision and Engineering						
)7	862	Maintenance of Structures and Improvements						
8	863	Maintenance of Mains						
9	864	Maintenance of Compressor Station Equipment						
	865	Maintenance of Measuring And Regulating Station						
00		Equipment						
D1	866	Maintenance of Communication Equipment						
)2	867	Maintenance of Other Equipment						
03	1	Total Gas Transmission Maintenance Expenses						
04	870-881	Total Distribution Operation Expenses	7,298,150	(150)	7,298,000			

		-	
Name of Respondent	This Report Is:	Resubmission Date	Year/Period of Report
Duke Energy Business Services, LLC	(1) X An Original (2) A Resubmission	(Mo, Da, Yr) / /	Dec 31, <u>2009</u>

ine No. 05	Number	Title of Account	Associate Company Direct Cost	Associate Company Indirect Cost	Associate Company Total Cost	Nonassociate Company Direct Cost	Nonassociate Company Indirect Cost	Nonassociate Company Total Cost
05	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	885-894	Total Distribution Maintenance Expenses	3,967,454		3,967,454			
		Total Natural Gas Operation and Maintenance						
)6		Expenses	13,853,460	(150)	13,853,310			
07	901	Supervision	385,447	260,248	645,695			
)8	902	Meter reading expenses	85,810	5,426	91,236			
9	903	Customer records and collection expenses	69,534,626	27,091,171	96,625,797			
0	904	Uncollectible accounts	51,777,869		51,777,869			
1	905	Miscellaneous customer accounts expenses	62,672		62,672			
2	906	Total Customer Accounts Operation Expenses	121,846,424	27,356,845	149,203,269			
3	907	Supervision						
14	908	Customer assistance expenses	396,747	180,107	576,854			
	909	Informational And Instructional Advertising						
15		Expenses	178,308	6,679	184,987			
	910	Miscellaneous Customer Service And						
16		Informational Expenses	15,800,415	6,356,162	22,156,577			
		Total Service and Informational Operation						
7		Accounts	16,375,470	6,542,948	22,918,418			
8	911	Supervision		83	83			
9	912	Demonstrating and Selling Expenses	365,647	384	366,031			
0	913	Advertising Expenses	366,779	22,459	389,238			
21	916	Miscellaneous Sales Expenses		2,400,693	2,400,693		[
22		Total Sales Operation Expenses	732,426	2,423,619	3,156,045		[
23	920	Administrative and General Salaries	53,887,614	297,441,606	351,329,220			
24	921	Office Supplies and Expenses	10,767,000	109,243,522	120,010,522			
25	923	Outside Services Employed	32,234,597	186,888,379	219,122,976			
26	924	Property Insurance	8,278,817	9,748,653	18,027,470			
27	925	Injuries and Damages	3,999,443	3,114,176	7,113,619			
28	926	Employee Pensions and Benefits	39,016,033	75,237,262	114,253,295			
29	928	Regulatory Commission Expenses	16,458,981	127	16,459,108			
30	930.1	General Advertising Expenses	278,273	2,361,420	2,639,693			
31	930.2	Miscellaneous General Expenses	12,439,893	7,107,015	19,546,908			
	931	Rents	4,961,039		55,901,060		[
_		Total Administrative and General Operation						
33		Expenses	182,321,690	742,082,181	924,403,871			
	935	Maintenance of Structures and Equipment	720,195		32,370,387		l	
		Total Administrative and General Maintenance		- 10001.02				
35		Expenses	321,996,205	810,055,785	1,132,051,990			
		Total Cost of Service	1,022,884,225	922,877,440	1,945,761,665			

	ne of Re	spondent	This Rep		Resubmissi (Mo, Da,	on Date	Year/Period of Rep	
Dul	ke Energ	y Business Services, LLC		An Original A Resubmission	/ /	,,	Dec 31, 2009	
		Schedule XVI- Analysis of Char			Companies (c	continued)	
•	Account	Title of Account	Total Charges for Services	Total Charges for	Services	Tota	Charges for Services	
ine	Number		Direct Cost	Indirect Co	st	Total Cost		
No	(a)	(b)	(i)	(i)			(k)	
1	403-403 1	Depreciation Expense	2,929,140		63,449,590		66,378	
2	404-405	Amortization Expense	136,611				136	
3	407.3-407.4	Regulatory Debits/Credits – Net	71,475,736				71,475	
4	408 1-408 2	Taxes Other Than Income Taxes	16,547,518		32,697,073		49,244	
5	409 1-409 3	Income Taxes						
6	410 1-411 2	Provision for Deferred Taxes						
7	411.1-411.2	Provision for Deferred Taxes – Credit						
8	411.6	Gain from Disposition of Service Company Plant						
9	411.7	Losses from Disposition of Service Company Plant						
0	411.4-411.5	Investment Tax Credit Adjustment						
1	411 10	Accretion Expense						
	412	Costs and Expenses of Construction or Other						
2		Services	326,825,657		47,094		326,872	
	416	Costs and Expenses of Merchandising, Jobbing,						
3		and Contract Work for Associated Companies	346,189		678		346	
4	418	Non-operating Rental Income	1,252,602				1,252	
5	418 1	Equity in Earnings of Subsidiary Companies						
6	419	Interest and Dividend Income	21,223,173		(11,037)		21,212	
	419.1	Allowance for Other Funds Used During	<u></u>					
7		Construction	43,802				43	
8	421	Miscellaneous Income or Loss	14,584		(24,376)		(9	
9	421.1	Gain on Disposition of Property			(251)		(
20	421 2	Loss on Disposition Of Property	72,532		876		73	
21	425	Miscellaneous Amortization	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,					
22	426.1	Donations	498,200		135,842	••••••	634	
23	426.2	Life Insurance			(23,090)		(23,	
4	426 3	Penalties	427,922		140,700		568	
	426 4	Expenditures for Certain Civic, Political and						
25		Related Activities	265,904		5,447,308		5,713	
	426.5	Other Deductions	(4,039,270)		232,832		(3,806,	
27	427	Interest On Long-Term Debt						
	428	Amortization of Debt Discount and Expense	323,544				323	
29	429	Amortization of Premium on Debt - Credit		·····				
	430	Interest on Debt to Associate Companies	(36,229)	·····	3,171,190		3,134	
	431	Other Interest Expense	5,552,722		1,477,887		7,030	
31	432	Allowance for Borrowed Funds Used During						
31		Construction	(7,708)		(5,054,801)		(5,062,	
31 32		Tatal Otare Deves Conserving Operation						
	500-509	Total Steam Power Generation Operation			,		50.040	
	500-509	Expenses	54,017,779		4,798,792		58,816	
2	500-509 510-515		54,017,779		4,798,792		58,816	

								ge 1 of 52		
		spondent			eport Is: { An Origina	1	Resubmissi (Mo, Da,	on Date Yr)	Year/Period of Rep	
Dul	ke Energ	y Business Services, LLC		(2)	A Resubm		11		Dec 31, <u>2009</u>	
		Schedule XVI- Analysis of Charg	jes for Service- As	sociate	and Non-As	sociate	Companies (c	continued)	
	Account	Title of Account	Total Charges for Se	rvices	Total Charges for Services		1	Tota	I Charges for Services	
ine	Number		Direct Cost		Indirect Co		Cost		Total Cost	
No.	(a)	(b)	(i)			(i)			(k)	
	517-525	Total Nuclear Power Generation Operation		+						
5	528-532	Expenses Total Nuclear Power Generation Maintenance		21,444,62	21		4,210		21,448	
36	520-532	Expenses		7,860,08	34				7,860	
	535-540 1	Total Hydraulic Power Generation Operation								
37	5 14 5 15 A	Expenses		931,96	50				931	
38	541-545 1	Total Hydraulic Power Generation Maintenance Expenses		853,00	9		278		853	
	546-550.1	Total Other Power-Generation Operation	· · · · · · · · · · · · · · · · · · ·					····		
39		Expenses		35,823,79	98		142,084		35,965	
10	551-554 1	Total Other Power Generation Maintenance Expenses		2,369,42	28		187		2,369	
	555-557	Total Other Power Supply Operation Expenses		23,887,99			104,672		23,992	
12	560	Operation Supervision and Engineering		121,35			87,303		208	
13	561 1	Load Dispatch-Reliability		1,278,63	33		1,366,310		2,644	
	561.2	Load Dispatch-Monitor and Operate Transmission					1 000 110			
4	561 3	System Load Dispatch-Transmission Service and		2,973,73			1,890,448		4,864	
5	501.5	Scheduling		948,53	36		307,721		1,256	
	561 4	Scheduling, System Control and Dispatch Services		8,966,68			ì		8,966	
7	561 5	Reliability Planning and Standards Development		8,33	30				8	
18	561.6	Transmission Service Studies		18,40)6				18	
19	561.7	Generation Interconnection Studies		1,35	55				1	
-0	561 8	Reliability Planning and Standards Development								
50 51		Services Station Expenses (Major Only)		560,39					560	
		Overhead Line Expenses (Major Only)		2,140,54					2,140	
		Underground Line Expenses (Major Only)		3,72	_			n		
		Transmission of Electricity by Others (Major Only)		23,363,84					23,363	
		Miscellaneous Transmission Expenses (Major	·····							
55		Only)		2,060,74	16		761		2,061	
56	567	Rents		2,465,75	58				2,465	
	567 1	Operation Supplies and Expenses (Nonmajor								
57		Only)								
58		Total Transmission Operation Expenses		45,406,20)1		3,652,543		49,058	
	568	Maintenance Supervision and Engineering (Major		400.00					400	
59 50	569	Only) Maintenance of Structures (Major Only)		129,25					129	
		Maintenance of Computer Hardware		374,43					374	
		Maintenance of Computer Software		5,384,25			32,175		5,416	
		Maintenance of Communication Equipment		332,52				<u> </u>	332	
		Maintenance of Miscellaneous Regional			1					
64		Transmission Plant	· · · · · ·				[
65	570	Maintenance of Station Equipment (Major Only)		1,232,01	2				1,232	
36		Maintenance of Overhead Lines (Major Only)		2,530,23	19		240,694		2,770	
57		Maintenance of Underground Lines (Major Only)		39,48	39				39	
8		Maintenance of Miscellaneous Transmission Plant (Major Only)		44 40	17					
0				11,10	<i>"</i>				11	

Nar	ne of Re	spondent		This Rep		Resubmission	c 1 of 52 Date	Year/Period of Repo
		y Business Services, LLC		(1) 区	An Original	(Mo, Da, Y	r)	Dec 31, 2009
		•			A Resubmission	11		
		Schedule XVI- Analysis of Char	ges for Service- As	sociate ar	id Non-Associate	Companies (co	ntinued)
	Account	Title of Account	Total Charges for Se	rvices	Total Charges fo	or Services	Tola	Charges for Services
Line	Number		Direct Cost		Indirect C			Total Cost
No.	(a)	(b)	(i)		()			(k)
69	574	Maintenance of Transmission Plant (Nonmajor Only)						
70		Total Transmission Maintenance Expenses	· · · ·	11,424,970		272,869		11,697,8
71	575 1-575 8	Total Regional Market Operation Expenses		7,893,908				7,893,90
72	.	Total Regional Market Maintenance Expenses			*****			
73		Total Distribution Operation Expenses		16,443,022		1,655,953		18,098,9
74	590-598	Total Distribution Maintenance Expenses		14,961,045		94,468		15,055,5
		Total Electric Operation and Maintenance				01,100		
75		Expenses		687,034,560		112,821,805		799,856,30
	700-798	Production Expenses (Provide selected accounts						
76		in a footnote)		737,624				737,65
77	800-813	Total Other Gas Supply Operation Expenses		1,678,793				1,678,7
78	814-826	Total Underground Storage Operation Expenses		24				
79	830-837	Total Underground Storage Maintenance Expenses						
80	840-842.3	Total Other Storage Operation Expenses						
		Total Other Storage Maintenance Expenses						
32		Total Liquefied Natural Gas Terminaling and Processing Operation Expenses						
	847 1-847 8	Total Liquefied Natural Gas Terminaling and						
83		Processing Maintenance Expenses						
84	850	Operation Supervision and Engineering						
85	851	System Control and Load Dispatching						
86	852	Communication System Expenses						
87	853	Compressor Station Labor and Expenses						
88	854	Gas for Compressor Station Fuel						
89	855	Other Fuel and Power for Compressor Stations	·····					
90	856	Mains Expenses						
91	857	Measuring and Regulating Station Expenses						
92	858	Transmission and Compression of Gas By Others						
93	 	Other Expenses		171,415				171,4
94	860	Rents						
95		Total Gas Transmission Operation Expenses		171,415				171,4
	861	Maintenance Supervision and Engineering						
	}	Maintenance of Structures and Improvements						
98	l	Maintenance of Mains						
	L	Maintenance of Compressor Station Equipment	·····					
	•	Maintenance of Measuring And Regulating Station						
00		Equipment						
	.	Maintenance of Communication Equipment						<u></u>
		Maintenance of Other Equipment						
02	007	Total Gas Transmission Maintenance Expenses						
	870-881	Total Distribution Operation Expenses						
	070-001			7,298,150		(150)		7,298,00

	of Respondent			ra	age 1 of 52	
Duke E	псарынаен		Report Is:	Resubmissi (Mo, Da	ion Date	Year/Period of Repor
	nergy Business Services, LLC	(1) (2)	X An Original		, 11)	Dec 31, 2009
<u></u>	Schedule XVI- Analysis of Cha			<u>`_</u>	continued	
				<u></u>		<u></u>
Acc	count Title of Account	Total Charges for Services	Total Charges	s for Services	Tota	Charges for Services
.ine Nur	mber	Direct Cost	Indirec	ct Cost		Total Cost
No. ((a) (b)	(i)	Ű	j)		(k)
05 885-8	194 Total Distribution Maintenance Expenses	3,96	7,454			3,967,45
	Total Natural Gas Operation and Maintenance					
06	Expenses	13,85	3,460	(150)		13,853,3
07 901	Supervision	38	5,447	260,248		645,6
08 902	Meter reading expenses	8	5,810	5,426		91,23
09 903	Customer records and collection expenses	69,53	1,626	27,091,171		96,625,79
10 904	Uncollectible accounts	51,77	7,869			51,777,8
11 905	Miscellaneous customer accounts expenses	6	2,672			62,63
12 906	Total Customer Accounts Operation Expenses	121,84	5,424	27,356,845		149,203,20
13 907	Supervision				_	
14 908	Customer assistance expenses	39	6,747	180,107		576,85
909	Informational And Instructional Advertising					
15	Expenses	17	3,308	6,679		184,98
910	Miscellaneous Customer Service And					
16	Informational Expenses	15,80),415	6,356,162		22,156,57
	Total Service and Informational Operation					
17	Accounts	16,37	5,470	6,542,948		22,918,4
18 911	Supervision			83		
19 912	Demonstrating and Selling Expenses	36	5,647	384		366,0
20 913	Advertising Expenses	36	5,779	22,459		389,23
21 916	Miscellaneous Sales Expenses			2,400,693		2,400,69
22	Total Sales Operation Expenses	73	2,426	2,423,619		3,156,04
23 920	Administrative and General Salaries	53,88	7,614	297,441,606		351,329,2
24 921	Office Supplies and Expenses	10,76	7,000	109,243,522		120,010,52
25 923	Outside Services Employed	32,23	1,597	186,888,379		219,122,9
26 924	Property Insurance	8,27	3,817	9,748,653		18,027,43
27 925	Injuries and Damages	3,99	9,443	3,114,176		7,113,6
28 926	Employee Pensions and Benefits	39,01	5,033	75,237,262		114,253,25
29 928	Regulatory Commission Expenses	16,45	3,981	127		16,459,10
30 930 1	General Advertising Expenses	27	3,273	2,361,420		2,639,69
31 930.2	Miscellaneous General Expenses	12,43	9,893	7,107,015		19,546,9
32 931	Rents	4,96	,039	50,940,021		55,901,00
	Total Administrative and General Operation					
	Expenses	182,32	,690	742,082,181		924,403,83
33),195			32,370,38
33 34 935	Maintenance of Structures and Equipment	72	1	31,650,192		
	Maintenance of Structures and Equipment Total Administrative and General Maintenance			31,650,192		
		321,99	····	31,650,192 810,055,785		1,132,051,99

Case No. 2011-124
AG-DR-01-037 (iv) attachment
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Name of Respondent	This Report is:	Resubmission Date	Year of Report
Duke Energy Business Services, LLC	(1) <u>X</u> An Original (2) <u> </u> A Resubmission	(Mo, Da, Yr) / /	2009
	FOOTNOTE DATA		

Schedule Page: 304 Line No.: 12 Column: c

DEBS

Footnotes for Schedule XVI - 2009

Page: 303 Line: 12 Column: c

	Income Statement		DIRECT	
401	Operation Expense	\$	4,696,672	
415	Jobbing and contract work		(4,837,293)	
417	Revenues from non-utility operations	(6,217,491)		
422	Foreign Currency gain/loss		38,679	
449	Provision for Rate Refunds	(5,815,509)		
450	Forfeited Discounts		(22,684)	
451	Misc. Service Revenue		(437,492)	
454	Rent from electric property		(2,535,610)	
455	Subsidiary Cost Of Capital		(120,184)	
456	Other electric revenues		(34,015,076)	
487	Discounts Earned/Lost - Gas		(7,652)	
922	Administrative Exp Transferred - Credit		307,449	
927	Franchise Requirements		562,573	
929	Duplicate charges - credit	(1,799,740)		
930	Intercompany A&G		2,296,606	
930.4	Misc Test Projects-Other		(74,510)	
930.6	Leased Circuit Charges - Other	1,610		
930.7	Research and Development		9,532,130	
930.8	R & D-Alternative Energy		1,920,551	
	Total Income Statement	\$	(36,526,971)	
	Balance Sheet			
101	Gas plant in service	\$	565,709	
102	Electric Plant		120	
105	Investment tax credit adjustments		26,287	
106	Miscellaneous expense accounts		944	
107	Construction work in progress		267,198,438	
108	Accumulated provision for depreciation of utility plant		1,433,141	
114	Purchase Accounting - PP&E		(149)	
116	Other electric plant adjustments		172	
118	Other Utility CWIP		(1,701)	
120	Nuclear Fuel In Process		253	
121	Non-utility Property		2,020,342	
124	Other investments		210,522	
163	Stores expense undistributed		37,978,208	

Name of Respondent This Re		This Report is:	Resubmission Date	Year of Report	
·		(1) <u>X</u> An Original			
Duke Energ	y Business Services, LLC	11	2009		
		FOOTNOTE DATA			
181	Unamortized debt expense			943,144	
182	Other regulatory assets		15,151,951		
183	Preliminary survey & investigation charges		4,441,720		
184	Clearing accounts		(1	,933,206)	
185	Temporary facilities			(252,740)	
186	Misc. deferred debits		35	5,629,022	
254	Equity Post in Service Nox		(59,549)		
	Total Balance Sheet		\$ 363	3,352,628	
Grand Tota	l		\$ 320	5,825,657	

Schedule Page: 304 Line No.: 12 Column: d

DEBS

Footnotes for	Schedule	XVI - 2009
Page: 303	Line: 12	Column: d

	Income Statement		INDIRECT
417	Revenues from non-utility operations	\$	110,187
450	Forfeited Discounts		(6,420)
454	Rent from electric property		(28,000)
456	Other electric revenues		(200,000)
922	Administrative Exp Transferred - Credit		38,907
930.6	Leased Circuit Charges - Other		140,163
930.7	Research and Development	14-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-	3,415
	Total Income Statement	\$	58,252
	Balance Sheet		
107	Construction work in progress	\$	(11,696)
108	Accumulated provision for depreciation of utility plant		24
163	Stores expense undistributed		514
	Total Balance Sheet	\$	(11,158)
Grand Total	ł	\$	47,094

Schedule Page: 304 Line No.: 76 Column: c

700-798 Detail	Footnote	DIRECT	
Page: 305	Line: 76 Column: c		
711	0711000 - Gas Boiler Labor		\$ 33,284
712	0712000 - Gas Production-Other Power Exp		23,394
717	0717000 - Liq Petro Gas Exp-Vapor Proc		30,551
FERC FORM NO	. 60 (NEW 12-05) Footnotes.2		

		0		
oondent	This Report is: (1) X An Original	Resubmission Date (Mo, Da, Yr)	e Year of Repo	
		//	2009	
	FOOTNOTE DATA			
0728000 - Liquid Petroleum Gas	3		289	
735 0735000 - Gas Misc Production Exp			61,720	
6 0736000 - Gas Prod I/C Rent Exp - Erlan			514,092	
0742000 - Maint Gas Production	1 Equipment		74,294	
Total		\$	737,624	
	Business Services, LLC 0728000 - Liquid Petroleum Gas 0735000 - Gas Misc Production 0736000 - Gas Prod I/C Rent Ex 0742000 - Maint Gas Production	Business Services, LLC (1) X An Original (2) A Resubmission FOOTNOTE DATA 0728000 - Liquid Petroleum Gas 0735000 - Gas Misc Production Exp 0736000 - Gas Prod I/C Rent Exp - Erlan 0742000 - Maint Gas Production Equipment	(1) X An Original (Mo, Da, Yr) Business Services, LLC (2) A Resubmission / / FOOTNOTE DATA 0728000 - Liquid Petroleum Gas 0735000 - Gas Misc Production Exp 0736000 - Gas Prod I/C Rent Exp - Erlan 0742000 - Maint Gas Production Equipment	

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Nam	e of Respondent	· · · · · · · · · · · · · · · · · · ·	This Re	eport Is	:	Re	submission Date	Year/Period of Report
Duk	e Energy Business Services, LLC		(1) X (2)		riginal submission		(Mo, Da, Yr) / /	Dec 31, 2009
	Schedule XVII - Ana	heir of Pilling						
1.	For services rendered to associate companies (A	ccount 457), I	ist all of t	the as	sociate com	pani	es.	
	Name of Associate Company		ount 457.1		Account 457.	.	Account 457.3	Total Amount Billed
Line	Name of Associate Company		Costs Charge	ed In	direct Costs Cha		Compensation For Use	Total Amount Dileo
No.		5.0010	Jobio onargi			gou	of Capital	
	(a)		(b)		(C)		(d)	(e)
1	Bison Insurance Company, Ltd	(362,0	00)			······································	(362,000)
2	CINCAP V LLC			133				133
3	Cinergy Broadband LLC				2	2,656		2,656
4	Cinergy Capital and Trading Inc.		8,4	408				8,408
5	Cinergy Corp		496,5	570	2	2,656		499,226
6	Cinergy Global Resources Inc		72,3	316	······································	1,218		73,534
7	Cinergy Investments, Inc.		17,2	295		1,218		18,513
8	Cinergy Wholesale Energy Inc	(772,4	63)		and the second second		(772,463)
9	CSGP Of Southeast Texas LLC		(3,4					(3,497)
10	DE Marketing Ltd Partnership		144,6					144,623
11	DE Merchants, LLC	(10,584,7	12)				(10,584,712)
12	DE Mktg America LLC		40,0	005				40,005
13	DE Services Canada, LTD	1	33,5	562				33,562
14	DEGS Biomass, LLC		332,2	216				332,216
15	DEGS Holding Co Inc		396,2	291	7,809	9,299		8,205,590
16	DEGS O&M, LLC		86,7	760				86,760
17	DEGS of Boca Raton, LLC		5,6	696	************			5,696
18	DEGS of Cincinnati, LLC		8,0	013				8,013
19	DEGS of Narrows LLC		498,5	564				498,564
20	DEGS of Philadelphia LLC		360,7	712				360,712
21	DEGS of San Diego, LLC	(991,9	17)				(991,917)
22	DEGS of South Charleston, LLC		172,	174				172,174
23	DEGS of St Bernard LLC		80,9	945				80,945
24	DEGS of St Paul, LLC	(5,570,1	39)				(5,570,139)
25	DEGS of Tuscola, Inc		48,4	480				48,480
26	DEGS Wind I, LLC		10,139,4	482				10,139,482
27	DEI (Europe) Holdings Aps		31,4	487				31,487
28	DEI (Nether) Financial Service		28,7	772				28,772
29	Delta Twsp UT LLC		34,8	832				34,832
30	DETMI Management, Inc		1,(006				1,006
31	Duke Energy Americas, LLC			103		968		1,071
32	Duke Energy Carolinas, LLC		392,092,8	863	448,94	5,121		841,037,984
33	Duke Energy Corp		11,6	640				11,640
34	Duke Energy Gen Service, Inc		9,982,9	951				9,982,951
35	Duke Energy Global Markets, Inc.		1,4	445	23	3,922		25,367
36	Duke Energy Indiana, Inc.		197,290,4	417	190,893	3,646		388,184,063
37	Duke Energy Industr. Sales LLC	(4,949,0	05)				(4,949,005)
38	Duke Energy International, LLC		15,603,8	816	15,69	5,771		31,299,587
39	Duke Energy Int'l Group, Ltd		4,7	704				4,704
<u> </u>								
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				Page 1 of 52		
Nam	e of Respondent	This Rep (1)	ort Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report	
Duke Energy Business Services, LLC		(1) X (2)	An Original A Resubmission	(NO, Da, TT) / /	Dec 31, 2009	
	Schedule XVII - Analysis o			457) (continued)		
	Name of Associate Company	Account 457.1	Account 457.2	Account 457.3	Total Amount Billed	
_ine		Direct Costs Charged	Indirect Costs Char		e	
No.		"	(-)	of Capital	(-)	
	(a)	(b) 56,382,16	(c) 6 33,719,	(d)	(e) 90,101,38	
1 2	Duke Energy Kentucky, Inc. Duke Energy Murray Op, LLC	18,24		.221	18,24	
2 3	Duke Energy North America, LLC	8,036,22		724	9,203,94	
	Duke Energy Ohio, Inc.	342,643,07		where the second s	558,814,49	
	Duke Energy Retail Sales LLC	3,040,64			4,589,402	
6	Duke Energy Royal, LLC	66,10		358	113,45	
7	Duke Generation Services Holding Co. Inc.	2,24			3,440,27	
8	Duke Investments, LLC	28		The same of the second s	245,770	
9	Duke Project Services, Inc.	59,56	3		59,56	
10	Duke Technologies Inc.	2,603,94			3,050,71	
11	Duke Ventures, LLC	46,23		,452	63,68	
12	DukeNet Communication Svcs,LLC	236,81			236,81	
13	Dukenet Communications, Inc	3,776,45		,078	6,467,53	
14	Pan Service Company	100,12			100,12	
15	PanEnergy Corp	84,12			84,12	
16	Texas Eastern Arabian Ltd.	169,77			169,77	
17	Vestar 3036243 Nova Scotia Co	18		CCC	18 833,13	
18	DETMI Management, Inc.	825,47	4	,665	000,10	
19 20						
20						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
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35						
36 37						
38						
39						
40	Total	1,022,884,22	5 922,877	7.440	1,945,761,66	
		Dama 207.4				

	e of Respondent e Energy Business Services, LLC	**** *******	This Report Is: (1) X An Orig (2) A Resul	inal bmission	Resut (M	pmission Date lo, Da, Yr) / /		ar/Period of Report c 31, <u>2009</u>
	Schedule XVIII – A	nalysis of Billing –	Non-Associate Co	ompanies	(Accoun	t 458)		
1. the	For services rendered to nonassociate compa services rendered to each respective nonass	anies (Account 45 sociate company.	8), list all of the n	onassoci	ate com	panies. In a fo	otno	ote, describe
Line No.	Name of Non-associate Company	Account 458.1 Direct Costs Charged	Account 458.2 Indirect Costs Charged			Account 458.4 Excess or Deficien Servicing Non-asso Utility Compani	icy on ociate	
	(a)	(b)	(c)	(d	1)	(e)		(f)
1 2	None							
2								
4					<u></u>			
5								
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9 10				 				
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				Pag	e 1 of 52	
Nam	e of Respondent	This I	Report Is:	Resubmission (Mo, Da, `	Date	Year/Period of Repor
Duke	Energy Business Services, LLC		X An Original	(IVIO, Da, 1 / /	(1)	Dec 31, 2009
		(2)				
	Schedule XIX - Miscellaneous G	enera	Expenses - Accoun	1 930.2		
to the 2. Pa	ovide a listing of the amount included in Account 930.2, "Miscell eir nature. Amounts less than \$50,000 may be grouped showing syments and expenses permitted by Section 321 (b)(2) of the Fe (2 U.S.C. 441(b)(2)) shall be separately classified.	the r	umber of items and	the total for th	ne group).
Line	Title of Account					Amount (b)
No.	(a)					(0)
1	Outside Services					8,178,923
2	Legal Expenses					5,064,430
3	Industry Association Dues					2,167,50
4	Moving Expense					1,666,95
5	Investor Relations					1,398,445
6	Aviation Services		······································			1,070,658
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29 30						
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31 32						
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35					~	
36					*	
37						
38						
39						
40	Total					19,546,908

Name of Respondent	This Report is:	Resubmission Date	Year of Report				
	(1) <u>X</u> An Original	(Mo, Da, Yr)					
Duke Energy Business Services, LLC	(2) A Resubmission	11	2009				
Schedule XX - Organization Chart							

1. Provide a graphical presentation of the relationships and inter relationships within the service company that identifies lines of authority and responsibility in the organization.

ORGANIZATION CHART

Chairman of the Board, President and Chief Executive Officer

- Executive

1

Group	Group	Group Executive	Group Executive	Group	SVP & Chief	SVP &
Executive &	Executive &	& Chief	& President &	Executive	Sustainability	Chief
Chief	Chief	Generation	Chief Operating	& President,	Officer	Human
Financial	Legal	Officer & Chief	Officer, US	Commercial		Resources
Officer	Officer &	Nuclear Officer	Franchised Electric	Businesses		Officer
	Corporate		& Gas			
	Secretary					

-Accounting -Finance -Information Systems -Investor Relations -Treasury -Risk Management and Insurance -Tax -Corporate Strategy & Planning -Technology, Strategy & Policy -Financial Planning, Budget & Forecast -Mergers & Acquisitions	-Audit Services, Ethics & Compliance -Legal -Enterprise Operations Services -Information Technology	-Nuclear Fleet -Regulated Fleet -Nuclear Operations -Supply Chain -Generation Support -Nuclear Development	-Power Delivery -Customer Products & Services -Construction & Major Projects -Environmental Health & Safety -Strategy, Wholesale, Commodities & Analytics -Governmental & Regulated Affairs	-Commercial Strategy and Policy -Planning -Business Development -Commercial Business Operations	- Sustainability -Corporate Communications	-Human Resources
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Name of Respondent	This Report is:	Resubmission Date	Year of Report			
	(1) <u>X</u> An Original	(Mo, Da, Yr)	2009			
Duke Energy Business Services, LLC	(2) A Resubmission	//	2009			
Schedule XX - Organization Chart						

Name of Respondent	This Report is:	Resubmission Date	Year of Report			
	(1) <u>X</u> An Original	(Mo, Da, Yr)				
Duke Energy Business Services, LLC	(2) A Resubmission	//	2009			
Schedule XXI - Methods of Allocation						

 Indicate the service department or function and the basis for allocation used when employees render services to more than one department or functional group. If a ratio, include the numerator and denominator.
 Include any other allocation methods used to allocate costs.

METHODS OF ALLOCATION

The allocation of expenses not directly attributable to a particular Client Company are based on the following factors:

1. Sales Ratio

A ratio, based on the applicable domestic firm kilowatt-hour electric sales (and/or the equivalent cubic feet of gas sales, where applicable), excluding intra-system sales, for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all utility Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually, or at such time as may be required due to a significant change.

2. Electric Peak Load Ratio

A ratio, based on the sum of the applicable monthly domestic firm electric maximum system demands for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all utility Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually, or at such time as may be required due to a significant change.

3. Number of Customers Ratio

A ratio, based on the sum of the applicable domestic firm electric customers (and/or gas customers, where applicable) at the end of a recent month in the preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all domestic utility Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually, or at such time as may be required due to a significant change.

4. Number of Employees Ratio

A ratio, based on the applicable number of employees at the end of a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually, or at such time as may be required due to a significant change.

5. Construction Expenditures Ratio

A ratio, based on the applicable projected construction expenditures, net of reimbursements, for the following twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). Separate ratios will be computed for total construction expenditures and appropriate functional plant (i.e., production, transmission, distribution, and general) classifications. This ratio will be determined annually, or at such time as may be required due to a significant change.

6. Circuit Miles of Electric Distribution Lines Ratio

A ratio, based on the applicable installed circuit miles of domestic electric distribution lines at the end of the preceding calendar year, the numerator of which is for a Client Company and the denominator of which is for all domestic utility Client Companies. This ratio will be determined annually, or at such time as may be required due to a significant change.

Name of Respondent	This Report is:	Resubmission Date	Year of Report		
	(1) <u>X</u> An Original	(Mo, Da, Yr)			
Duke Energy Business Services, LLC	(2) A Resubmission	11	2009		
Schedule XXI - Methods of Allocation					

METHODS OF ALLOCATION - continued

7. Circuit Miles of Electric Transmission Lines Ratio

A ratio, based on the applicable installed circuit miles of domestic electric transmission lines at the end of the preceding calendar year, the numerator of which is for a Client Company and the denominator of which is for all domestic utility Client Companies. This ratio will be determined annually, or at such time as may be required due to a significant change.

8. Number of Central Processing Unit Seconds Ratio

A ratio, based on the sum of the applicable number of central processing unit seconds expended to execute mainframe computer software applications for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company or Service Company Function, and the denominator of which is for all Client Companies, (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually, or at such time as may be required due to a significant change.

9. Revenues Ratio

A ratio, based on the total applicable revenues for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

10. Inventory Ratio

A ratio, based on the total applicable inventory balance for the preceding year, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). Separate ratios will be computed for total inventory and the appropriate functional plant (i.e., production, transmission, distribution, and general) classifications. This ratio will be determined annually or at such time as may be required due to a significant change.

11. Procurement Spending Ratio

A ratio, based on the total amount of applicable procurement spending for the preceding year, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. Separate ratios will be computed for total procurement spending and appropriate functional plant (i.e., production, transmission, distribution, and general) classifications. This ratio will be determined annually or at such time as may be required due to a significant change.

12. Square Footage Ratio

A ratio, based on the total amount of applicable square footage occupied in a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

13. Gross Margin Ratio

A ratio, based on the total applicable gross margin for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

FERC FORM 60 (NEW 12-05)

Name of Respondent	This Report is:	Resubmission Date	Year of Report			
	(1) <u>X</u> An Original	(Mo, Da, Yr)				
Duke Energy Business Services, LLC	(2) A Resubmission	11	2009			
Schedule XXI - Methods of Allocation						

METHODS OF ALLOCATION - continued

14. Labor Dollars Ratio

A ratio, based on the total applicable labor dollars for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

15. Number of Personal Computer Work Stations Ratio

A ratio, based on the total number of applicable personal computer work stations at the end of a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

16. Number of Information Systems Servers Ratio

A ratio, based on the total number of applicable servers at the end of a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

17. Total Property, Plant and Equipment Ratio

A ratio, based on the total applicable Property, Plant and Equipment balance (net of accumulated depreciation and amortization) for the preceding year, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

18. Generating Unit MW Capability Ratio

A ratio, based on the total applicable installed megawatt capability for the preceding year, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

In addition to the individual methods listed above, combinations of above methods will be used. The most widely ones are 19 (weighted average of the number of customers ratio and the number of employees ratio) and 20 (three factor ratio). Other combined methods used but not limited to are weighted average circuit miles of electric transmission lines ratio and electric peak load ratio as well as weighted average of circuit miles of electric distribution lines ratio and the electric peak ratio.

Name of Respondent	This Report is:	Resubmission Date	Year of Report			
	(1) <u>X</u> An Original	(Mo, Da, Yr)				
Duke Energy Business Services, LLC	(2) A Resubmission	11	2009			
Schedule XXI - Methods of Allocation						

19. Weighted Average of the Number of Customers Ratio and the Number of Employees Ratio

The Service Company Function that utilizes this allocation is **Public Affairs**.

A ratio, based on the weighted average of the Number of Customers Ratio (50%) and the Number of Employees Ratio (50%).

For the Number of Employees: applicable number of employees at the end of a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually, or at such time as may be required due to a significant change.

For the Number of Customers: based on the sum of the applicable domestic firm electric customers (and/or gas customers, where applicable) at the end of a recent month in the preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all domestic utility Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually, or at such time as may be required due to a significant change.

20. Weighted average of the Gross Margin Ratio, Labor Dollars Ratio, and Total Property, Plant and Equipment Ratio (Three Factor Formula)

The Service Company Functions that utilizes the Three Factor Formula Ratio are: Information Systems Transportation Accounting Public Affairs Legal Finance Internal Auditing Environmental Health and Safety Investor Relations Planning Facilities Rate of Return Allocation

A Ration based on the weighted average of Gross Margin Ratio (33%), Labor Dollars Ratio (33%), and Property Plant and Equipment Ratio (34%).

For the Gross Margin Ratio: based on the total applicable gross margin for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

For the Labor Dollars Ratio: based on the total applicable labor dollars for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

FERC FORM 60 (NEW 12-05)

Name of Respondent	This Report is:	Resubmission Date	Year of Report			
	(1) <u>X</u> An Original	(Mo, Da, Yr)				
Duke Energy Business Services, LLC	(2) A Resubmission	//	2009			
Schedule XXI - Methods of Allocation						

For the Property, Plant and Equipment Ratio: based on the total applicable Property, Plant and Equipment balance (net of accumulated depreciation and amortization) for the preceding year, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change

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Item 1: X An Initial (Original) Submission OR 🔲 Resubmission No. _



FERC FINANCIAL REPORT FERC FORM No. 60: Annual Report of Centralized Service Companies

This report is mandatory under the Public Utility Holding Company Act of 2005, Section 1270, Section 309 of the Federal Power Act and 18 C.F.R. § 366.23. Failure to report may result in criminal fines, civil penalties, and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider this report to be of a confidential nature.

∠xact Legal Name of Respondent (Company)	Year of Report
Duke Energy Business Services, LLC	Dec 31 , <u>2010</u>

GENERAL INSTRUCTIONS FOR FILING FERC FORM NO. 60

I. Purpose

Form No. 60 is an annual regulatory support requirement under 18 CFR 369.1 for centralized service companies. The report is designed to collect financial information from centralized service companies subject to the jurisdiction of the Federal Energy Regulatory Commission. The report is considered to be a non-confidential public use form.

II. Who Must Submit

Unless the holding company system is exempted or granted a waiver by Commission rule or order pursuant to §§ 18 CFR 366.3 and 366.4 of this chapter, every centralized service company (see § 367.2) in a holding company system must prepare and file electronically with the Commission the FERC Form No. 60 then in effect pursuant to the General Instructions set out in this form.

III. How to Submit

Submit FERC Form No. 60 electronically through the Form No. 60 Submission Software. Retain one copy of each report for your files. For any resubmissions, submit the filing using the Form No. 60 Submission Software including a justification. Respondents must submit the Corporate Officer Certification electronically.

IV. When to Submit

Submit FERC Form No. 60 according to the filing date contained § 18 CFR 369.1 of the Commission's regulations.

V. Preparation

Prepare this report in conformity with the Uniform System of Accounts (18 CFR 367) (USof A). Interpret all accounting words and phrases in accordance with the USof A.

VI. Time Period

This report covers the entire calendar year.

VII. Whole Dollar Usage

Enter in whole numbers (dollars) only, except where otherwise noted. The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting period, and use for statement of income accounts the current year's amounts.

VIII. Accurateness

Complete each question fully and accurately, even if it has been answered in a previous report. Enter the word "None" where it truly and completely states the fact.

IX. Applicability

For any page(s) that is not applicable to the respondent, enter "NONE," or "Not Applicable" in column (c) on the List of Schedules, page 2.

X. Date Format

Enter the month, day, and year for all dates. Use customary abbreviations. The "Resubmission Date" included in the header of each page is to be completed only for resubmissions (see III. above).

XI. Number Format

Generally, except for certain schedules, all numbers, whether they are expected to be debits or credits, must be reported as positive. Numbers having a sign that is different from the expected sign must be reported by use of a minus sign.

XII. Required Entries

Do not make references to reports of previous years or to other reports instead of required entries, except as specifically authorized.

XIII. Prior Year References

Wherever (schedule) pages refer to figures from a previous year, the figures reported must be based upon those shown by the report of the previous year, or an appropriate explanation given as to why the different figures were used.

XIV. Where to Send Comments on Public Reporting Burden

The public reporting burden for the Form No. 60 collection of information is estimated to average 75 hours per response, including

- the time for reviewing instructions, searching existing data sources,
- gathering and maintaining the data-needed, and
- completing and reviewing the collection of information.

Send comments regarding these burden estimates or any aspect of this collection of information, including suggestions for reducing burden, to:

Federal Energy Regulatory Commission, 888 First Street NE Washington, DC 20426 (Attention: Mr. Michael Miller, ED-33);

And to:

Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503 (Attention: Desk Officer for the Federal Energy Regulatory Commission).

No person shall be subject to any penalty if any collection of information does not display a valid control number (44 U.S.C. 3512(a)).

DEFINITIONS			
I. Respondent The person, cor	poration, or other legal er	ntity in whose behalf the rep	port is made.

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FERC FORM NO. 60 ANNUAL REPORT FOR SERVICE COMPANIES

I	DENTIFICATION		
01 Exact Legal Name of Respondent			02 Year of Report
Duke Energy Business Services, LLC			Dec 31, <u>2010</u>
د Previous Name (If name changed during the year)		04 Date of	Name Change
		11	
05 Address of Principal Office at End of Year (Street, City, State, Zip Code)	06 Name of Co	ntact Person	
550 South Tryon St., Charlotte, NC 28202	Michael S. H	endershott	
07 Title of Contact Person	08 Address of (550 South T	Contact Person ryon St., Charlo	Ite NC 28202
Director Service Company Accounting & Reporting		yon on, onano	
09 Telephone Number of Contact Person	10 E-mail Addr	ess of Contact I	Person
(980) 373-7703	Michael:Hen	dershott@Duke	-Energy.com
11 This Report is:	12 Resubmissi	on Date	
(1) X An Original	(Month, Day, Y	ear)	
(2) A Resubmission	//		
13 Date of Incorporation	14 If Not Incorporated	, Date of Organ	ization
11/18/1998 / /			
15 State or Sovereign Power Under Which Incorporated or Organi	zed		
DELAWARE			
16 Name of Principal Holding Company Under Which Reporting C	company is Organized:		
Duke Energy Corporation	E OFFICER CERTI		
The undersigned officer certifies that:			
I have examined this report and to the best of my k this report are correct statements of the business a financial information contained in this report, confor	ffairs of the respond	ent and the f	inancial statements, and other
17 Name of Signing Officer	19 Signature of Sign	ng Officer	20 Date Signed
Steven K. Young			(Month, Day, Year)
18 Title of Signing Officer	Steven K. Young		04/30/2011

Name of Respondent Duke Energy Business Services, LLC	This Report Is: (1) X An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, <u>2010</u>				
List of Schedules and Accounts							

1. Enter in Column (c) the terms "None" or "Not Applicable" as appropriate, where no information or amounts have been reported for certain pages.

	Description	Page Reference	Remarks
ine	(a)	(b)	(c)
No.			
1	Schedule I - Comparative Balance Sheet	101-102	
2	Schedule II - Service Company Property	103	
3	Schedule III - Accumulated Provision for Depreciation and Amortization of Service Company Property	104	
4	Schedule IV - Investments	105	
5	Schedule V - Accounts Receivable from Associate Companies	106	
6	Schedule VI - Fuel Stock Expenses Undistributed	107	None
7	Schedule VII - Stores Expense Undistributed	108	None
8	Schedule VIII - Miscellaneous Current and Accrued Assets	109	None
9	Schedule IX - Miscellaneous Deferred Debits	110	
0	Schedule X - Research, Development, or Demonstration Expenditures	111	None
1	Schedule XI - Proprietary Capital	201	
2	Schedule XII - Long-Term Debt	202	None
3	Schedule XIII - Current and Accrued Liabilities	203	
4	Schedule XIV - Notes to Financial Statements	204	
5	Schedule XV - Comparative Income Statement	301-302	
6	Schedule XVI - Analysis of Charges for Service - Associate and Nonassociate Companies	303-306	
7	Schedule XVII - Analysis of Billing – Associate Companies (Account 457)	307	
8	Schedule XVIII – Analysis of Billing – Non-Associate Companies (Account 458)	308	None
Ē	Schedule XIX - Miscellaneous General Expenses - Account 930.2	307	
_	Schedule XX - Organization Chart	401	
24	Schedule XXI - Methods of Allocation	402	

Name of Respondent Duke Energy Business Services, LLC	This Report Is: (1) X An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, <u>2010</u>
Schedule I - Comp	arative Balance Sheet		
1. Give balance sheet of the Company as of December 31 of the ci	urrent and prior year.		

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Image: Market Company Property Image: Market Company Property <thimage: company="" market="" property<="" th=""> <thimage: ma<="" td=""><td>Prior</td></thimage:></thimage:>	Prior
2 101 Service Company Property 103 691,958,267 3 1011 Proporty Under Capital Lasses 103 56,512,922 4 106 Construction Not Classified 9 5 107 Construction Not Classified 9 6 Total Property (Total of Lines 2-5) 983,747,309 7 108 Less: Accumulated Provision for Amortization of Service Company Property 104 8 111 Less: Accumulated Provision for Amortization of Service Company Property 104 9 Net Service Company Property (Total of Lines 6-8) 0 566,252,455 111 Less: Accumulated Provision for Amortization of Service Company Property 105 776,75,342 12 124 Other Investments 105 3,497,657 13 128 Other Special Funds 105 3,0498,354 14 Total Investments (Total of Lines 1-13) 0 810,773,335 15 Outer Special Deposits 10 100,601 17 134 Other Special Deposits 10 107	(e)
2 101 Service Company Property 103 691,558,267 3 1011 Poporty Under Capital Lasses 103 56,552,922 4 106 Construction Not Classified 9 5 107 Construction Not Classified 9 6 Total Property (Total Clines 2-5) 983,747,309 7 100 Less: Accumulated Provision for Amorization of Service Company Property 104 4417,494,854 8 111 Less: Accumulated Provision for Amorization of Service Company Property 104 447,494,854 12 Less: Accumulated Provision for Amorization of Service Company Property 105 766,753,442 13 12 Ithe Investments 105 3,497,657 14 Total Investments (Total Clines 1-13) 105 30,498,354 15 Corrent And Accrued Assets 106 30,498,354 16 131 Cosh 107,673 173,83 17 134 Other Special Coposits 10 107,673 18 135 Cosh 10,783 <td< td=""><td></td></td<>	
3 1011 Pcoputy Under Capital Leases 103 56,512.922 4 106 Completed Construction Not Classified 103 256,276.120 5 107 Construction Not Inclassified 103 256,276.120 6 70tal Property (Total OI Lines 2-5) 104 471.748.84 101 Less: Accumulated Provision for Monitation of Service Company Property 104 471.748.84 101 Less: Accumulated Provision for Monitation of Service Company Property 104 471.748.84 101 Less: Accumulated Provision for Monitation of Service Company Property 104 471.748.84 101 Less: Accumulated Provision for Monitation of Service Company Property 105 3.497.657 102 Investments 105 3.497.657 105 3.098.354 102 Investments (Total of Lines 1-13) 105 3.098.354 105 3.098.354 103 Cach Lorent And Accrued Assets 106 310.747.353 106 104 More Special Funds Lorent And Accrued Assets 106 310.747.353 116 10	568,660,970
4 106 Completed Construction Not Classified 101 5 107 Construction Work In Progress 103 225.276.120 6 Total Property (Total Of Lines 2-5) 998.747.309 104 417.494.854 8 111 Less: Accumulated Provision for Depreciation of Service Company Property 104 417.494.854 8 111 Less: Accumulated Provision for Amoritzation of Service Company Property 566.252.455 10 Investments 105 776.75.13.42 11 123 Investments 105 3.497.657 12 124 Other Investments 105 3.497.657 13 128 Other Special Funds 105 3.497.657 14 Total Investments (Total of Lines 1-13) 810.77,75.13.42 810.77,75.13.42 14 Total Investments 102.601 102.601 17 134 Other Special Deposits 102.601 18 135 Working Funds 1.783 19 138 Temporany Cash Investments 1.783	
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7 108 Less: Accumulated Provision for Depreciation of Service Company Property 104 447,494,854 8 111 Less: Accumulated Provision for Amortization of Service Company Property 10 10 10 Net Service Company Property (Total of Lines 6-8) 105 5766,252,455 11 123 Investment In Associate Companies 105 776,751,342 12 124 Other Investments 105 3,497,667 13 128 Other Special Funds 105 3,497,667 14 Total Investments (Total of Lines 11-13) 108 30,498,354 15 Current And Accrued Assets 100,000 100,000 17 134 Other Special Deposits 101,000 101,000 18 135 Working Funds 10,000,001 1,783 141 Notes Recovable 8,563 100,000 142 Customer Accounts Receivable 8,563 100,000 143 Other Special Deposits 101,000,000 1,783 144 Customer Accounts Receivable 8,56	772,768,57
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25152Fuel Stock Expenses Undistributed10710726154Materials And Supplies3,421,91727163Stores Expense Undistributed10810828165Prepayments10816,708,07329171Interest And Dividends Receivable1130172Rents Receivable1131173Accrued Revenues1132174Miscellaneous Current and Accrued Assets109133175Derivative Instrument Assets - Hedges110934176Derivative Instrument Assets - Hedges1353,272,35236Deferred Debits1353,272,352137181Unamortized Debt Expense1241,693,62239182Other Regulatory Assets1241,693,62239183Preliminary Survey And Investigation Charges1(142,5,328)41185Temporary Facilities1241,964,041	
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30172Rents ReceivableImage: Section of the section of	10,764,548
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34176Derivative Instrument Assets – HedgesImage: Construct and Accrued Assets (Total of Lines 16-34)Image: Construct and Accrued Assets (Total of Lines 16-34)36Deferred DebitsImage: Construct and Accrued Assets (Total of Lines 16-34)Image: Construct and Accrued Assets (Total of Lines 16-34)36Deferred DebitsImage: Construct and Accrued Assets (Total of Lines 16-34)Image: Construct and Accrued Assets (Total of Lines 16-34)37181Unamortized DebitsImage: Construct and Accrued AssetsImage: Construct and Accrued Assets37181Unamortized Debit ExpenseImage: Construct and Accrued AssetsImage: Construct and Accrued Assets38182.3Other Regulatory AssetsImage: Construct and Accrued AssetsImage: Construct and Accrued Assets39183Preliminary Survey And Investigation ChargesImage: Construct and Accrued AssetsImage: Construct and Accrued Assets40184Clearing AccountsImage: Construct and Accrued AssetsImage: Construct and Accrued Assets41185Temporary FacilitiesImage: Construct and Accrued AssetsImage: Construct and Accrued Assets42186Miscellaneous Deferred DebitsImage: Construct and Accrued AssetsImage: Construct and Accrued Assets	
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36Deferred Debits200037181Unamortized Debt Expense38182.3Other Regulatory Assets241,693,62239183Preliminary Survey And Investigation Charges40184Clearing Accounts41185Temporary Facilities42186Miscellaneous Deferred Debits241,964,041	339,600,837
37181Unamortized Debt ExpenseImage: Constraint of the sector of the sec	
38 182.3 Other Regulatory Assets 241,693,622 39 183 Preliminary Survey And Investigation Charges 1 40 184 Clearing Accounts (1425,328) 41 185 Temporary Facilities 241,964,041 42 186 Miscellaneous Deferred Debits 241,964,041	
39183Preliminary Survey And Investigation ChargesImage: Charge State40184Clearing Accounts(425,328)41185Temporary FacilitiesImage: Charge State42186Miscellaneous Deferred Debits241,964,041	52,375,458
40 184 Clearing Accounts (425,328) 41 185 Temporary Facilities 42 186 Miscellaneous Deferred Debits 241,964,041	15,000
41 185 Temporary Facilities	(312,435
42 186 Miscellaneous Deferred Debits 241,964,041	
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40 nestation perceptitent, or perioristation experiorities IIU	10,000,700
44 190 Uppendiged loss on recording dight	
44 189 Unamortized loss on reacquired debt 111 15 190 Accumulated Deferred Income Taxes 244 701 810	0 707 00
	9,767,621
Total Deferred Debits (Total of Lines 37-45) 727,934,145	80,232,349
47 TOTAL ASSETS AND OTHER DEBITS (TOTAL OF LINES 9, 14, 35 and 46) 2,458,206,305	1,685,098,147

Name of Respondent Duke Energy Business Services, LLC	This Report Is: (1) X An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, <u>2010</u>					
Schedule I - Comparative Balance Sheet (continued)								

	Account Number	Description (b)	Reference Page No.	As of Dec 31 Current	As of Dec 31 Prior
Line No.	(a)		(C)	(d)	(e)
48		Proprietary Capital			
49	201	Common Stock Issued	201	4	
50	204	Preferred Stock Issued	201		
51	211	Miscellaneous Paid-In-Capital	201	(185,396,426)	(182,959,035
52	215	Appropriated Retained Earnings	201	· · · · · ·	
53	216	Unappropriated Retained Earnings	201	510,389,952	501,755,90
54	219	Accumulated Other Comprehensive Income	201	(25,271,682)	(10,941
55		Total Proprietary Capital (Total of Lines 49-54)		299,721,848	318,785,93
56		Long-Term Debt			
57	223	Advances From Associate Companies	202		
58	224	Other Long-Term Debt	202		
59	225	Unamortized Premium on Long-Term Debt			
60	226	Less: Unamortized Discount on Long-Term Debt-Debit			······································
61		Total Long-Term Debt (Total of Lines 57-60)			
62		Other Non-current Liabilities			
63	227	Obligations Under Capital Leases-Non-current		76,325,383	63,195,434
64		Accumulated Provision for Injuries and Damages		, 0,020,000	
65		Accumulated Provision For Pensions and Benefits		249,665,306	7
66		Asset Retirement Obligations		210,000,000	
77		Total Other Non-current Liabilities (Total of Lines 63-66)		325,990,689	63,195,51
'-+		Current and Accrued Liabilities		023,030,003	00,100,01
69	231	Notes Payable			
70		Accounts Payable		196,299,275	188,614,310
71		Notes Payable to Associate Companies	203	933,132,000	804,115,467
72	233	Accounts Payable to Associate Companies	203	610,627	
73	234	Taxes Accrued		(5,006,855)	(13,040,130
74	230	Interest Accrued		(3,000,033)	351,029
74	237	Tax Collections Payable		1,335,696	6,313,74
75		Miscellaneous Current and Accrued Liabilities	203		
	242	Obligations Under Capital Leases - Current		339,476,684 4,989,490	254,612,52
77		Derivative Instrument Liabilities		4,909,490	
78					
79	245	Derivative Instrument Liabilities – Hedges		1 470 000 017	1.040.000.000
80		Total Current and Accrued Liabilities (Total of Lines 69-79)		1,470,836,917	1,240,966,950
81	050	Deferred Credits	-	44.040.750	0.001.017
82		Other Deferred Credits		41,642,758	3,831,310
83	254	Other Regulatory Liabilities			
84	255	Accumulated Deferred Investment Tax Credits			
85	257	Unamortized Gain on Reacquired Debt			
86	282	Accumulated deferred income taxes-Other property		112,476,351	57,468,434
87	283	Accumulated deferred income taxes-Other		207,537,742	850,010
88 89		Total Deferred Credits (Total of Lines 82-87) TOTAL LIABILITIES AND PROPRIETARY CAPITAL (TOTAL OF LINES 55, 61, 67, 80, AND 88)		361,656,851 2,458,206,305	62,149,754 1,685,098,147
					1,000,000,14

		spondent y Business Services, LLC		This Report I (1) X An ((2) A R	s: F Driginal esubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2010
			Schedule II - S	Service Company P	roperty	······	
		an explanation of Other Changes e each construction work in progre				note.	
_ine No.	Acct # (a)	Title of Account (b)	Balance at Beginning of Year (c)	Additions (d)	Retirements or Sale (e)	s Other Changes (f)	Balance at End of Yea
1	301	Organization					
2	303	Miscellaneous Intangible Plant	320,385,055	38,454,426	•		358,839,48
3	306	Leasehold Improvements					
4	389	Land and Land Rights					
5	390	Structures and Improvements	48,223,402	83,197,311			131,420,71
6	391	Office Furniture and Equipment	161,166,363	58,063,765			219,230,12
7	392	Transportation Equipment	38,980,867				38,980,86
8	393	Stores equipment	00,000,001				
9	394	Tools, Shop and Garage Equipment					
10	395	Laboratory Equipment					
11	396	Power Operated Equipment					
12	397	Communications Equipment					
13	398	Miscellaneous Equipment		<u></u>			
14	399	Other Tangible Property					
15	399.1	Asset Retirement Costs					
		Total Service Company Property (Total of Lines 1-15)	568,755,687	179,715,502			748,471,18
17	107	Construction Work in Progress:					
18		Miscellaneous Intangible Plant	119,871,084	20,677,783			140,548,86
19		Structures and Improvements	70,834,719	(21,707,815)		1	49,126,90
20		Office Furniture and Equipment	13,307,085	2,731,348			16,038,43
21		Transportation Equipment		29,561,916			29,561,91
22							
23							
24							
25							
26							1
27							
28							
29							1
30							
31		Total Account 107 (Total of Lines 14-30)	204,012,888	31,263,232			235,276,12
32		Total (Lines 16 and Line 31)	772,768,575	210,978,734			983,747,30

Name of Respondent This Report Is: Resubmission Date (Mo, Da, Yr) Year/Period of R Duke Energy Business Services, LLC (1) X An Original (2) A Resubmission / / Dec 31, 2010							
Schedule III – Accumulated Provision for Depreciation and Amortization of Service Company Property							
1. Provide an explanation of Other Charges in Column (f) considered	ed material in a footnote.						

Account Number (a)	Description (b)	Balance at Beginning of Year (C)	Additions Charged To Account 403-403.1 404-405 (d)	Retirements (e)	Olher Changes Additions (Deductions) (f)	Balance at Close of Year (g)
301	Organization					
303	Miscellaneous Intangible Plant	216,801,520	36,897,136			253,698,656
306	Leasehold Improvements					
389	Land and Land Rights					
390	Structures and Improvements	20,629,365	4,276,915			24,906,280
391	Office Furniture and Equipment	99,332,078	30,206,809	-1.		129,538,887
392	Transportation Equipment	6,307,580	3,043,451			9,351,031
393	Stores equipment					
394	Tools, Shop and Garage Equipment					
395	Laboratory Equipment					
396	Power Operated Equipment					
397	Communications Equipment					
398	Miscellaneous Equipment					
399	Other Tangible Property					
399.1	Asset Retirement Costs					
	Total	343,070,543	74,424,311			417,494,854
	Number (a) 301 303 306 389 390 391 392 393 394 395 395 396 397 398 399 399.1	Number(b)301Organization303Miscellaneous Intangible Plant306Leasehold Improvements389Land and Land Rights390Structures and Improvements391Office Furniture and Equipment392Transportation Equipment393Stores equipment394Tools, Shop and Garage Equipment395Laboratory Equipment396Power Operated Equipment397Communications Equipment398Miscellaneous Equipment399Other Tangible Property	Number (a)of Year (c)301Organization303Miscellaneous Intangible Plant304216,801,520305Leasehold Improvements389Land and Land Rights390Structures and Improvements391Office Furniture and Equipment392Transportation Equipment393Stores equipment394Tools, Shop and Garage Equipment395Laboratory Equipment396Power Operated Equipment397Communications Equipment398Miscellaneous Equipment399Other Tangible Property399.1Asset Retirement Costs	Number (a)of Year (b)To Account 403-403.1 404-405 (d)301Organization303Miscellaneous Intangible Plant216,801,520306Leasehold Improvements309Land and Land Rights390Structures and Improvements20,629,365391Office Furniture and Equipment99,332,078393Stores equipment6,307,580394Tools, Shop and Garage Equipment395Laboratory Equipment396Power Operated Equipment397Communications Equipment398Miscellaneous Equipment399Other Tangible Property399.1Asset Retirement Costs	Number (a)(b)of Year (c)To Account 403-403.1 404-405 (d)301Organization	Number (a)of Year (b)To Account 403-403.1 404-405 (d)Additions (Deductions) (f)301Organization </td

Name of Respondent Duke Energy Business Services, LLC	This Report Is: (1) X An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, <u>2010</u>			
Schedule IV – Investments						

1. For other investments (Account 124) and other special funds (Account128), in a footnote state each investment separately, with description including the name of issuing company, number of shares held or principal investment amount.

2. For temporary cash investments (Account 136), list each investment separately in a footnote.

3. Investments less than \$50,000 may be grouped, showing the number of items in each group.

ine Io.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1		Investment In Associate Companies	831,968,136	776,751,34
		Other Investments	3,598,793	3,497,65
		Other Special Funds	学校的变形的变形的	30,498,35
		Temporary Cash Investments		
5		(Total of Lines 1-4)	835,566,929	810,747,35

Name of Respondent	This Report is:	Resubmission Date	Year of Report			
	(1) <u>X</u> An Original	(Mo, Da, Yr)				
Duke Energy Business Services, LLC	(2) A Resubmission	11	2010			
FOOTNOTE DATA						

Schedule Page: 105	Line No.: 2	Column: c	
Cash Surrender Value	of Executive Li	fe Insurance Policies	
Schedule Page: 105	Line No.: 2	Column: d	
Cash Surrender Value	of Life Insuran	ce Policies	
Schedule Page: 105	Line No.: 3	Column: d	
Overfunded status of I			

Name of Respondent Duke Energy Business Services, LLC	This Report Is: (1) X An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, <u>2010</u>		
Schedule V – Accounts Receivable from Associate Companies					

1. List the accounts receivable from each associate company.

2. If the service company has provided accommodation or convenience payments for associate companies, provide in a separate southout a listing of total payments for each associate company.

Number (a) Number (a) 1 146 Accoun 2 Associa 3 Bison In 4 Duke Er 5 Image: Composition of the second	(c) 4,147,069 100,455,444 63,143,067	(d)
2 Associa 3 Bison In 4 Duke Er 5 Duke Er 6 Duke Er 7 Duke Er 8 Cinergy 9 Miami P 10 11 12 11 13 11 14 11 15 11 16 11 17 11 18 11 19 11 20 11 22 12 23 12 24 12 25 12 26 12 27 12 28 12 30 13 31 13 32 13 33 34	100,455,444 63,143,067	
3 Bison In 4 Duke Er 5 Duke Er 6 Duke Er 7 Duke Er 8 Cinergy 9 Miami P 10 Image: Cinergy 11 Image: Cinergy 12 Image: Cinergy 13 Image: Cinergy 14 Image: Cinergy 15 Image: Cinergy 16 Image: Cinergy 17 Image: Cinergy 18 Image: Cinergy 19 Image: Cinergy 20 Image: Cinergy 21 Image: Cinergy 22 Image: Cinergy 23 Image: Cinergy 24 Image: Cinergy<	100,455,444 63,143,067	
3 Bison In 4 Duke Er 5 Duke Er 6 Duke Er 7 Duke Er 8 Cinergy 9 Miami P 10 11 12 11 13 11 14 11 15 11 16 11 17 11 18 11 19 11 20 11 21 12 23 11 24 11 25 12 26 12 27 12 28 12 29 13 31 13 32 13 33 33	100,455,444 63,143,067	
4 Duke Er 5 Duke Er 6 Duke Er 7 Duke Er 8 Cinergy 9 Miami P 10 11 12 11 13 11 14 11 15 11 16 11 17 11 18 11 19 11 20 11 21 11 22 11 23 11 24 11 25 11 26 11 27 11 28 11 29 11 30 11 31 12 32 13 33 13	63,143,067	
5 Duke Er 6 Duke Er 7 Duke Er 8 Cinergy 9 Miami P 10 1 11 1 12 1 13 1 14 1 15 1 16 1 17 1 18 1 19 1 20 1 21 1 23 1 24 1 25 1 26 1 27 1 28 1 29 1 30 1 31 3 33 3		190,098,970
6 Duke Er 7 Duke Er 8 Cinergy 9 Miami P 10 1 11 1 12 1 13 1 14 1 15 1 16 1 17 1 18 1 19 1 20 1 22 1 23 1 24 1 25 1 26 1 27 1 28 1 29 1 30 1 31 3 32 3 33 3		64,903,03
7 Duke Er 8 Cinergy 9 Miami P 10 1 11 1 12 1 13 1 14 1 15 1 16 1 17 1 18 1 19 1 20 1 22 1 23 1 24 1 25 1 26 1 27 2 28 1 29 1 30 1 31 1 32 1 33 3	57,216,258	52,887,35
8 Cinergy 9 Miami P 10 11 12 11 13 11 14 11 15 11 16 11 17 11 18 11 19 11 20 11 22 11 23 11 24 11 25 12 26 12 27 12 28 12 30 13 31 13 32 13 33 34	9,652,807	10,913,98
9 Miami P 10	85,440,380	
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22 23 23 24 25 26 26 27 28 29 30 31 32 33 34 24		
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· · · · · · · · · · · · · · · · · · ·	 	318,803,39
40 Total	320,055,025	510,003,39

Name of Respondent Duke Energy Business Services, LLC				ort Is: An Original A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, <u>2010</u>		
		Schedule VI – Fuel Sto						
indi	 List the amount of labor in Column (c) and expenses in Column (d) incurred with respect to fuel stock expenses during the year and indicate amount attributable to each associate company. In a separate footnote, describe in a narrative the fuel functions performed by the service company. 							
	Account	Title of Account		Labor	Expenses	Total		
Line No.	Number (a)	(b)		(c)	(d)	(e)		
1	152	Fuel Stock Expenses Undistributed						
2		Associate Company:						
3		None						
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40	Total							

	e of Respo e Energy E	ondent Iusiness Services, LLC	This Rep (1) X (2)	ort Is: An Original A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, <u>2010</u>	
		Schedule VII Stores					
	1. List the amount of labor in Column (c) and expenses in Column (d) incurred with respect to stores expense during the year and indicate amount attributable to each associate company.						
	Account	Title of Account		Labor	Expenses	Total	
Line No.	Number (a)	(b)		(c)	(d)	(e)	
	163	Stores Expense Undistributed					
2 3		Associate Company: None					
4							
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35 36							
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40	Total						
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Name of Respondent Duke Energy Business Services, LLC	This Report Is: (1) X An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2010			
Schedule VIII - Miscellaneous Current and Accrued Assets						
1. Provide detail of items in this account. Items less than \$50,000 may be grouped, showing the number of items in each group.						

<u> </u>	Account	Title of Account	Balance at Beginning of Year	Balance at Close of Year
Line	Number		(C)	(d)
No.	(a)	(b)	(*)	(/
	(/	(=)		
1	174	Miscellaneous Current and Accrued Assets		
2		Item List:		
3		None	la anna an tao an tao anna an tao br>I	
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Name of Respondent Duke Energy Business Services, LLC		This Report Is: (1) X An Original (2) A Resubmission		Resubmission Da (Mo, Da, Yr) / /	te Year/Period of Report Dec 31, <u>2010</u>	
		Schedule IX - Misce				
4 0	مام مام	tail of items in this account. Items less than \$50,000			be number of item	a in each group
1. P	rovide de		may be grouped, si	lowing		is in each group.
Т	Account	Title of Account		Balance	at Beginning of Year	Balance at Close of Year
Line	Number				(c)	(d)
No.	(a)	(b)				
1	186	Miscellaneous Deferred Debits			*	
2		Items List:				
3		Post Retirement Benefits other than Pensions			16,670,672	14,372,723
4		Worker's Compensation Loss Deposits			1,106,000	1,106,000
5		Life Insurance/Policy Loans			720,098	770,989
6		Other Miscellaneous Deferred Debits (3)			(110,065)	126,086
7		Accrued Pension Costs, Qualified				207,203,540
8		Accrued Pension Costs, Nonqualified				18,384,703
9						
10						
11						
12						
13						
14						
15						
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40	Total				18,386,705	241,964,041
				1		

Name of Respondent Duke Energy Business Services, LLC		This Report Is: (1) X An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) / /	 Year/Period of Report Dec 31, <u>2010</u> 			
Schedule X - Research, Development, or Demonstration Expenditures							
1. Describe each material research, development, or demonstration project that incurred costs by the service corporation during the year. Items less than \$50,000 may be grouped, showing the number of items in each group.							
	Account Title of Account				Amount		
Line	Line Number			(c)			
No.	No. (a) (b)						

No.	(a)	(b)	
1	188	Research, Development, or Demonstration Expenditures	
2		Project List:	
3		None	
4	******		
5			
6			
7			
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Name of Respondent Duke Energy Business Services, LLC	This Report Is: (1) X An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, <u>2010</u>				
Schedule XI - Proprietary Capital							

1. For miscellaneous paid-in capital (Account 211) and appropriate retained earnings (Account 215), classify amounts in each account, with a brief explanation, disclosing the general nature of transactions which give rise to the reported amounts.

2. For the unappropriated retained earnings (Account 216), in a footnote, give particulars concerning net income or (loss) during the ear, distinguishing between compensation for the use of capital owed or net loss remaining from servicing nonassociates per the General Instructions of the Uniform System of Accounts. For dividends paid during the year in cash or otherwise, provide rate percentages, amount of dividend, date declared and date paid.

ine	Account Number	Title of Account	Description	Amount
۱o.	(a)	(b)	(c)	(d)
1	201	Common Stock Issued	Number of Shares Authorized	100
2			Par or Stated Value per Share	0.0
			Outstanding Number of Shares	7
ŀ			Close of Period Amount	
;		Preferred Stock Issued	Number of Shares Authorized	
;			Par or Stated Value per Share	
			Outstanding Number of Shares	
			Close of Period Amount	
	211	Miscellaneous Paid-In Capital		(185,396,426
	215	Appropriated Retained Earnings		(
	219	Accumulated Other Comprehensive Income		(25,271,682
	216	Unnappropriated Retained Earnings	Balance at Beginning of Year	501,755,90
3			Net Income or (Loss)	8,634,04
4			Dividend Paid	0,004,04
4 5			Balance at Close of Year	510,389,95

Name of Respondent	This Report Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report			
Duke Energy Business Services, LLC	 (1) X An Original (2) A Resubmission 	/ /	Dec 31, <u>2010</u>			
Schedule XII – Long Term Debt						
1. For the advances from associate companies (Account 223), describe in a footnote the advances on notes and advances on open accounts. Names of associate companies from which advances were received shall be shown under the class and series of obligation 'n Column (c).						
. For the deductions in Column (h), please give an explanation in a footnote.						

1.3. For other long-term debt (Account 224), list the name of the creditor company or organization in Column (b)

Line	Account Number	Title of Account	Term of Obligation Class & Series of Obligation	•	Interest Rate		Balance at Beginning of Year		Balance at Close of Year
No	(a)	(b)	(C)	(d)	(e)	(1)	(g)	(h)	(i)
1	223	Advances from Associate Companies							
2		Associate Company:							
3		None							
4									
5									
6									
7									
8									
9									
10									
11									
12									
13		TOTAL							L
i	224								
15		Other Long-Term Debt							
16		List Creditor:							
17		None							
18									
19									
20									
21									
22									
23									
24									
25									
26									
27									
28		TOTAL							
I									
1									

Name of Respondent Duke Energy Business Services, LLC			(1) X An Original (Mo, Da, Yr)			Year/Period of Repor	
			(2)	A Resubmission		11	Dec 31, <u>2010</u>
1	Drovide	Schedule XIII – Curren the balance of notes and accounts payable to each ass			- 000 -		
2.	Give de	escription and amount of miscellaneous current and accr howing the number of items in each group.),000 may be
	I						
Line	Account Number	Account Title of Account Number (b)				Balance at Beginn of Year	ng Balance at Close of Year
No.						(c)	(d)
	(a)						
1	233	Notes Payable to Associates Companies				804,115,	167 933,132,000
2		See Attached Footnote for Details					
4				****			
5							
6							
7							
- <u>8</u> 9	<u> </u>						
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12							
13							
14 15							
16							
17							
18							
19							
0.							
1 22							
23							
		Accounts Payable to Associate Companies					610,627
25		See Attached Footnote for Details					
26 27							
28							
29							
30							
31 32							
32 33							
34							
35							
36							
37 38							
38 39							
40							
41		Miscellaneous Current and Accrued Liabilities				254,612,5	25 339,476,684
42		See Attached Footnote for Details					
43 44							
44 45							
46							
·							
49			······				
50		(Total)				1,058,727,9	92 1,273,219,311
							1

Name of Respondent This Repo (1) X An C		ission Date	Year of Report
	esubmission	, Da, Yr) / /	2010
FOOTNOT			
Schedule Page: 203 Line No.: 1 Column: c			
Schedule Page. 203 Line No.: 1 Column: C		2009	
Duke Energy Carolinas, LLC	\$	589,084	.273
Duke Energy Ohio		184,476	
Duke Energy Indiana		30,555	
	5	804,115	,467
Schedule Page: 203 Line No.: 1 Column: d	······································		
		<u>2010</u>	
Duke Energy Carolinas, LLC	<u>\$</u>	338,587	
Duke Energy Ohio		479,558	
Duke Energy Indiana		114,987	,000
	S	933,132	,000
Schedule Page: 203 Line No.: 24 Column: d		2010	
Disco	¢	<u>2010</u>	C7.1
Bison Cinerau Com	\$	486	
Cinergy Corp Duke Energy Corp			,173
Duke Energy Corp		1.	,883
	9	610	,627
Schedule Page: 203 Line No.: 41 Column: c			
	ф.	<u>2009</u>	-
Reserve for incentives	\$	114,480	
Reserve for employee retirement and vacation entitlement Deferred rent		107,190	
		18,831	
Accrued salaries and wages Reserve for severance		8,594	
		3,401	
Reserve for current portion of rent		1,419,	
Accrued payables other		409,	
Reserve for dues		233,	
Miscellaneous payroll deductions Other miscellaneous current and accrued liabilities (2)			,206 ,671
			House of a state
	\$	254,612,	,525
Schedule Page: 203 Line No.: 41 Column: d		2010	
Reserve for incentives	ጥ	<u>2010</u> 116 440	810
	\$	116,440,	
Reserve for employee retirement and vacation entitlement Deferred rent		102,148,	
		36,417,	000

FERC FORM NO. 60 (NEW 12-05)

Footnotes.1

Name of Respondent	This Report is:	Resubmission Date	Year of Report
	(1) <u>X</u> An Original	(Mo, Da, Yr)	
Duke Energy Business Services, LLC	(2) A Resubmission	11	2010
	FOOTNOTE DATA		
Accrued salaries and wages		9,026	,174
Reserve for severance		48,242	,788
Reserve for current portion of rent		1,622	,089
Reserve for dues		247.	,336
Miscellaneous payroll deductions		45.	,958
Contract retentions		2,270	,965
Pension related liability		16,508	,016
Long-term IT service agreements		6,499	,655
Other miscellaneous current and accrued liabilities (2	2)		,827
		\$ 339,476	,684

Name of Respondent	This Report is:	Resubmission Date	Year of Report			
	(1) <u>X</u> An Original	(Mo, Da, Yr)				
Duke Energy Business Services, LLC	(2) A Resubmission	11	2010			
Schedule XIV- Notes to Financial Statements						

1. Use the space below for important notes regarding the financial statements or any account thereof.

2. Furnish particulars as to any significant contingent assets or liabilities existing at the end of the year.

3. Furnish particulars as to any significant increase in services rendered or expenses incurred during the year.

4. Furnish particulars as to any amounts recorded in Account 434, Extraordinary Income, or Account 435, Extraordinary Deductions

5. Notes relating to financial statements shown elsewhere in this report may be indicated here by reference.

6. Describe the annual statement supplied to each associate service company in support of the amount of interest on borrowed capital and compensation for use of capital billed during the calendar year. State the basis for billing of interest to each associate company. If a ratio, describe in detail how ratio is computed. If more than one ratio explain the calculation. Report the amount of interest borrowed and/or

compensation for use of capital billed to each associate company.

Duke Energy Business Services, LLC Notes To Consolidated Financial Statements For the Years Ended December 31, 2010 and 2009

1. Summary of Significant Accounting Policies

Nature of Operations and Basis of Consolidation. Duke Energy Corporation (collectively with its subsidiaries, Duke Energy), is an energy company primarily located in the Americas. These Consolidated Financial Statements include, after eliminating intercompany transactions and balances, the accounts of Duke Energy Business Services, LLC. Duke Energy Business Services, LLC provides administrative, management and support services to Duke Energy's subsidiaries.

Use of Estimates. To conform to generally accepted accounting principles (GAAP) in the United States (U.S.), management makes estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and Notes. Although these estimates are based on management's best available information at the time, actual results could differ.

Cash and Cash Equivalents. All highly liquid investments with maturities of three months or less at the date of acquisition are considered cash equivalents.

Property, Plant and Equipment. Property, plant and equipment are stated at the lower of historical cost less accumulated depreciation or fair value, if impaired. DEBS capitalizes all construction-related direct labor and material costs, as well as indirect construction costs. Indirect costs include general engineering, taxes and the cost of funds used during construction (see "Allowance for Funds Used During Construction (AFUDC)," discussed below). The cost of renewals and betterments that extend the useful life of property, plant and equipment are also capitalized. The cost of repairs, replacements and major maintenance projects, which do not extend the useful life or increase the expected output of the asset, is expensed as incurred. Depreciation is generally computed over the estimated useful life of the asset using the composite straight-line method. The average depreciation rates were 15.01% and 19.37% for December 31, 2010 and 2009, respectively.

When DEBS retires or sells non-regulated properties, the cost is removed from the property account and the related accumulated depreciation and amortization accounts are reduced. See Note 4 for further information on the estimated useful lives of DEBS's property, plant and equipment balance.

Severance and Special Termination Benefits. DEBS has an ongoing severance plan under which, in general, the longer a terminated employee worked prior to termination the greater the amount of severance benefits. DEBS records a liability for involuntary severance once an involuntary severance plan is committed to by management, or sooner, if involuntary severances are probable and the related severance benefits can be reasonably estimated. For involuntary severance benefits that are incremental to its ongoing severance plan benefits, DEBS measures the obligation and records the expense at its fair value at the communication date if there are no future service requirements, or, if future service is required to receive the termination benefit, ratably over the service period. From time to time, DEBS offers special termination benefits under voluntary severance programs. Special termination benefits are measured upon employee acceptance and recorded immediately absent a significant retention period exists, the cost of the special termination benefits are recorded ratably over the remaining service periods of the affected employees. Employee acceptance of voluntary severance benefits is determined by management based on the facts and circumstances of the special termination.

Regulation. DEBS is governed by the Utility Holding Company Act of 2005 (PUHCA 2005), under the Federal Energy Regulatory Commission's (FERC) jurisdiction.

Stock-Based Compensation. Stock-based compensation represents the cost related to stock-based awards granted to employees. Duke Energy recognizes stock-based compensation based upon the estimated fair value of the awards, net of estimated forfeitures. The recognition period for these costs begin at either the applicable service inception date or grant date and continue throughout the requisite service period, or for certain share-based awards until the employee becomes retirement eligible, if earlier. Share-based awards, including stock options, but not performance shares, granted to employees that are already retirement eligible are deemed to have vested immediately upon issuance, and therefore, compensation cost for those awards is recognized on the date such awards are granted. See Note 6 for further information.

Revenue Recognition. DEBS provides to the affiliated companies a variety of centralized administrative, management, and support services in accordance with agreements approved by FERC under the PUHCA 2005. The costs of these services are charged on a direct basis or, for general costs which cannot be directly attributed, based on predetermined allocation factors defined in the service agreements between DEBS and the client companies. (See Methods of Allocation.)

Income Taxes. The separate return method is used to allocate tax expense or benefits to the subsidiaries whose investments or results of operations provide these tax expenses or benefits. The accounting for income taxes essentially represents the income taxes that DEBS would incur if DEBS was a separate company filing its own tax return as a C-Corporation.

Management evaluates and records contingent tax liabilities and related interest based on the probability of ultimately sustaining the tax

FERC FORM 60 (NEW 12-05) 204.1

Name of Respondent	This Report is:	Resubmission Date	Year of Report			
	(1) X An Original	(Mo, Da, Yr)				
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Schedule XIV- Notes to Financial Statements						

deductions or income positions. Management assesses the probabilities of successfully defending the tax deductions or income positions based upon statutory, judicial or administrative authority.

New Accounting Standards. There are no new accounting standards adopted by DEBS during the year ended December 31, 2010.

2. Income Taxes

The following details the components of income tax expense for the years ended December 31, 2010 and 2009:

Income Tax Expense (in millions)

		2009	
Current income taxes Federal	\$ (13)	\$ 36	
State	2	<u>6</u>	
Total current income taxes	(11)	42	
Deferred income taxes Federal State	22 4	(22)	
Total deferred income taxes	26	(27)	
Total income tax expense from continuing operations	15	15	
Total income tax expense (benefit) from discontinued operations			
Total income tax expense included in Comparative Income Statement	\$ 15	\$ 15	
Net Deferred Income Tax Asset Components (in millions)	2010	2009	
Deferred credits and other liabilities Investments and other assets Regulatory assets and other deferred credits	\$ 119 17 (99)	\$ 12 (3)	
Total deferred income tax assets	37	9	
Accelerated depreciation rates	(112)	(58)	
Total deferred income tax liabilities	(112)	(58)	
Net deferred income tax assets	\$ (75)	\$ (49)	

2010

2009

Duke Energy Business Services, Inc. will participate in the filing of a consolidated federal income tax return with Duke Energy Corporation for the years ended December 31, 2010 and 2009. The current tax liability is allocated among the members of the Duke consolidated group pursuant to a tax sharing agreement.

3. Severance and Other Charges

In January 2010, Duke Energy announced plans to offer a voluntary severance plan to approximately 8,750 eligible employees. As this is a voluntary plan, all severance benefits offered under this plan are considered special termination benefits under GAAP. Special termination benefits are measured upon employee acceptance and recorded immediately absent a significant retention period. If a significant retention period exists, the cost of the special termination benefits are recorded ratably over the remaining service periods of the affected employees. The window for employees to request to voluntarily end their employment under this plan opened on February 3, 2010 and closed on February 24, 2010 for approximately 8,400 eligible employees. Also in January 2010, Duke Energy announced that it will consolidate certain corporate office functions, resulting in transitioning over the next two years approximately 350 positions from its offices in the Widwest to its corporate headquarters in Charlotte, North Carolina. Employees who do not relocate have the option to elect to participate in the voluntary plan discussed above, find a regional position within Duke Energy or remain with Duke Energy through a transition period, at which time a severance benefit would be paid under Duke Energy's ongoing severance plan.

FERC FORM 60 (NEW 12-05)

Name of Respondent	This Report is:	Resubmission Date	Year of Report			
	(1) <u>X</u> An Original	(Mo, Da, Yr)	-			
Duke Energy Business Services, LLC	(2) A Resubmission	11	2010			
Schedule XIV- Notes to Financial Statements						

For employees affected by the consolidation of Duke Energy's corporate functions in Charlotte, North Carolina, the window closed March 31, 2010. Approximately 900 employees accepted the voluntary severance program.

For the year ended December 31, 2010, Duke Energy Business Service, Inc. recorded total expenses of \$90 million related to the voluntary severance program. Approximately 390 employees within Duke Energy Business Services, Inc. accepted.

During the years ended December 31, 2010 and 2009, DEBS recorded less than one million of severance charges and approximately \$4 million of severance charges, respectively, primarily under its ongoing severance plan. Future severance costs under this plan, if any, are currently not estimable.

4. Property, Plant and Equipment

	Estimated Useful Life (Years)	
Buildings and improvements	25-35	
Equipment		
Vehicles	5-14	
Software and Other	5	

5. Commitments

Operating Lease Commitments

DEBS leases assets in several areas of its operations. Consolidated rental expense for operating leases included in income from continuing operations was \$62 million and \$58 million for the years ending December 31, 2010 and 2009, which are included in the total cost of service. The following is a summary of future minimum lease payments under operating leases, which at inception had a non-cancelable term of more than one year as of December 31, 2010:

	Operating Leases (in millions)
2011	\$ 45
2012	38
2013	33
2014	21
2015	15
Thereafter	24
Total future minimum lease payments	\$ 176

6. Stock-Based Compensation

For employee awards, equity classified stock-based compensation cost is measured at the service inception date or the grant date, based on the estimated achievement of certain performance metrics or the fair value of the aware, and is recognized as expense or capitalized as a component of property, plant and equipment over the requisite service period.

Duke Energy's 2010 Long-Term incentive Plan (the 2010 Plan) reserved 75 million shares of common stock for awards to employees and outside directors. The 2010 Plan superseded the 2006 Long-Term Incentive Plan, as amended (the 2006 Plan), and no additional grants will be made from the 2006 Plan. Under the 2010 Plan, the exercise price of each option granted cannot be less than the market price of Duke Energy's common stock on the date of grant and the maximum option term is 10 years. The vesting periods range from immediate to three years. Duke Energy has historically issued new shares upon exercising or vesting of share-based awards. In 2011, Duke Energy may use a combination of new share issuances and open market repurchases for share-based awards which are exercised or become vested; however Duke Energy has not determined with certainty the amount of such new share issuances or open market repurchases.

The 2010 Plan allows for a maximum of 18.75 million shares of common stock to be issue under various stock-based awards other than options and stock appreciation rights.

Name of Respondent	This Report is:	Resubmission Date	Year of Report
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Sch	edule XIV- Notes to Financial Statemen	ts	

Stock-Based Compensation Expense DEBS recorded pre-tax stock-based compensation expense included in the total cost of service for the years ended December 31,2010 and 2009, as follows:

			For the Years Ended December 31		
	20	10	(in millions)	2(009
Stock Options	\$	2		\$	1
Phantom Awards		20			14
Performance Awards		33			19
Other Stock Awards					
Total	\$	55		\$	34

7. Notes Payable to Associated Companies

DEBS participates with Duke Energy and other Duke Energy subsidiaries in a money pool arrangement to better manage cash and working capital requirements. Under this arrangement, those companies with short-term funds may provide short-term loans to affiliates participating under this arrangement.

Name of Respondent Duke Energy Business Services, LLC	This Report Is: (1) X An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, <u>2010</u>
Schedule XV- Co	mparative Income Statement		

	Account Number	Title of Account	Current Year	Prior Year
Line No.				
	(a)	(b)	(c)	(d)
1		SERVICE COMPANY OPERATING REVENUES		
2	400	Service Company Operating Revenues	2,268,451,600	1,945,761,665
3		SERVICE COMPANY OPERATING EXPENSES		
4	401	Operation Expenses	1,509,649,189	1,344,684,422
5	402	Maintenance Expenses	109,086,819	118,072,314
6	403	Depreciation Expenses	74,424,310	66,378,73
7	403.1	Depreciation Expense for Asset Retirement Costs		
8	404	Amortization of Limited-Term Property		136,61
9	405	Amortization of Other Property		
10	407.3	Regulatory Debits	(4,666,587)	71,475,736
11	407.4	Regulatory Credits		
12	408.1	Taxes Other Than Income Taxes, Operating Income	46,545,354	49,244,59
13	409.1	Income Taxes, Operating Income		(2,801
14	410.1	Provision for Deferred Income Taxes, Operating Income		
15	411.1	Provision for Deferred Income Taxes – Credit, Operating Income		
16	411.4	Investment Tax Credit, Service Company Property		
17	411.6	Gains from Disposition of Service Company Plant		
	411.7	Losses from Disposition of Service Company Plant		
19	411.10	Accretion Expense		
20	412	Costs and Expenses of Construction or Other Services	516,792,401	307,994,323
21	416	Costs and Expenses of Merchandising, Jobbing, and Contract Work	552,169	346,867
22		TOTAL SERVICE COMPANY OPERATING EXPENSES (Total of Lines 4-21)	2,252,383,655	1,958,330,793
23		NET SERVICE COMPANY OPERATING INCOME (Total of Lines 2 less 22)	16,067,945	(12,569,128
24		OTHER INCOME		
25	418.1	Equity in Earnings of Subsidiary Companies		
26		Interest and Dividend Income	28,264,848	21,212,136
	419.1	Allowance for Other Funds Used During Construction		(43,802
28	421	Miscellaneous Income or Loss	752,858	(9,792
29	421.1	Gain on Disposition of Property	1,561	(251
30		TOTAL OTHER INCOME (Total of Lines 25-29)	29,019,267	21,158,29
31		OTHER INCOME DEDUCTIONS		
	421.2	Loss on Disposition of Property	(340,983)	73,408
	425	Miscellaneous Amortization		,
	426.1	Donations	2,764,890	634,042
	426.2	Life Insurance	(50,891)	(23,090
35		Penalties	256,502	568,622
	42h3 •			5,713,212
36	426.3 426.4	Expanditures for Cortain Civic, Political and Polated Activities	7 181 712	
36 37	426.4	Expenditures for Certain Civic, Political and Related Activities	7,080,702	
36 37 		Other Deductions	925,214	(3,806,438)
36 37	426.4			

Name of Respondent Duke Energy Business Services, LLC	This Report Is: (1) X An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, <u>2010</u>
Schedule XV- Compara	ative Income Statement (continu	ed)	

Line	Account Number	Title of Account	Current Year	Prior Year
No.	(a)	(b)	(c)	(d)
41	408.2	Taxes Other Than Income Taxes, Other Income and Deductions	190,669	
		Income Taxes, Other Income and Deductions	(10,877,344)	42,406,802
		Provision for Deferred Income Taxes, Other Income and Deductions	157,081,382	118,757,935
		Provision for Deferred Income Taxes – Credit, Other Income and Deductions	(131,313,698)	(145,962,455)
		Investment Tax Credit, Other Income Deductions		·····
46		TOTAL TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS (Total of Lines 41-45)	15,081,009	15,202,282
47		INTEREST CHARGES		
		Interest on Long-Term Debt		
		Amortization of Debt Discount and Expense	200,082	323,544
		(less) Amortization of Premium on Debt- Credit		· · · · · · · · · · · · · · · · · · ·
		Interest on Debt to Associate Companies	1,906,640	3,134,961
		Other Interest Expense	8,858,033	7,030,609
		(less) Allowance for Borrowed Funds Used During Construction-Credit	228,033	5,062,509
54		TOTAL INTEREST CHARGES (Total of Lines 48-53)	10,736,722	5,426,605
55		NET INCOME BEFORE EXTRAORDINARY ITEMS (Total of Lines 23, 30, minus 39, 46, and 54)	8,634,047	(15,199,480)
56		EXTRAORDINARY ITEMS		(
		Extraordinary Income		
·		(less) Extraordinary Deductions		
59		Net Extraordinary letens (Line 57 less Line 58)		
		(less) Income Taxes, Extraordinary		
61		Extraordinary Items After Taxes (Line 59 less Line 60)		
62		NET INCOME OR LOSS/COST OF SERVICE (Total of Lines 55-61)	8.634.047	(15,199,480)
				(, , , , , , , , , , , , , , , , , , ,

Name of Respondent	This Report is:	Resubmission Date	Year of Report
	(1) <u>X</u> An Original	(Mo, Da, Yr)	
Duke Energy Business Services, LLC	(2) A Resubmission	11	2010
	FOOTNOTE DATA		

Schedule Page: 301 Line No.: 20 Column: c	
DEBS	
Footnote for Schedule XV - 2010	
Line 20	
Expense - Income Statement	(- 100
402 Maintenance Expense	65,189
415 Jobbing and contract work	(3,505,761)
417 Revenues from non-utility operations	(3,858,155)
418 Non-operating Rental Income	(1,262,860)
426.8 Other deductions	4,322,865
449 Provision for Rate Refunds	(3,611,841)
450 Forfeited Discounts	(164,401)
451 Misc. Service Revenue	(88,483)
454 Rent from electric property	(5,120,233)
456 Other electric revenues	(23,629,010)
487 Discounts Ean/Lost - Gas	(1,652)
Total Expense - Income Statement	\$ (36,854,342)
Expense - Balance Sheet	730
106 Miscellaneous expense accounts	739
107 Construction work in progress	410,914,933
108 Accumulated provision for depreciation of utility plant	(206,632)
120 Nuclear Fuel In Process	22,823
121 Nonutility Property	8,133,030
123 Investment in associated companies	1,341,463
124 Other investments	2,739,376
142 Customer accounts receivable	212
154 Plant materials and operating supplies	11
163 Stores expense undistributed	37,386,495
181 Unamortized debt expense	435,765
182 Other regulatory assets	35,966,936
183 Preliminary survey & investigation charges	5,539,834
184 Clearing accounts	(31,139)
185 Temporary facilities	(245,415)
186 Misc. deferred debits	52,108,672
190 Accumulated deferred income taxes	65
214 Capital stock expense	21
228.2 Accumulated provision for injuries and damages	58,080
242 Misc. current and accrued liabilities	(33,775)
254 Other regulatory liabilities	(484,751)
Total Expense - Balance Sheet	\$ 553,646,743

Grand Total

516,792,401

\$

Name of Respondent	This Report is:	Resubmission Date	Year of Report
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Duke Energy Business Services, LLC	(2) A Resubmission	11	2010
	FOOTNOTE DATA		

Schedule Page: 301 Line No.: 20 Column: d	
DEBS	
Footnote for Schedule XV - 2009	
Line 20	
Expense - Income Statement	
415 Jobbing and contract work	(4,837,293)
417 Revenues from non-utility operations	(6,107,304)
418 Non-operating Rental Income	(1,252,604)
422 Foreign Currency gain/loss	 38,679
449 Provision for Rate Refunds	(5,815,509)
450 Forfeited Discounts	(29,104)
451 Misc. Service Revenue	(437,492)
454 Rent from electric property	(2,563,610)
455 Subsidiary Cost Of Capital	(120,184)
456 Other electric revenues	(34,215,075)
487 Discounts Ean/Lost - Gas	 (7,652)
Fotal Expense - Income Statement	\$ (55,347,148)
xpense - Balance Sheet	
101 Gas plant in service	565,709
102 Electric Plant	120
105 Investment tax credit adjustments	26,287
106 Miscellaneous expense accounts	944
107 Construction work in progress	267,186,741
108 Accumulated provision for depreciation of utility plant	1,433,165
114 Purchase Accounting - PP&E	(149)
116 Other electric plant adjustments	172
118 Other Utility CWIP	(1,701)
120 Nuclear Fuel In Process	253
121 Nonutility Property	2,020,342
124 Other investments	210,522
163 Stores expense undistributed	37,978,723
181 Unamortized debt expense	943,144
182 Other regulatory assets	15,151,951
183 Preliminary survey & investigation charges	4,441,720
184 Clearing accounts	(1,933,206)
185 Temporary facilities	(252,740)
186 Misc. deferred debits	35,629,022
254 Equity Post in Service Nox	 (59,548)
`otal Expense - Balance Sheet	\$ 363,341,471
Grand Total	\$ 307,994,323

		spondent y Business Services, LLC			ort Is: An Original A Resubmission	Resubmissio (Mo, Da, / /	Yr)	/ear/Period of Rep Dec 31, <u>2010</u>
		Schedule XVI- Analysis	of Charges for S	Service- Associ	ate and Non-Ass	ociate Compa	nies	
	Total co ing sche	ost of service will equal for associate a edules.	and nonassocia	ate companies	the total amour	nt billed under	their separ	ate analysis of
'nle	Account Number	Title of Account	Associate Company Direct Cost	Associate Company Indirect Cost	Associate Company Total Cost	Nonassociate Company Direct Cost	Nonassocia Company	Company
Vo.	(a)	(b)	(c)	(d)	(e)	(f)	Indirect Cos (g)	st Total Cost (h)
1	403-403 1	Depreciation Expense		74,424,310	74,424,310			
2	404-405	Amortization Expense						
3	407.3-407.4	Regulatory Debits/Credits – Net	(4,666,587)		(4,666,587)			
1	408.1-408.2	Taxes Other Than Income Taxes	24,630,877	22,105,146	46,736,023			
5	409.1-409.3	Income Taxes						
3	410.1-411.2	Provision for Deferred Taxes						
7	411.1-411.2	Provision for Deferred Taxes - Credit						
3	411.6	Gain from Disposition of Service Company Plant						
)	411.7	Losses from Disposition of Service Company Plant						
0	411.4-411.5	Investment Tax Credit Adjustment	·····					
1	411.10	Accretion Expense					<u> </u>	
	412	Costs and Expenses of Construction or Other						
2		Services	535,674,727	19,943,063	555,617,790			
	416	Costs and Expenses of Merchandising, Jobbing,	literini (Claimer, Claimer, Cl	A CONTRACTOR OF				
3		and Contract Work for Associated Companies	551,058	1,111	552,169			
4	418	Non-operating Rental Income	1,262,860	· · · · · · · · · · · · · · · · · · ·	1,262,860			
5		Equity in Earnings of Subsidiary Companies						
		Interest and Dividend Income	27,937,666	327,182	28,264,848			
	419.1	Allowance for Other Funds Used During					1	
7		Construction						
۹	421	Miscellaneous Income or Loss	759,238	(6,380)	752,858		+	
-		Gain on Disposition of Property	1,561	(0,000)	1,561			
0	421.2	Loss on Disposition Of Property	(340,983)		(340,983)			
		Miscellaneous Amortization	(040,303)		(040,000)			
		Donations	2,584,037	180,852	2,764,889			
23		Life Insurance	2,304,037					
		Penalties		(50,891)	(50,891)			
		Expenditures for Certain Civic, Political and	248,029	8,473	256,502			
		Related Activities	047.004	0.400.004	7 000 700			
5		Other Deductions	647,801		7,080,702			
		Interest On Long-Term Debt	826,746	98,467	925,213		 	
		Amortization of Debt Discount and Expense					l	
		Amortization of Debt Discount and Expense Amortization of Premium on Debt – Credit	200,082		200,082			

		Interest on Debt to Associate Companies		1,906,640	1,906,640			
		Other Interest Expense	2,536,389	6,321,644	8,858,033		_	
		Allowance for Borrowed Funds Used During						
2		Construction	(228,033)		(228,033)			
	500-509	Total Steam Power Generation Operation						
3		Expenses	33,833,516	6,459,300	40,292,816		 	
	510-515	Total Steam Power Generation Maintenance						
4		Expenses	28,288,219	1,782,946	30,071,165		ļ	

Name of Respondent Duke Energy Business Services, LLC	This Report Is: (1) X An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, <u>2010</u>
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ne	Account Number	Title of Account	Associate Company Direct Cost	Associate Company Indirect Cost	Associate Company Total Cost	Nonassociate Company Direct Cost	Nonassociate Company Indirect Cost	Nonassociate Company Total Cost
Vo.	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	517-525	Total Nuclear Power Generation Operation						
35		Expenses	30,647,851		30,647,851			
	528-532	Total Nuclear Power Generation Maintenance						
36		Expenses	9,209,899	206	9,210,105			
	535-540.1	Total Hydraulic Power Generation Operation						
37		Expenses	922,720		922,720			
	541-545.1	Total Hydraulic Power Generation Maintenance						
38		Expenses	1,398,933	6,932	1,405,865			
	546-550.1	Total Other Power Generation Operation						
39		Expenses	4,401,457	366,653	4,768,110			
	551-554 1	Total Other Power Generation Maintenance						
10		Expenses	2,060,925	4,742	2,065,667			
\$1	555-557	Total Other Power Supply Operation Expenses	87,653,654	65,573	87,719,227			
12	560	Operation Supervision and Engineering	52,392	98,922	151,314			
13	561.1	Load Dispatch-Reliability	622,501	1,652,579	2,275,080			
	561.2	Load Dispatch-Monitor and Operate Transmission						
14		System	3,199,679	2,509,444	5,709,123			
	561.3	Load Dispatch-Transmission Service and						
15		Scheduling	206,363	373,313	579,676			
16	561.4	Scheduling, System Control and Dispatch Services	7,299,240		7,299,240			
7	561.5	Reliability Planning and Standards Development	10,546		10,546			
-	561.6	Transmission Service Studies						
₁₉	561.7	Generation Interconnection Studies	6,878		6,878			
	561.8	Reliability Planning and Standards Development						
50		Services	440,846		440,846			
51	562	Station Expenses (Major Only)	2,056,358		2,056,358		1	
52	563	Overhead Line Expenses (Major Only)	1,556,431		1,556,431			
53	564	Underground Line Expenses (Major Only)					<u> </u>	
	565	Transmission of Electricity by Others (Major Only)	26,111,509	794	26,112,303			
		Miscellaneous Transmission Expenses (Major						
55		Only)	1,140,363	1,176	1,141,539			
		Rents	4,398,248		4,398,248			
	567.1	Operation Supplies and Expenses (Nonmajor						
57		Only)						
58		Total Transmission Operation Expenses	47,101,354	4,636,228	51,737,582			
	568	Maintenance Supervision and Engineering (Major		.,	01,101,002			
59		Only)	160,106		160,106			
		Maintenance of Structures (Major Only)	318,364		318,364			
		Maintenance of Computer Hardware	1,022,167	3,090	1,025,257			
		Maintenance of Computer Software	4,937,858	0,030	4,937,858			
		Maintenance of Communication Equipment	4,957,858		255,483			
		Maintenance of Miscellaneous Regional	200,400		200,400			
64		Transmission Plant						
		Maintenance of Station Equipment (Major Only)	1 501 159		1 501 150			
		Maintenance of Overhead Lines (Major Only)	1,501,153	001 500	1,501,153			
-		Maintenance of Underground Lines (Major Only)	2,752,604	261,589	3,014,193			
		Maintenance of Miscellaneous Transmission Plant	35,696		35,696			
		Maintenance of Miscellaneous Transmission Plant (Major Only)	10,868		10,868			

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-11e	Account Number	Title of Account	Associate Company Direct Cost	Associate Company Indirect Cost	Associate Company Total Cost	Nonassociate Company Direct Cost	Nonassociate Company Indirect Cost	Nonassociate Company Total Cost
No.	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
69	574	Maintenance of Transmission Plant (Nonmajor Only)				*****		
70		Total Transmission Maintenance Expenses	10,994,299	264,679	11,258,978			
71	575.1-575.8	Total Regional Market Operation Expenses	8,555,439		8,555,439			
2	576.1-576.5	Total Regional Market Maintenance Expenses						
3	580-589	Total Distribution Operation Expenses	21,058,753	5,310,761	26,369,514			
'4	590-598	Total Distribution Maintenance Expenses	17,762,819	90,952	17,853,771			
		Total Electric Operation and Maintenance						
'5		Expenses	836,592,656	150,039,886	986,632,542			
	700-798	Production Expenses (Provide selected accounts						
6		in a footnote)	958,250		958,250			
7	800-813	Total Other Gas Supply Operation Expenses	1,656,676		1,656,676			
8	814-826	Total Underground Storage Operation Expenses						
	830-837	Total Underground Storage Maintenance						
9		Expenses						
0	840-842.3	Total Other Storage Operation Expenses						
1	843.1-843.9	Total Other Storage Maintenance Expenses						
	844.1-846.2	Total Liquefied Natural Gas Terminaling and						
2		Processing Operation Expenses						
	847.1-847.8	Total Liquefied Natural Gas Terminaling and		· · · · · · · · · · · · · · · · · · ·				
3		Processing Maintenance Expenses						
-	850	Operation Supervision and Engineering						
5	851	System Control and Load Dispatching.						
6	852	Communication System Expenses						
7	853	Compressor Station Labor and Expenses						
8	854	Gas for Compressor Station Fuel						
9	855	Other Fuel and Power for Compressor Stations						
0	856	Mains Expenses						
1	857	Measuring and Regulating Station Expenses						
2	858	Transmission and Compression of Gas By Others						
3	859	Other Expenses	166,532		166,532			
4	860	Rents						
5		Total Gas Transmission Operation Expenses	166,532		166,532			
6	861	Maintenance Supervision and Engineering						
7	862	Maintenance of Structures and Improvements						
8	863	Maintenance of Mains						
9	864	Maintenance of Compressor Station Equipment	l					
	865	Maintenance of Measuring And Regulating Station						
00		Equipment						
)1	866	Maintenance of Communication Equipment						
2	867	Maintenance of Other Equipment						
)3		Total Gas Transmission Maintenance Expenses						
)4	870-881	Total Distribution Operation Expenses	7,056,049	11,945	7,067,994			

	Account Number	Title of Account	Associate Company Direct Cost	Associate Company Indirect Cost	Associate Company Total Cost	Nonassociate Company	Nonassociate Company	Nonassociale Company
ne No.	(a)	(b)	(c)	(d)	(e)	Direct Cost (f)	Indirect Cost (g)	Total Cost (h)
05	885-894	Total Distribution Maintenance Expenses	2,908,551		2,908,551			
		Total Natural Gas Operation and Maintenance						
06		Expenses	12,746,058	11,945	12,758,003			
07	901	Supervision	30,177	26,840	57,017			
80	902	Meter reading expenses	340,077	171,998	512,075			
90	903	Customer records and collection expenses	59,405,898	80,581,013	139,986,911			
10	904	Uncollectible accounts	50,857,889		50,857,889			
11	905	Miscellaneous customer accounts expenses	147,933		147,933			
12	906	Total Customer Accounts Operation Expenses	110,781,974	80,779,851	191,561,825			
13	907	Supervision						
14	908	Customer assistance expenses	509,314	167,419	676,733			
	909	Informational And Instructional Advertising					1	
15		Expenses	121,281	37,247	158,528			
	910	Miscellaneous Customer Service And						
16		Informational Expenses	16,883,720	20,820,804	37,704,524			
		Total Service and Informational Operation						
17		Accounts	17,514,315	21,025,470	38,539,785			
18	911	Supervision	1,750	29	1,779		1	
19	912	Demonstrating and Selling Expenses	392,557		402,726			
20	913	Advertising Expenses	946,823		1,417,523			
	916	Miscellaneous Sales Expenses		2,858,295	2,858,295			
-		Total Sales Operation Expenses	1,341,130		4,680,323			
23	920	Administrative and General Salaries	125,782,036		457,402,371			
	921	Office Supplies and Expenses	11,442,899		122,956,710			+
	923	Outside Services Employed	21,502,238		211,709,021		1	
	924	Property Insurance			15,658,372			
	925	Injuries and Damages	5,800,415			·····		
		Employee Pensions and Benefits	8,624,285		12,339,611			
	926		74,145,588		162,294,336			
	928	Regulatory Commission Expenses	12,014,535		12,014,535			
	~···	General Advertising Expenses	419,452		902,601			
	930.2	Miscellaneous General Expenses	15,867,549		(49,392,976)			
32	931	Rents	6,430,952	47,721,796	54,152,748			
		Total Administrative and General Operation						
33		Expenses	282,029,949		1,000,037,329		<u> </u>	ļ
34	935	Maintenance of Structures and Equipment	1,091,133	33,150,660	34,241,793			
		Total Administrative and General Maintenance						
35		Expenses	412,758,501	856,302,554	1,269,061,055			
36		Total Cost of Service	1,262,097,215	1,006,354,385	2,268,451,600			

Name of Respondent Duke Energy Business Services, LLC	This Report Is: (1) X An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, <u>2010</u>
Schedule XVI- Analysis of Charges for Service- As	sociate and Non-Associate	Companies (continued)

locount lumber	Title of Account	Total Charges for Services Direct Cost	Total Charges for Services Indirect Cost	Total Charges for Services Total Cost
(a)	(b)	(i)	(j)	(K)
3-403.1	Depreciation Expense		74,424,310	74,424,310
-405	Amortization Expense			
.3-407.4	Regulatory Debits/Credits – Net	(4,666,587)		(4,666,587
3.1-408.2	Taxes Other Than Income Taxes	24,630,877	22,105,146	46,736,023
1-409.3	Income Taxes			
0.1-411.2	Provision for Deferred Taxes			
.1-411.2	Provision for Deferred Taxes – Credit			
.6	Gain from Disposition of Service Company Plant			
.7	Losses from Disposition of Service Company Plant			· · · · · · · · · · · · · · · · · · ·
.4-411.5				
				······································
		535 674 727	19 943 063	555,617,790
		EE1 0E9	1 111	552,16
			1,111	
		1,202,800		1,262,86
				00.004.04
		27,937,666	327,182	28,264,84
	*			
			(6,380)	752,85
		1,561		1,56
.2		(340,983)		(340,983
i	Miscellaneous Amortization			
5.1	Donations	2,584,037	180,852	2,764,88
5.2	Life Insurance		(50,891)	(50,891
i.3	Penalties	248,029	8,473	256,50
i 4	Expenditures for Certain Civic, Political and			
	Related Activities	647,801	6,432,901	7,080,70
5.5	Other Deductions	826,746	98,467	925,21
,	Interest On Long-Term Debt			
1	Amortization of Debt Discount and Expense	200,082		200,08
	Amortization of Premium on Debt – Credit			
)	Interest on Debt to Associate Companies		1,906,640	1,906,64
	Other Interest Expense	2,536,389	6,321,644	8,858,03
	Construction	(228,033)		(228,033
-509	Total Steam Power Generation Operation			······································
	Expenses	33,833,516	6,459,300	40,292,81
	Total Steam Power Generation Maintenance			
	Expenses	28,288,219	1,782,946	30,071,16
	405 3-4074 1-4082 1-4093 1-4112 6 7 4-411.5 10 1 1 1 1 2 3 4 5 5	405 Amortization Expense 34074 Regulatory Debits/Credits – Net 14082 Taxes Other Than Income Taxes 14093 Income Taxes 14112 Provision for Deferred Taxes – Credit 6 Gain from Disposition of Service Company Plant 7 Losses from Disposition of Service Company Plant 44115 Investment Tax Credit Adjustment 10 Accretion Expense Costs and Expenses of Construction or Other Services Costs and Expenses of Merchandising, Jobbing, and Contract Work for Associated Companies Non-operating Rental Income 1 Equity in Earnings of Subsidiary Companies Interest and Dividend Income 1 Allowance for Other Funds Used During Construction Miscellaneous Income or Loss 1 Gain on Disposition of Property 2 Loss on Disposition Of Property 3 Penalties 4 Expenditures for Certain Civic, Political and Related Activities 5 Other Deductions Interest On Long-Term Debt Amortization of Premium on Debt – Credit Interest On Long-Term Debt Amortization of Premium on Debt – Credit <t< td=""><td>406 Amortization Expense Image: Construction of the end of t</td><td>48. Amortization Expense </td></t<>	406 Amortization Expense Image: Construction of the end of t	48. Amortization Expense

Name of Respondent Duke Energy Business Services, LLC	This Report Is: (1) X An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, <u>2010</u>		
Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)					

1e	Account Number	Title of Account	Total Charges for Services Direct Cost	Total Charges for Services Indirect Cost	Total Charges for Services Total Cost
No.	(a)	(b)	(i)	(j)	(K)
35	517-525	Total Nuclear Power Generation Operation Expenses	30,647,851		30,647,851
	528-532	Total Nuclear Power Generation Maintenance			
36		Expenses	9,209,899	206	9,210,105
37	535-540 1	Total Hydraulic Power Generation Operation Expenses	922,720		922,720
38	541-545.1	Total Hydraulic Power Generation Maintenance Expenses	1,398,933	6,932	1,405,865
39	546-550 1	Total Other Power Generation Operation Expenses	4,401,457	366,653	4,768,110
	551-554.1	Total Other Power Generation Maintenance			
40		Expenses	2,060,925	4,742	2,065,667
41	555-557	Total Other Power Supply Operation Expenses	87,653,654	65,573	87,719,227
42	560	Operation Supervision and Engineering	52,392	98,922	151,314
43	561.1	Load Dispatch-Reliability	622,501	1,652,579	2,275,080
44	561.2	Load Dispatch-Monitor and Operate Transmission System	3,199,679	2,509,444	5,709,123
	561.3	Load Dispatch-Transmission Service and			
45		Scheduling	206,363	373,313	579,676
46	561.4	Scheduling, System Control and Dispatch Services	7,299,240		7,299,240
47	561.5	Reliability Planning and Standards Development	10,546		10,546
	561.6	Transmission Service Studies			
49	561.7	Generation Interconnection Studies	6,878		6,878
50	561 8	Reliability Planning and Standards Development Services	440,846		440,846
51	562	Station Expenses (Major Only)	2,056,358		2,056,358
52	563	Overhead Line Expenses (Major Only)	1,556,431		1,556,431
53	564	Underground Line Expenses (Major Only)			
54	565	Transmission of Electricity by Others (Major Only)	26,111,509	794	26,112,303
55		Miscellaneous Transmission Expenses (Major Only)	1,140,363	1,176	1,141,539
56	567	Rents	4,398,248		4,398,248
57	567.1	Operation Supplies and Expenses (Nonmajor Only)			
58		Total Transmission Operation Expenses	47,101,354	4,636,228	51,737,582
59	56B	Maintenance Supervision and Engineering (Major Only)	160,106		160,106
	569	Maintenance of Structures (Major Only)	318,364		318,364
		Maintenance of Computer Hardware	1,022,167	3,090	1,025,257
		Maintenance of Computer Naturate	4,937,858	0,030	4,937,858
	569.3	Maintenance of Communication Equipment	255,483		255,483
		Maintenance of Miscellaneous Regional	200,100		200,100
64		Transmission Plant			
	570	Maintenance of Station Equipment (Major Only)	1,501,153		1,501,153
		Maintenance of Overhead Lines (Major Only)	2,752,604	261,589	3,014,193
		Maintenance of Underground Lines (Major Only)	35,696		35,696
 68	573	Maintenance of Miscellaneous Transmission Plant (Major Only)	10,868		10,866
			10,000		

Name of Respondent Duke Energy Business Services, LLC	This Report Is: (1) X An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, <u>2010</u>		
Schodule XVI Analysis of Charges for Sandies Associate and Nen Associate Companies (continued)					

Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)

)6	Account Number	Title of Account	Total Charges for Services Direct Cost	Total Charges for Services Indirect Cost	Total Charges for Services Total Cost
No.	(a)	(b)	(i)	(i)	(k)
39	574	Maintenance of Transmission Plant (Nonmajor Only)			
70		Total Transmission Maintenance Expenses	10,994,299	264,679	11,258,978
71	575.1-575.8	Total Regional Market Operation Expenses	8,555,439		8,555,43
72		Total Regional Market Maintenance Expenses			
	580-589	Total Distribution Operation Expenses	21,058,753	5,310,761	26,369,51
74	590-598	Total Distribution Maintenance Expenses	17,762,819	90,952	17,853,77
		Total Electric Operation and Maintenance			
75		Expenses	836,592,656	150,039,886	986,632,54
		Production Expenses (Provide selected accounts			
76		in a footnote)	958,250		958,25
77	800-813	Total Other Gas Supply Operation Expenses	1,656,676		1,656,67
78		Total Underground Storage Operation Expenses			
	830-837	Total Underground Storage Maintenance			
79		Expenses			
	840-842.3	Total Other Storage Operation Expenses			
		Total Other Storage Maintenance Expenses			
		Total Liquefied Natural Gas Terminaling and			
82		Processing Operation Expenses			
		Total Liquefied Natural Gas Terminaling and			
83		Processing Maintenance Expenses			
- -	850	Operation Supervision and Engineering			
85	851	System Control and Load Dispatching.			
	852	Communication System Expenses			
	853	Compressor Station Labor and Expenses			****
		Gas for Compressor Station Fuel			
		Other Fuel and Power for Compressor Stations			
		Mains Expenses			
	857	Mains Expenses Measuring and Regulating Station Expenses			
		Transmission and Compression of Gas By Others			
		Other Expenses	100 500		100 50
	859	Rents	166,532		166,53
	860		400 500		
95		Total Gas Transmission Operation Expenses Maintenance Supervision and Engineering	166,532		166,53
	861				Hint-Ingland
	862	Maintenance of Structures and Improvements			
	863	Maintenance of Mains			
99	864	Maintenance of Compressor Station Equipment			
	865	Maintenance of Measuring And Regulating Station			
00		Equipment			******
		Maintenance of Communication Equipment			
02	867	Maintenance of Other Equipment			
03		Total Gas Transmission Maintenance Expenses			
04	870-881	Total Distribution Operation Expenses	7,056,049	11,945	7,067,99

Name of Respondent Duke Energy Business Services, LLC	This Report Is: (1) X An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, <u>2010</u>	
Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)				

	Account Number	Title of Account	Total Charges for Services Direct Cost	Total Charges for Services Indirect Cost	Total Charges for Services Total Cost
.ine No.	(a)	(b)	(i)	0)	(k)
05 BE	85-894	Total Distribution Maintenance Expenses	2,908,551		2,908,55
		Total Natural Gas Operation and Maintenance			
06		Expenses	12,746,058	11,945	12,758,000
07 90	01	Supervision	30,177	26,840	57,011
08 90	02	Meter reading expenses	340,077	171,998	512,075
09 90	03	Customer records and collection expenses	59,405,898	80,581,013	139,986,91
10 90	04	Uncollectible accounts	50,857,889		50,857,889
11 90	05	Miscellaneous customer accounts expenses	147,933		147,933
12 90	06	Total Customer Accounts Operation Expenses	110,781,974	80,779,851	191,561,82
13 90	07	Supervision			
14 90	08	Customer assistance expenses	509,314	167,419	676,733
90	09	Informational And Instructional Advertising			
15		Expenses	121,281	37,247	158,528
91	10	Miscellaneous Customer Service And			
16		Informational Expenses	16,883,720	20,820,804	37,704,524
		Total Service and Informational Operation			
17		Accounts	17,514,315	21,025,470	38,539,785
18 91	11	Supervision	1,750	29	1,779
19 91	12	Demonstrating and Selling Expenses	392,557	10,169	402,726
20 91	13	Advertising Expenses	946,823	470,700	1,417,523
?1 91	16	Miscellaneous Sales Expenses		2,858,295	2,858,295
		Total Sales Operation Expenses	1,341,130	3,339,193	4,680,323
23 92	20	Administrative and General Salaries	125,782,036	331,620,335	457,402,371
24 92	21	Office Supplies and Expenses	11,442,899	111,513,811	122,956,710
25 92	23	Outside Services Employed	21,502,238	190,206,783	211,709,021
26 92	24	Property Insurance	5,800,415	9,857,957	15,658,372
27 92	25	Injuries and Damages	8,624,285	3,715,326	12,339,611
28 92		Employee Pensions and Benefits	74,145,588	88,148,748	162,294,336
29 92	28	Regulatory Commission Expenses	12,014,535		12,014,535
30 93	30.1	General Advertising Expenses	419,452	483,149	902,601
31 93	30.2	Miscellaneous General Expenses	15,867,549	(65,260,525)	(49,392,976)
32 93	31	Rents	6,430,952	47,721,796	54,152,748
		Total Administrative and General Operation			
33		Expenses	282,029,949	718,007,380	1,000,037,329
34 93	35	Maintenance of Structures and Equipment	1,091,133	33,150,660	34,241,793
		Total Administrative and General Maintenance			
35		Expenses	412,758,501	856,302,554	1,269,061,055
36		Total Cost of Service	1,262,097,215	1,006,354,385	2,268,451,600

Name of Respondent	This Report is:	Resubmission Date	Year of Report		
	(1) <u>X</u> An Original	(Mo, Da, Yr)			
Duke Energy Business Services, LLC	(2) A Resubmission	11	2010		
FOOTNOTE DATA					

Income Statement	DIRECT	
401 Operation Expense	4,446,598	
402 Maintenance Expense	65,190	
426.8 Other deductions	4,322,865	
415 Jobbing and contract work	(3,505,761)	
417 Revenues from non-utility operations	(3,859,041)	
449 Provision for Rate Refunds	(3,611,841)	
450 Forfeited Discounts	(117,722)	
451 Misc. Service Revenue	(88,483)	
454 Rent from electric property	(5,088,039)	
456 Other electric revenues	95,376	
487 Discounts Ean/Lost - Gas	(1,652)	
922 Administrative Exp Transferred - Credit	146,280	
927 Franchise Requirements	12,981	
929 Duplicate charges - credit	(2,312,243)	
930.6 Leased Circuit Charges - Other	1,756	
930.7 Research and Development	9,688,150	
930.8 R & D-Alternative Energy	2,046,828	
Total Income Statement	\$ 2,241,242	
Balance Sheet		
106 Miscellaneous expense accounts	739	
107 Construction work in progress	390,701,675	
108 Accumulated provision for depreciation of utility plant	(206,632)	
120 Nuclear Fuel In Process	22,823	
121 Nonutility Property	8,133,030	
123 Investment in associated companies	1,341,463	
124 Other investments	2,739,376	
142 Customer accounts receivable	212	
154 Plant materials and operating supplies	11	
163 Stores expense undistributed	37,386,495	
181 Unamortized debt expense	435,765	
182 Other regulatory assets	35,966,936	
182 Onle regulatory assets 183 Preliminary survey & investigation charges		
185 Freminiary survey & investigation charges	5,539,834	
	(31,139)	
185 Temporary facilities	(245,415)	
186 Misc. deferred debits	52,108,672	
190 Accumulated deferred income taxes	65	
214 Capital stock expense	21	
228.2 Accumulated provision for injuries and damages	58,081	
242 Misc. current and accrued liabilities	(33,775)	
254 Other regulatory liabilities	(484,752)	
Total Balance Sheet	\$ 533,433,485	
and Total	\$ 535,674,727	

Name of Respondent	This Report is:	Resubmission Date	Year of Report
	(1) <u>X</u> An Original	(Mo, Da, Yr)	
Duke Energy Business Services, LLC	(2) A Resubmission	11	2010
	FOOTNOTE DATA		

Schedule Page: 304 Line No.: 12 Column: d

Income Statement	INDIRECT
417 Revenues from non-utility operations	86
450 Forfeited Discounts	(46,679)
454 Rent from electric property	(32,194)
456 Other electric revenues	(200,000)
922 Administrative Exp Transferred - Credit	4,705
930.6 Leased Circuit Charges - Other	270
930.7 Research and Development	2,817
Total Income Statement	\$ (270,195)
Balance Sheet	
107 Construction work in progress	20,213,258
Total Balance Sheet	\$ 20,213,258
Grand Total	\$ 19,943,063

Schedule Page: 304	Line No.: 76 Column: c		
		DI	RECT
711	0711000 - Gas Boiler Labor		22,987
712	0712000 - Gas Production-Other Power Ex		24,347
717	0717000 - Liq Petro Gas Exp-Vapor Proc		46,706
728	0728000 - Liquid Petroleum Gas		225,136
735	0735000 - Gas Misc Production Exp		54,058
736	0736000 - Gas Prod I/C Rent Exp - Erlan		514,092
742	0742000 - Maint Gas Production Equipment		70,924
		\$	958,250

Name of Respondent	This Report Is:	Resubmission Date	Year/Period of Report			
Duke Energy Business Services, LLC	 (1) X An Original (2) A Resubmission 	(Mo, Da, Yr) / /	Dec 31, <u>2010</u>			
Schedule XVII - Analysis of Billing – Associate Companies (Account 457)						
1. For services rendered to associate companies (Account 457), list all of the associate companies.						

— ——	Name of Associate Company	Account 457.1	Account 457.2	Account 457.3	Total Amount Billed
Line		Direct Costs Charged	Indirect Costs Charged	Compensation For Use	, otar ranount billou
No.		3	3	of Capital	
	(a)	(b)	(c)	(d)	(e)
1	Bison Insurance Company, Ltd	(334,000)			(334,000)
2	CINCAP V LLC	470			470
3	Cinergy Capital and Trading Inc.	15,325	90,532		105,857
4	Cinergy Corp	26,230			26,230
5	Cinergy Global Resources Inc	209,118			209,118
6	Cinergy Investments, Inc.	21,910			21,910
7	Cinergy Wholesale Energy Inc	21,420			21,420
8	CSGP Of Southeast Texas LLC	95			95
9	DE-Marketing Ltd Partnership	80,504			80,504
10	DE Merchants, LLC	1,272			1,272
11	DE Services Canada, LTD	312	······································		312
12	DEGS Biomass, LLC	106,966			106,966
13	DEGS Holding Co Inc	636,008	12,420,921		13,056,929
14	DEGS NC Solar LLC	16,473			16,473
15	DEGS O&M, LLC	13,868			13,868
16	DEGS of Boca Raton, LLC	7,896			7,896
17	DEGS of Cincinnati, LLC	36,377			36,377
	DEGS of Narrows LLC	1,010,956			1,010,956
	DEGS of Philadelphia LLC	34,512			34,512
	DEGS of San Diego, LLC	9,999			9,999
	DEGS of South Charleston, LLC	25,542			25,542
122	DEGS of St Bernard LLC	83,824			83,824
	DEGS of St Paul, LLC	48,927			48,927
	DEGS of Tuscola, Inc	46,891			46,891
25	DEGS Solar, LLC	15,734,787			15,734,787
	DEGS Wind I, LLC	13,460,171			13,460,171
27	DEI (Europe) Holdings Aps	29,073			29,073
28	DEI (Nether) Financial Service	31,798			31,798
29	Delta Twsp UT LLC	2,703			2,703
30	DETMI Management, inc	780,653			780,653
	Duke Energy Carolinas, LLC	604,409,032	527,574,679		1,131,983,711
32	Duke Energy Corp	4,227			4,227
	Duke Energy Gen Service, Inc	11,868,452			11,868,452
	Duke Energy Global Markets, Inc.	2,358,838	17,731		2,376,569
	Duke Energy Indiana, Inc.	229,251,576	202,297,612		431,549,188
36	Duke Energy Industr. Sales LLC	3,851	202,207,012		3,851
	Duke Energy International, LLC	9,194,124	11,071,821		20,265,945
	Duke Energy Int'l Group, Ltd	(103,565)	11,071,021		(103,565)
	Duke Energy Kentucky, Inc.	65,636,157	35,236,705		100,872,862
39		00,000,107	55,230,705		100,672,002
1					

Name of Respondent Duke Energy Business Services, LLC	This Report Is: (1) X An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, <u>2010</u>		
Schedule XVII - Analysis of Billing – Associate Companies (Account 457) (continued)					

	Name of Associate Company	Account 457.1	Account 457.2	Account 457.3	Total Amount Dillad
Line	Name of Associate Company	Direct Costs Charged	Indirect Costs Charged	Compensation For Use	Total Amount Billed
No.		Direct Cools Charges	manoor obois onargou	of Capital	
	(a)	(b)	(C)	(d)	(e)
1	Duke Energy Murray Op, LLC	12,648			12,648
2	Duke Energy North America, LLC	468,307			468,307
3	Duke Energy Ohio, Inc.	272,249,392	204,569,589		476,818,981
4	Duke Energy Retail Sales LLC	4,048,190	2,910,031		6,958,221
5	Duke Energy Royal, LLC	35,701	19,493		55,194
6	Duke Generation Services Holding Co. Inc.	10,059,403	6,630,101		16,689,504
7	Duke Investments, LLC	94,371	322,106		416,477
8	Duke Project Services, Inc.	22,390			22,390
9	Duke Technologies Inc.	12,141,333	300,697		12,442,030
10	Duke Ventures, LLC	(3,223)	421,579		418,356
11	Duke-Cadence, Inc	1,451			1,451
12	DukeNet Communication Svcs,LLC	56,643			56,643
13	Dukenet Communications, Inc	7,714,161	2,470,788		10,184,949
14	Pan Service Company	(109,332)			(109,332)
15	PanEnergy Corp	162,005			162,005
16	Texas Eastern (Bermuda) Ltd.	5,688			5,688
17	Texas Eastern Arabian Ltd.	355,315			355,315
18					
19					
20					
122					
23					
24					***********
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39					
40	Total	1,262,097,215	1,006,354,385		2,268,451,600
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1 (1			

Name of Respondent Duke Energy Business Services, LLC	This Report Is: (1) X An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, <u>2010</u>		
Schedule XVIII – Analysis of Billing – Non-Associate Companies (Account 458)					

1. For services rendered to nonassociate companies (Account 458), list all of the nonassociate companies. In a footnote, describe the services rendered to each respective nonassociate company.

— —	Name of Non-associate Company	Account 458.1	Account 458.2	Account 458.3	Account 458.4	Total Amount Billed
Line		Direct Costs	Indirect Costs	Compensation For	Excess or Deficiency on	
No.		Charged	Charged	Use of Capital	Servicing Non-associate	
		-	-		Utility Companies	
	(a)	(b)	(C)	(d)	(e)	(f)
1	None					
2						
3						
4						
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40	Total					
1						

Nam	e of Respondent		Report Is:	Resubmissio	n Date	Year/Period of Report
Duk	e Energy Business Services, LLC	(1) (2)	X An Original	(Mo, Da, ` / /	11)	Dec 31, <u>2010</u>
	Schedule XIX - Miscellaneous	Genera	l Expenses - Accou	nt 930.2		
to th Pi	rovide a listing of the amount included in Account 930.2, "Misce eir nature. Amounts less than \$50,000 may be grouped showin ayments and expenses permitted by Section 321 (b)(2) of the F 5 (2 U.S.C. 441(b)(2)) shall be separately classified.	g the n	umber of items and	d the total for th	ne group).
	Title of Account					Amount
Line No.	(a)					(b)
1	Service Company Overhead Offset	····				(72,588,603)
2	Outside Services					5,390,026
3	New Technologies					3,770,275
4	Industry Association Dues					2,967,329
5	Moving Expenses					8,709,045
6	Expense of Servicing Securities					668,325
7	Legal Expenses					570,326
8	Avlation Services					433,538
9 10	Travel Mail Services					239,230 179,282
11	Investor Relations					196,937
12	Other					71,314
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40	Total					(49,392,976)

Name of Respondent	This Report is:	Resubmission Date	Year of Report		
	(1) <u>X</u> An Original	(Mo, Da, Yr)			
Duke Energy Business Services, LLC	(2) A Resubmission	11	2010		
Schedule XX - Organization Chart					

1. Provide a graphical presentation of the relationships and inter relationships within the service company that identifies lines of authority and responsibility in the organization. Chairman, President and CEO Mergers and Acquisitions, Corporate Strategy and Planning, Tax, Financial Planning, Budgeting and Forecast, Group Executive and CFO Finance IT, Risk Management and Insurance, Treasury and Investor Relations, Financial Business Operations, Technology, Strategy and Policy, Rates, Accounting, Consolidation and Controls Group Executive, Chief Legal Officer Audit Services, Ethics and Compliance, Enterprise Operations, Commercial Business, Legal Services, Information and Corp Secretary Technology, Real Estate Services, Travel and Support Services Group Executive, Chief Generation Nuclear Development, Nuclear Major Projects, Policy and Support, Nuclear Operations, Regulated Fleet Officer and Chief Nuclear Officer Operations, Supply Chain, Generation Support, Environmental Health and Safety, Duke Energy Foundation Group Executive and President-Commercial Transmission Strategy and Policy, Business Development, Commercial Business Operations **Commercial Businesses** SVP and Chief Sustainability Officer Sustainability Group Executive, Human Resources Human Resources and Talent Management, Corporate Communications and Corporate Relations SVP Construction and Major Projects New Construction, Major Projects, Enterprise Asset Management SVP and Chief Customer Officer Retail Customer Products and Services, Power Delivery SVP. Federal Government and Federal Energy Policy, Government Affairs, Commercial Strategy, Energy and Environmental Policy Regulatory Affairs President - Duke Energy NC NC Government and Community Relations, Economic Development, State and Environmental Affairs President - Duke Energy SC SC Government and Community Relations, Economic Development, State and Environmental Affairs President - Duke Energy Indiana Indiana Government and Community Relations, Economic Development, State and Environmental Affairs President - Duke Energy Ohio and Ohio and Kentucky Government and Community Relations, Economic Development, State and Environmental Kentucky Affairs, Gas Operations

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Schedule XXI - Methods of Allocation					

1. Indicate the service department or function and the basis for allocation used when employees render services to more than one department or functional group. If a ratio, include the numerator and denominator.

Include any other allocation methods used to allocate costs.

METHODS OF ALLOCATION

The allocation of expenses not directly attributable to a particular Client Company are based on the following factors:

1. Sales Ratio

A ratio, based on the applicable domestic firm kilowatt-hour electric sales (and/or the equivalent cubic feet of gas sales, where applicable), excluding intra-system sales, for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all utility Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually, or at such time as may be required due to a significant change.

2. Electric Peak Load Ratio

A ratio, based on the sum of the applicable monthly domestic firm electric maximum system demands for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all utility Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually, or at such time as may be required due to a significant change.

3. Number of Customers Ratio

A ratio, based on the sum of the applicable domestic firm electric customers (and/or gas customers, where applicable) at the end of a recent month in the preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all domestic utility Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually, or at such time as may be required due to a significant change.

4. Number of Employees Ratio

A ratio, based on the applicable number of employees at the end of a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually, or at such time as may be required due to a significant change.

5. Construction Expenditures Ratio

A ratio, based on the applicable projected construction expenditures, net of reimbursements, for the following twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). Separate ratios will be computed for total construction expenditures and appropriate functional plant (i.e., production, transmission, distribution, and general) classifications. This ratio will be determined annually, or at such time as may be required due to a significant change.

6. Circuit Miles of Electric Distribution Lines Ratio

A ratio, based on the applicable installed circuit miles of domestic electric distribution lines at the end of the preceding calendar year, the numerator of which is for a Client Company and the denominator of which is for all domestic utility Client Companies. This ratio will be determined annually, or at such time as may be required due to a significant change.

FERC FORM 60 (NEW 12-05)	402.1	
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Schedule XXI - Methods of Allocation					

7. Circuit Miles of Electric Transmission Lines Ratio

A ratio, based on the applicable installed circuit miles of domestic electric transmission lines at the end of the preceding calendar year, the numerator of which is for a Client Company and the denominator of which is for all domestic utility Client Companies. This ratio will be determined annually, or at such time as may be required due to a significant change.

8. Number of Central Processing Unit Seconds Ratio

A ratio, based on the sum of the applicable number of central processing unit seconds expended to execute mainframe computer software applications for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company or Service Company Function, and the denominator of which is for all Client Companies, (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually, or at such time as may be required due to a significant change.

9. Revenues Ratio

A ratio, based on the total applicable revenues for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

10. Inventory Ratio

A ratio, based on the total applicable inventory balance for the preceding year, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). Separate ratios will be computed for total inventory and the appropriate functional plant (i.e., production, transmission, distribution, and general) classifications. This ratio will be determined annually or at such time as may be required due to a significant change.

11. Procurement Spending Ratio

A ratio, based on the total amount of applicable procurement spending for the preceding year, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. Separate ratios will be computed for total procurement spending and appropriate functional plant (i.e., production, transmission, distribution, and general) classifications. This ratio will be determined annually or at such time as may be required due to a significant change.

12. Square Footage Ratio

A ratio, based on the total amount of applicable square footage occupied in a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

13. Gross Margin Ratio

A ratio, based on the total applicable gross margin for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

FERC FORM 60 (NEW 12-05)	402.2	
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Schedule XXI - Methods of Allocation					

14. Labor Dollars Ratio

A ratio, based on the total applicable labor dollars for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

15. Number of Personal Computer Work Stations Ratio

A ratio, based on the total number of applicable personal computer work stations at the end of a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

16. Number of Information Systems Servers Ratio

A ratio, based on the total number of applicable servers at the end of a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

17. Total Property, Plant and Equipment Ratio

A ratio, based on the total applicable Property, Plant and Equipment balance (net of accumulated depreciation and amortization) for the preceding year, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

18. Generating Unit MW Capability Ratio

A ratio, based on the total applicable installed megawatt capability for the preceding year, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

In addition to the individual methods listed above, combinations of above methods will be used. The most widely used ones are 19 (weighted averaged of the number of customers ratio and the number of employees ratio) and 20 (three factor ratio). Other combined methods used but not limited to are weighted average circuit miles of electric transmission lines ratio and electric peak load ratio as well as weighted average of circuit miles of electric distribution lines ratio and the electric peak ratio.

19. Weighted Average of the Number of Customers Ratio and the Number of Employees Ratio

The Service Company Function that utilizes this allocation is Public Affairs.

A ratio, based on the weighted average of the Number of Customers Ratio (50%) and the Number of Employees Ratio (50%).

For the Number of Employees: applicable number of employees at the end of a recent month in the preceding twelve consecutive month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where

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applicable) and/or the Service Company. This ratio will be determined annually, or at such time as may be required due to a significant change.

For the Number of Customers: based on the sum of the applicable domestic firm electric customers (and/or gas customers, where applicable) at the end of a recent month in the preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all domestic utility Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually, or at such time as may be required due to a significant change.

20. Weighted average of the Gross Margin Ratio, Labor Dollars Ratio, and Total Property, Plant and Equipment Ratio (Three Factor Formula)

The Service Company Functions that utilizes the Three Factor Formula Ratio are: Information Systems Transportation Accounting Public Affairs Legal Executive Finance Internal Auditing Environmental Health and Safety Investor Relations Planning Facilities Rate of Return Allocation

A Ration based on the weighted average of Gross Margin Ration (33%), Labor Dollars Ratio (33%), and Property Plant and Equipment Ratio (34%).

For the Gross Margin Ratio: based on the total applicable gross margin for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change.

For the Labor Dollars Ratio: based on the total applicable labor dollars for a preceding twelve consecutive calendar month period, the numerator of which is for a Client Company or Service Company Function and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable) and/or the Service Company. This ratio will be determined annually or at such time as may be required due to a significant change.

For the Property, Plant and Equipment Ratio: based on the total applicable Property, Plant and Equipment balance (net of accumulated depreciation and amortization) for the preceding year, the numerator of which is for a Client Company and the denominator of which is for all Client Companies (and Duke Energy Corporation's non-utility and non-domestic utility affiliates, where applicable). This ratio will be determined annually or at such time as may be required due to a significant change